THE WATCHES OF SWITZERLAND GROUP

WATCHES OF SWITZERLAND GROUP PLC
(FORMERLY JEWEL UK NEWCO LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 APRIL 2019

STRATEGIC REPORT

FOR THE PERIOD ENDED 28 APRIL 2019

Jewel UK Newco Limited was incorporated on 20 February 2019. On 15 May 2019, it changed its name to Watches of Switzerland Group Limited.

On 24 May 2019, Watches of Switzerland Group Limited purchased the entire share capital of Jewel UK Midco Limited from Jewel Holdco S.à.r.l. through a share for share exchange.

On 30 May 2019, Watches of Switzerland Group Limited re-registered as a Public Limited Company and on 4 June 2019 its shares were admitted for trading on the main market for listed securities of the London Stock Exchange. On re-registration the Company changed its name to Watches of Switzerland Group PLC ("WOSG PLC" or the "Company").

The principal activity of the Company is a holding company and it did not trade in the financial period.

The principal activity of the group acquired by WOSG PLC is retailing luxury watches and jewellery.

Key Performance Indicators (KPIs)

As the Company did not trade during the financial period, no KPIs have been disclosed.

Factors likely to affect the future development, performance and position of the Company's business

The Company is a holding company and does not trade. For details on main trends and factors likely to affect the future development, performance and position of the newly formed Watches of Switzerland Group PLC (the 'Group'), refer to the Strategic Report of the Consolidated Annual Report of Jewel UK Midco Limited for the period ended 28 April 2019.

Non-financial information statement

As the Company had less than 500 employees at the financial period end, the disclosure of a non-financial information statement is not required.

People and culture

For details of engagement with people, our culture, recognition and development of the colleagues of the Group, refer to the Strategic Report of the Consolidated Annual Report of Jewel UK Midco Limited for the period ended 28 April 2019.

Diversity and inclusion

We believe in equality for all and are fully committed to promoting an inclusive culture and diverse workforce. We know that a culture of fairness and equity is one which encourages everyone to be their very best and we tolerate nothing else.

All colleagues regardless of gender, race, religion, sexual orientation, disability, age, mental status, political or philosophical beliefs are treated with dignity and respect and should feel safe and empowered to work without fear of bullying and harassment.

Through our Equal Opportunities programme, we ensure that occasions for development, promotion, opportunity and advancement are based solely on objective, measured criteria relevant to the situation and we are confident that women and men are paid equally for equivalent work.

Our Gender Pay Gap report can be found here: **www.thewosgroupplc.com**

Wherever possible we seek to make reasonable adjustments for those who have disabilities to pursue employment with the Watches of Switzerland Group and should a colleague become disabled whilst in our employment, we would make every effort to ensure their continued employment within the Group, including retraining if necessary.

At 28 April 2019 the directors of the Company were A Romberg, F Nottin and A Broderick. The Company had no employees.

Environmental Matters

At Watches of Switzerland we recognise that we have a duty to identify and minimise the impact that we have on the world in which we live. However, whilst we are fully committed to being a responsible and environmentally conscious business, we have not to date formally catalogued our global carbon footprint.

Following Admission to the London Stock Exchange, Watches of Switzerland Group PLC will be required to measure and report its direct and indirect greenhouse gas emissions. The first greenhouse gas report will be made available for the period ending 26 April 2020 ("FY20").

The Group is aware of the increasing interest of investors into Environmental, Social and Governance factors and we will be considering these as part of our wider Corporate Social Responsibility policy during FY20 and will report on these in our FY20 Annual Report.

Modern Slavery

We are committed to maintaining the highest ethical standards amongst our suppliers. We strongly oppose the exploitation of workers and take all steps to ensure that no form of human trafficking or exploitation of children has a place in our supply chain. Our Modern Slavery statements form part of our conditions of purchase and can be found at **www.thewosgroupplc.com**.

Health and Safety

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

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

We are committed to giving our best not only to our customers but to each other and we expect the same commitment and cooperation from all of our colleagues in adhering to our policy commitment. We consult with our employees on matters affecting their health, safety and welfare, encourage innovative changes and recommended improvements and engage in our safety culture.

Taxation

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

Business Model

The Group is a leading prestige luxury watch and jewellery retailer in the UK with a developing presence in the US, with brand partners such as Rolex, Patek Philippe, Cartier, Omega, TAG Heuer, Audemars Piguet and Breitling. The Group operates under the Watches of Switzerland, Goldsmiths, Mappin & Webb and Mayors brands as well as operating dedicated mono-brand boutiques in partnership with Rolex, TAG Heuer, Omega and Breitling.

The following characteristics of our Group are considered a key differentiator to our competitors and create a high barrier to entry for new entrants into the market:

Inputs	Activities
Brand partner relationships	The manufacture of key luxury watch brands is highly concentrated among a limited number of brand owners and production of Swiss luxury watches is limited by the number of master watchmakers and the availability of artisanal skills. Owners of luxury watch brands maintain a high quality of distribution through strict selective distribution agreements, granted by means of agencies on a store-by-store basis. We hold strong and long-standing relationships with these luxury watch brands.
Colleagues	Our people are passionate, well-trained and experts in what they do. The business focuses heavily on training and development of colleagues to allow them to deliver at the highest levels.
Customers	We provide the ultimate luxury environment for our customers to feel welcome, appreciated and supported throughout their journey. Our knowledge of luxury watches is unrivalled, making us an authority in the market we serve. We share our passion for watches though our digital channels, social media, podcasts and Calibre magazines. Our Customer Relationship Management ('CRM') capability is a key differentiator and we manage the customer from prospect to loyal customer, from in-store experience to unique customer events.
Showroom locations	Our portfolio of showrooms are situated in some of the most high-profile areas of the UK and US. Our showrooms have a spacious, contemporary, inviting, welcoming, high-end luxury feel appropriate to the brands we showcase.
Technology and digital capabilities	Our core IT systems are based on a single platform leveraging the strengths of SAP and a proven mobile tablet and payment technology globally across all showrooms in the US and the UK, offering one system landscape which is fully internationalised. Our core SAP environment offers modern CRM and reporting solutions tailored to the needs of the luxury watch and jewellery markets. Our Ecommerce platforms are built exclusively on the SAP Hybris platform offering the growing benefits of a common ERP and Ecommerce technology vendor.
Our brands	The Watches of Switzerland, Mappin & Webb, Goldsmiths and Mayors brands have a long heritage

Channels to market

– 127 UK showrooms
– 21 US showrooms
– 5 transactional websites
– 16 UK mono-brand showrooms
– 4 US mono-brand showrooms
– 6 travel retail showrooms

STRATEGIC REPORT
FOR THE PERIOD ENDED 28 APRIL 2019
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OUR STRATEGY

The Group's strategy for sustainable profitable growth is:

1. Growing revenue and profits through continued investment in, and elevation of, our showroom portfolio and new showroom opportunities
2. Being a strong partner for our luxury watch brands
3. Delivering exceptional customer service
4. Continuing to develop best in class practices and leverage our scale across merchandising, marketing (including digital marketing, social media and CRM) and retail operations
5. Expanding multi-channel market leadership.

Stakeholders Engagement

The table below describes how the Group engages with its key stakeholders:

Customers	Brand partners	Colleagues	Community	Shareholders
We understand the importance and value of the luxury products we sell. Be it a once in a lifetime luxury watch purchase, an engagement ring, or being trusted to restore a family heirloom, we never 'just sell watches and jewellery'. We maintain a clear customer perspective in all that we do.	As a luxury business it is key that we work in partnership with a highly professional and equitable supplier base. We pride ourselves on the relationships we have established, working in a collaborative and mutually beneficial manner. The luxury watch business is highly concentrated within a limited number of brand owners. The own brand jewellery suppliers are more widespread with product specialists based across Europe, Asia and the US. The common thread within the total supply base is that of professionalism and compliance to the highest ethical standards.	We are proud to be a people business and to represent the prestige luxury brands that we sell. Our goal is to deliver an unrivalled customer experience and our colleagues dedicate themselves to honing their skills and knowledge to become experts in the world of luxury timepieces and jewellery. Our vision and embedded values system enable us to celebrate and reward the achievements of our people every day.	We have always supported the communities in which we live and serve but this year we are delighted to have launched a new, strategic partnership with The Prince's Trust. Complementing our legacy as Royal Warrant Holders, we have sponsored the Prince's Trust Young Ambassadors programme for many years through our Mappin & Webb brand and are now pleased to extend our relationship across the whole Watches of Switzerland Group.	As a publicly listed company we need to provide fair, balanced and understandable information to our shareholders and potential investors to allow them to make informed investment decisions. We are committed to maintaining an active dialogue with all our shareholders.
Differentiator Both locally and nationally customer experience is considered and treated as a major point of difference. In our competitive and non-essential marketplace, the way we make our customers feel is always a primary focus. With an emphasis on local reputation, trust and networking, every customer is treated as a potential loyal client for life by our retail professionals.	**Responsible Jewellery Council** We are an accredited member of the Responsible Jewellery Council, whose mission is: "To advance responsible ethical, social and environmental practices, which respect human rights, throughout the diamond and gold jewellery supply chain, from mine to retail." We encourage all relevant suppliers to become members and, independently of this, we work to an established code of conduct to ensure ethical standards are adhered to.	**ONE Communication Platform** Our award-winning communication portal enables us to stay in touch with all of our 2,000+ colleagues daily.	**Fundraising** This year, as well as raising funds for a number of local charities in Leicester where our support centre is based, colleagues will be taking part in the Palace to Palace Cycle Ride and the Royal Parks Half Marathon, both in aid of The Prince's Trust.	**Annual General Meeting** Our first AGM will be held on 17 October 2019, where the Group will present its Annual Report and Accounts and shareholders will be able to vote on a number of matters.
Net Promoter Score Our dedicated customer focus has resulted in a regular monthly Net Promoter Score of 80% and above, as measured through our voice of customer surveys (approx. 1,500-2,000 responses per month). This is supported by our 4.5/5 Goldsmiths Feefo rating which is formed of 16,000+ post-purchase online reviews. We also undertake regular mystery shops to ensure the consistency of our luxury service offering.	**Collaboration** In terms of collaboration we actively work together to streamline the supply chain and gain efficiencies wherever possible. This is primarily done through the exchange of data, providing product trends and forward demand forecasting, thus enabling effective production planning as well as product development opportunities.	**VibE! Recognition Programme** Another award-winning initiative, VibE provides colleagues and leaders with the means to immediately recognise and celebrate the living of our values via an online digital platform.	**Volunteering** Anyone who wishes to is able to sign up to The Prince's Trust Mosaic Mentoring scheme to support young people in schools and colleges.	**Annual Report and Accounts** Our Annual Report and Accounts includes important information about our results, markets, business model, strategy, risks and governance.

Customers	Brand partners	Colleagues	Community	Shareholders
Complaints Our dedicated support team are on hand to support customers when expectations have not been met. Our mindset is always one of complete customer recovery beyond 'fixing the problem' with emphasis placed on local empowerment and ownership.		**Town Hall Meetings and Regional Conferences** At least twice a year the CEO and members of the executive team go on the road to deliver business updates to teams in the UK and US.	**Little Acorns Project** Conceived by our CEO, the Little Acorns Project uses inspiring stories from the world of luxury watches alongside our own story to educate young adults about the exciting opportunities a career in retail can offer. The project will be rolled out nationally over the coming year.	**Trading Updates** We issued our Q4 2019 trading update on 2 May 2019 and issued our Q1 trading update on 13 August 2019.
Client events A key focus of our CRM strategy is hosting our loyal clients at various events, from VVIP factory visits with our watch brand partners, to intimate dinners launching new product collections through to hosting clients at watch brand sponsored events (such as the British Grand Prix) as well as in-store showroom events. Our client relationships are incredibly important and with over 120 events in FY19 we executed the event programme in the most relevant way to maintain and grow our client relationships.		**Learning and Development** Product knowledge and customer experience skills are critical to our business. We are proud of our wide range of training and development programmes including our own WoS Academy and programmes run by our brand partners. Our e-learning modules make learning and personal development accessible to all.		**Corporate Website** Our corporate website was launched on 30 May 2019 and includes information about the Group.
		Clarity Colleague magazine Our bi-monthly colleague magazine keeps everyone up to date with company news and celebrates our monthly award winners.		**Investor presentations** During the Initial Public Offering (IPO) process the CEO and members of the senior management team held numerous meetings with potential investors. These meetings will continue in the coming year.
		Annual Awards Celebrations We believe in celebrating success and once a year do this in style at our annual award ceremonies in the UK and US.		
		Workforce Engagement We are pleased to have appointed Rosa Monckton as our Designated Non-Executive Director for Workforce Engagement. Rosa joined the Group as a Non-Executive Director in 2014 and is ideally placed to engage and connect with all of our colleagues and represent the workforce voice at the Board level.		

STRATEGIC REPORT
FOR THE PERIOD ENDED 28 APRIL 2019
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RISK MANAGEMENT

As with any business, we face risks and uncertainties that could impact the delivery of the Group's strategic and operational objectives. We believe that risk is best managed by a combination of the following:

– Formal risk management processes as described in this report
– The Board and senior management leading by example
– Embedding our culture and values within the organisation.

As part of the IPO process, the Directors performed a robust review of the risks faced by the Group and disclosed detailed risk factors in the IPO Prospectus. The Board takes responsibility for the management of risk throughout the business and the Group's risk management process for FY20 has been set by the Board.

The risk management process defined by the Board for FY20 is as follows:

Identification	Assessment	Mitigation	Monitoring
"Bottom up" process – Risk registers are completed by each business function, identifying the risks in their areas of control.	"Bottom up" process – The likelihood of risk occurrence and the potential impact of the risk is assessed. This assessment takes place before and after mitigation	"Bottom up" process – Actions are agreed to manage the identified risks – Controls are put in place to mitigate the risks	"Bottom up" process – Continued oversight and tracking of the identified risks
"Top down" process – Overseen by the Audit Committee to identify key risks to our strategic priorities	"Top down" process – The risks are also reviewed to assess whether they would have an impact on the reputation of the business or are Brexit related	"Top down" process – Consideration is given to the Board's risk appetite and whether insurance contracts should be taken out to mitigate the risk	"Top down" process – Review of the effectiveness of controls

The table below sets out the key responsibilities and key activities of the various functions of the Group in relation to risk management:

Board	Audit Committee	Executive Board	Operational management	Internal audit	Operational audit, loss prevention and security team
Collective responsibility for the management of risk throughout the business	**Oversees risk management process**	**Managing the risk management process on a day-to-day basis**	**Identifying and managing risks on a day-to-day basis**	**Once established, will provide assurance to the Audit Committee through independent reviews of agreed risk areas**	**Reviews compliance with certain key internal procedures in showrooms and at other locations**
– Oversight of appropriate risk management systems that identify emerging and established risks facing the Group and its shareholders – Determine the nature and extent of the principal 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	– Assists the Board to fulfil its corporate governance responsibilities in relation to financial reporting, internal controls and the risk management framework – Conducts formal reviews of the principal risks twice annually, one of which is in connection with the consideration of the viability statement – Reviews and oversees the Group risk register – Conducts 'deep dives' into key risk areas with relevant Directors to understand the nature of the risks and adequacy of the mitigations and controls in place	– Conducts a quarterly review of the risk register and principal risks – Members have responsibility for managing risk within their areas of responsibility	– Maintenance of departmental risk registers – Identify and assess risk and implement action to mitigate risk within their area – Embed and manage internal controls and risk management processes as part of business as usual operations	– Maintains the risk register – Presents the outcome of the risk review to the Executive Board and the Audit Committee – Ensures that principal risk topics are scheduled for regular review by the Board At the time of approving this Annual Report and Financial Statements, the internal audit function is in the process of being established. It is expected to be fully functioning in the first half of FY20. In the absence of the internal audit function the Group has utilised external professional advisors to provide internal audit related services.	

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has identified these to be the most significant risks and uncertainties that may impact the Group's ability to achieve its strategic and operational goals. The Group recognises that the profile of risks constantly changes and additional risks not presently known, or that may be currently deemed immaterial, may also impact the Group's business objectives and performance. Our 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 performance, solvency or liquidity.

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

Principal risk description	How we manage or mitigate the risk
Business strategy execution and development	
If the Board adopts the wrong strategy or does not implement its strategy effectively, our business may suffer. The Group's growth strategy exposes it to risks and the Group may encounter setbacks in its ongoing expansion in the US and the US. 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 Board reviews business strategy on a regular basis to determine how sales and profit can be maximised, and business operations be made more efficient – The Board has significant relevant experience, including in the retail and luxury markets – The CEO provides updates to the Board on key development opportunities and initiatives – Expansion of our property portfolio or potential acquisitions must meet strict payback criteria. Return on investment of marketing and other investment activity is monitored closely
Key suppliers and supply chain	
The manufacture of key luxury watch brands is highly concentrated among a limited number of brand owners and the production of luxury watches is limited by the small number of master watchmakers and the availability of artisanal skills. Owners of luxury watch brands control distribution through strict, selective distribution agreements. Consequently, the relationship with owners of luxury watch brands is crucial to the Group's success. Some of the Group's distribution agreements with luxury watch brands provide owners of such brands with a right to terminate the agreement in the event of a change of control and/or management of the Group. The Group is subject to the risk that owners of luxury watch brands may decide to terminate these contracts or otherwise not to renew them upon expiration, or to reduce the number of agencies they grant to the Group. A decline in the quality or quantity of products received from suppliers could cause significant disruption to the Group. The Group's distribution agreements with suppliers do not guarantee a steady supply of merchandise. If the owners of luxury watch and/or luxury jewellery brands that the Group sells fail to maintain high quality standards, desirability and favourable recognition of their respective brands, this may have a material adverse effect on consumers' confidence in such brands. This would equally apply if brand owners fail to maintain high ethical, social and environmental standards, comply with local laws and regulations or if these suppliers become subject to other negative events or adverse publicity. 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.	– We foster strong relationships with our suppliers, many of which we have held for a significant length of time – We work collaboratively with our suppliers to identify product trends and forward demand – We concentrate on providing the best customer experience, representing the brands in the best possible way – We provide the best training for our showroom colleagues, including specific training provided by the brand owners themselves

STRATEGIC REPORT
FOR THE PERIOD ENDED 28 APRIL 2019
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Principal risk description	How we manage or mitigate the risk
Customer experience market risks	
The Group or its suppliers may not be able to anticipate, identify and respond to changing consumer preferences in a timely manner, and the Group may not manage its inventory in line with customer demand. An inability to maintain a consistent high-quality experience for the Group's customers across our sales channels, particularly within our showroom network, could adversely affect our business. The Group faces intense competition from other retailers, including online retail companies, and any failure by the Group to compete effectively could result in a loss of market share or the ability to retain supplier agencies. Aggressive discounting by competitors may also adversely affect the Group's performance in the short term. The Group also competes with the grey market, where unauthorised dealers may be offering significant discounts. Long term consumer attitudes to diamonds, gold and other precious metals and gemstones could be affected by a variety of issues, including concern over the source of raw materials, the impact of mining and refining of minerals on the environment, labour conditions in the supply chain, and the availability and perception of substitute products, such as cubic zirconia and laboratory-created diamonds. Equally longer term consumer attitudes to more technologically advanced watches, such as 'smart watches' could reduce the consumer demand for luxury watches.	– We use detailed sales data to anticipate future trends and demand – We provide the ultimate luxury environment for our customers to feel welcome, appreciated and supported – Providing exceptional training for our showroom colleagues to allow them to provide the best customer service, along with in-depth product knowledge – Our CRM database allows us to manage the customer from a prospect to a loyal customer
Colleague talent and capability	
The Group depends on the services of key personnel to manage its business, and the departure of such personnel, or the failure to recruit and retain additional qualified personnel could adversely affect the Group's business. Customer experience is an essential element in the success of the Group's business, where many of our customers prefer a more personal face-to-face experience and have established personal relationships with the Group's sales colleagues. An inability to recruit, train, motivate and retain suitably qualified colleagues, especially with specialised knowledge of luxury watches, would have a material impact on the Group.	– The Executive Board considers the development of senior management to ensure there are opportunities for career development and promotion – The Nomination Committee considers the succession planning for the Board – Our award winning 'VibE' recognition program is in place for all colleagues – We provide a wide range of training and development programmes, including our own WoS Academy
Business interruption and IT infrastructure	
Adverse weather conditions, pandemics, travel disruption, natural disasters, terrorism, acts of war or other exogenous events could adversely affect consumer discretionary spending or cause a disruption to the Group's operations. The Group offers flexible delivery options (home delivery or click-and-collect in-store) and its online operations rely on third-party carriers and transportation providers. The Group's shipments are subject to various risks, including labour strikes and adverse weather. The Group may experience significant theft of products from its 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 customers may become less inclined to visit its showrooms. Disruptions to, or failures in, the Group's IT infrastructure and networks, or those of third parties, could disrupt the Group's operations. The Group relies on IT networks and systems, some of which are managed by third parties, to process, encrypt, transmit and store electronic information, and to manage or support a variety of business processes and activities, including sales, supply chain, merchandise distribution, customer invoicing and collection of payments.	– Disaster recovery plans are in place designed to ensure continuity of trade – The multi-channel model allows customers to purchase online from the safety and comfort of their homes – Robust security arrangements are in place across our 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

Principal risk description	How we manage or mitigate the risk
Data protection and cyber security 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.	– Significant investment in our systems development and security programmes – Systems vulnerability and penetration testing is carried out regularly – GDPR policies, procedures and training in place – Strict access rights are in place to limit access to data and reports to limited people – Regular communication with colleagues on the risk of 'phishing' emails and alerts of identified examples
Regulatory and compliance Fines, litigation and reputational damage could arise if we fail to comply with legislative or regulatory requirements including, but not limited to, consumer law, health and safety, employment law, GDPR and data protection, anti-bribery and corruption, competition law, anti-money laundering and supply chain regulations.	– Clear policies and procedures are in place – Mandatory induction briefings and training for all staff on regulation and compliance – Experienced in-house legal team with external expertise sought as needed – Our established culture and values fosters open, honest communication – Whistleblowing policy in place – Regulatory requirements are closely monitored by our Company Secretary
Economic and political The Group's business is geographically concentrated in the UK and US. Any sustained stagnation or deterioration in the luxury watch or jewellery markets or decline in consumer spending in the UK or US could have a material adverse impact on the Group's business. Ongoing legal, political and economic uncertainty in the UK and international markets could give rise to significant currency fluctuations, affect current trading and supply arrangements. For example, continuing Brexit uncertainty may have an adverse impact on the UK economy.	– Regular monitoring of economic and political events, including Brexit – Brexit risk assessment completed to identify potential areas of risk and mitigation – Focus on customer service to attract and retain customers
Brand and reputational damage Failure to protect the Group's reputation and brand could lead to a loss of trust and confidence. This could result in a decline in the customer base, affect the ability to recruit and retain the best people and damage our reputation with our suppliers.	– We have a clear and open culture with a focus on trust and transparency. – We focus heavily on customer experience – The use of world-class marketing along with our in-depth knowledge of our products makes us an authority in the markets we serve
Financial and treasury 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 our business and may limit the commercial and financial flexibility to operate our business. The Group is exposed to foreign exchange risk and profits may be adversely affected by unforeseen movements in foreign exchange rates.	– The Group's debt position, available funding and cash flow projections are regularly monitored – Current lending facilities are in place until April 2023 and June 2024 – Exchange and interest rates are regularly reviewed to determine if hedging should be put in place

STRATEGIC REPORT
FOR THE PERIOD ENDED 28 APRIL 2019
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VIABILITY AND GOING CONCERN

Going Concern
The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Viability Statement
In accordance with provision C.2.2 of the UK Corporate Governance Code 2016 and Provision 31 of the UK Corporate Governance Code 2018, the Directors are required to issue a Viability Statement declaring whether the Directors believe the Group is able to continue to operate and meet its liabilities over a period greater than 12 months, taking into account its current position and principal risks.

Assessment of Prospects
The Directors have assessed the prospects of the Group by reference to its current financial position its recent and historical financial performance, its forecasts for future performance, its business model (page 2), strategy (page 3) and its principal risks and mitigating factors (pages 6 to 8). In addition, the Board regularly reviews the financial position of the Group, its liquidity and financial forecasts.

Assessment Period
The Directors have assessed the prospects of the Group over a three-year period. A three-year period is considered an appropriate timeframe to assess the Group's prospects and is consistent with the Group's business model, strategic planning period, recently introduced management incentive schemes and medium-term financing considerations.

Assessment of Viability
Viability has been assessed by:

- Using the three-year strategic plan as a base, management modelled a range of severe but plausible scenarios reflecting the Group's principal risks to establish their effect on the Group's cash and bank facility headroom.
- Stress testing of the strategic plan to determine to what extent trading cash flows would need to deteriorate before breaching the Group's facilities. In addition, the financial covenants attached to the Group's debt were stress tested.

The Group reviewed the impact of Brexit of the operating model and future performance of the Group. The impact of Brexit is not expected to be material to the Group.

Conclusion
Based on the review articulated above, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three year period ending April 2022.

DIRECTORS' REPORT

FOR THE PERIOD ENDED 28 APRIL 2019

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 re-registered from a private limited company on 30 May 2019

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. 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 below.

Statutory Information

Topic	Section of the Report	Pages
Employee engagement	People and culture	1
Modern slavery statement	Environmental matters	1
Relationships with customers, suppliers and others	Stakeholder Engagement	3-4
Risk management	Risk Management	5-8

Information Required by Listing Rules 9.8.4(R)

Topic	Section of the Report	Pages
Going concern	Viability and Going Concern	9
Long term incentive schemes	Directors' Remuneration Report	23-34

Information Required by DTR 7.2

Topic	Section of the Report	Pages
Corporate Governance Statement	Corporate Governance Report	13-16

Principal activities

Jewel UK Newco Limited was incorporated on 20 February 2019. On 15 May 2019, it changed its name to Watches of Switzerland Group Limited.

On 24 May 2019, Watches of Switzerland Group Limited purchased the entire share capital of Jewel UK Midco Limited from Jewel Holdco S.à.r.l. through a share-for-share exchange.

On 30 May 2019, Watches of Switzerland Group Limited re-registered as a Public Limited Company and on 4 June 2019 its shares were admitted for trading on the main market for listed securities of the London Stock Exchange. On re-registration the Company changed its name to Watches of Switzerland Group PLC.

The principal activity of the Company is a holding company. The principal activity of the Group acquired by WOSG PLC is retailing luxury watches and jewellery.

The registrar for WOSG PLC is Equiniti Limited, Aspect House, Spencer Road, Lancing Business Park, West Sussex BN99 6DA.

Results for the year and dividends

WOSG PLC did not trade in the year. The consolidated results of the former Group parent, Jewel UK Midco Limited are found in that company's consolidated financial statements.

The Directors do not recommend the payment of a dividend.

Events after the balance sheet date

Details of the Group reorganisation and admission to the London Stock Exchange are detailed above.

On 4 June 2019, the Group entered into a new term loan facility consisting of a term loan for £120,000,000 and a revolving credit facility of £50,000,000. Interest is charged at LIBOR plus 2.25% on the term loan and LIBOR plus 2.0% on the revolving credit facility. The term loan facility expires on 4 June 2024.

On 4 June 2019, Jewel UK Bondco PLC, a subsidiary of the Group repaid the outstanding principal of £247,924,000, accumulated associated interest of £8,229,000 and redemption premiums of £21,738,000 in relation to the existing listed bond notes.

On Admission to the London Stock Exchange, Brian Duffy, CEO, was granted an award of 2,222,222 nil-cost options. The award is subject to his continuous service with the Group from Admission until the second anniversary of the grant.

Likely future developments

Refer to the consolidated financial statements of Jewel UK Midco Limited for details of likely future developments of the Group.

Board of Directors

The Directors during the year were:

F Nottin (appointed 20 February 2019)

A Broderick (appointed 20 February 2019 and resigned 7 May 2019)

D Millard (appointed 7 May 2019)

B Duffy (appointed 7 May 2019)

A Romberg (appointed 20 February 2019)

T Colaianni (appointed 7 May 2019)

R Moorhead (appointed 7 May 2019)

R Monckton (appointed 7 May 2019)

Appointment and removal of a Director

The UK Corporate Governance Code 2018 (the "Code") recommends that all directors of FTSE companies stand for election every year and all members of the Board will do so at this year's Annual General Meeting (AGM).

The Board is satisfied that each independent Non-Executive Director offering themselves for re-election is independent in both character and judgement, and that their experience, knowledge and other business interests enable them to contribute significantly to the work and balance of the Board.

Fabrice Nottin is the Apollo Representative Director nominated by AIF VII Euro Holdings L.P., an affiliate of Apollo Global Management LLC, pursuant to the Relationship Agreement dated 30 May 2019 between the Company and the controlling shareholder.

A Director may be appointed to the Board by an ordinary resolution of shareholders in a general meeting following recommendation by the Nomination Committee in accordance with its terms of reference as approved by the Board or by a member (or members) entitled to vote at such a meeting or following retirement by rotation 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 offer themselves for election. A Director may be removed by WOSG PLC in certain circumstances set out in that company's Articles or by a special resolution of WOSG PLC.

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 who may exercise all the powers of that 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 are submitted for approval by the shareholders at the AGM each year.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 APRIL 2019
CONTINUED

Directors' interests
The Directors' interests in, and options over, ordinary shares in the Company are shown in the Directors' Remuneration Report on page 24. In line with the requirements of the Companies Act, 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 the register is updated accordingly.

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 section 236 of the Companies Act 2006. This indemnity contains provisions that are permitted by the director liability provisions of the Companies Act and the Company's Articles.

Auditor
The Auditor of the Company is KPMG LLP. CMA guidance requires FTSE 350 companies to have held a tender for the audit appointment within the last ten years. As a private company, KPMG LLP has been External Auditor of the group acquired by the Company for over ten years. KPMG LLP were appointed to fill the casual vacancy as first auditor of the Company under s489 of Companies Act. Therefore, on Admission, the Audit Committee has commenced an audit tender for the financial year ending 26 April 2020, which will be completed in September 2019. KPMG LLP has been invited to re-tender for the audit. Following the audit tender, shareholders will be invited to vote on the appointment and remuneration of the Auditor.

Political donations
The Company made no political donations and incurred no political expenditure during the year.

Share capital and shareholder voting rights
The share capital of Watches of Switzerland Group PLC at 10 July 2019 was as follows:

	2019 Number of shares	2019 £
Allotted, called up and fully paid		
Ordinary shares of £0.0125 each	239,455,554	2,993,194

All shareholders are entitled to attend and speak at the general meetings of the Company, appoint proxies, receive any dividends, exercise voting rights and transfer shares without restriction. On a show of hands at a general meeting every member present in person shall have one vote, and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. There are no known arrangements that may restrict the transfer of shares or voting rights.

Restrictions on the transfer of securities
The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to closed periods) and requirements of the Listing Rules whereby Directors and certain employees of the Group require Board approval to deal in the Company's securities.

Under the terms of the underwriting agreement dated 30 May 2019 and entered into in connection with the listing of its shares, the Company agreed during the period of 180 days from 4 June 2019 (subject to customary exceptions) not to issue, sell, or otherwise transfer or dispose of, directly or indirectly or announce an offer of shares or enter into any transaction with the same economic effect. In connection with the listing, the Directors agreed to similar restrictions for 365 days and the Stichting and various selling shareholders agreed to such restrictions for 180 days.

Authority to allot shares
Under the Companies Act 2006, the Directors may only allot shares if authorised to do so by the shareholders in a general meeting.

Change of control
There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid. Details concerning the impact on annual bonus and LTIPs held by Directors or employees in the event of a change of control are set out in the Remuneration Policy on page 33.

Various agreements that the Group has entered into with third parties, including key distribution agreements with luxury watch and jewellery brands, lease agreements, as well as contracts with third party service providers, provide such parties with a right to terminate the agreement in the event of a change of control.

The £170.0m facility agreement entered into by the Group on 15 May 2019 includes certain customary mandatory prepayment and cancellation events, including mandatory prepayments on a change of control of Jewel UK Midco Limited if a lender so requests after a certain period of negotiations.

Significant shareholders
As at 10 July 2019, this being the latest practicable date, the Company has been notified pursuant to Disclosure Guidance and Transparency Rule 5 of the following interests representing 3% or more of that company's issued ordinary share capital:

	10 July 2019	
Shareholder	Number of ordinary shares/ voting rights notified	% of voting rights over ordinary shares of £0.0125p each
Jewel Holdco S.à.r.l.*	133,719,657	55.8
BlackRock Inc.	19,500,000	8.14
B Duffy	7,474,777	3.12

* Jewel Holdco S.à.r.l. is a member of the AIF VII Euro Holdings L.P. group, affiliated to Apollo Global Management LLC.

Transactions with related parties

The Company entered into no related party transactions during the 9 weeks to 28 April 2019.

Relationship Agreement

A Relationship Agreement was entered into between Apollo and the WOSG PLC, which was effective on the date of Admission to the London Stock Exchange. Its principal purpose was to ensure that the Company was capable at all times of carrying on its business independently of Apollo, the controlling shareholder and any of its associates. The key terms of the Relationship Agreement are as follows:

1) Apollo undertakes that it shall (and shall procure that its associates shall):
   - (i) conduct all transactions and relationships with the Company and the Group at arm's length and on normal commercial terms;
   - (ii) take no action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
   - (iii) not propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules.
2) save for certain customary exceptions, the Company undertakes to Apollo that it will not issue any shares or grant any right to subscribe for or convert into shares without prior consultation with Apollo; and
3) Apollo will, for so long as it or any of its affiliates continues to hold at least 10% of the shares, have the right to nominate one person to be an Apollo representative director on the Board and appoint one person as board observer to attend meetings of the Board.

The Relationship Agreement will terminate upon Apollo (and its affiliates) ceasing to hold 30% of the voting rights attaching to the shares or upon the shares ceasing to be admitted to the London Stock Exchange.

Articles of Association

In accordance with the Companies Act 2006, the Articles of Association may only be amended by a special resolution of the Company's shareholders in a general meeting.

Greenhouse gas emissions, energy consumption and energy efficiency action

Following Admission to the London Stock Exchange, the Company will be required to measure and report its direct and indirect greenhouse gas emissions. The first greenhouse gas report will be made available for the period ending 26 April 2020.

The Group is aware of the increasing interest of investors into Environmental, Social and Governance factors and we will be considering these as part of our wider Corporate Social Responsibility policy during FY20 and will report on these in our FY20 Annual Report.

AGM

The AGM of the Company will be held at 1pm on 17 October 2019 at our offices at 36 North Row, London, W1K 6DH. The Notice of Annual General Meeting is given, together with explanatory notes, in the booklet which accompanies this Report.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 complies 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approval of Annual Report and Financial Statements

The Strategic Report and the Directors' Report were approved by the Board on 10 September 2019.

Approved by the Board and signed on its behalf.

PAUL EARDLEY
Company Secretary
11 September 2019

CORPORATE GOVERNANCE REPORT

FOR THE PERIOD ENDED 28 APRIL 2019

Corporate Governance Statement

This Corporate Governance Statement explains key features of the Group's governance structure and how it measures itself against the standards set out in the UK Corporate Governance Code 2018, a copy of which can be found on the FRC's website.

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.

The Group has chosen to provide certain disclosures and information in relation to the Corporate Governance Statement which are covered elsewhere in this Annual Report. These are cross referenced in the table below.

Topic	Section of the Report	Pages
Internal control and risk management	Risk Management	5-8
Values and culture	People and culture	1

1. BOARD LEADERSHIP AND COMPANY PURPOSE

The role of the Board

The Board provides leadership to the Group and is collectively responsible for promoting the long term sustainable success of the business and for establishing the Company's purpose, values and strategy whilst at the same time satisfying itself that these and its culture are aligned. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls and the overall effectiveness of systems in place) and for the approval of any changes to the capital, corporate and/or management structure of the Group.

The Board is supported by a number of committees, to which it has delegated certain powers. The role of these committees is summarised below, and their membership, responsibilities and activities during the year are detailed on pages 19-22. Some decisions are sufficiently material that they can only be made by the Board as a whole. The schedule of 'Matters Reserved for the Watches of Switzerland Group PLC Board', and the Committees' terms of reference, explain which matters are delegated and which are retained for Board approval, and these documents can be found on our corporate website at **www.thewosgroupplc.com**.

LEADERSHIP BOARD STRUCTURE

The following diagram shows the role of the Board and its committees and management.

BOARD OF DIRECTORS

The Board is collectively responsible for the long term success of the WOSG PLC 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 Executive Board.

NOMINATION COMMITTEE

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

AUDIT COMMITTEE

Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems and the independence and effectiveness of the External Auditor.

REMUNERATION COMMITTEE

Determines the policy for remuneration, bonuses, long term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, the Chairman, Company Secretary and senior management. Reviews workforce remuneration and related policies.

CHIEF EXECUTIVE OFFICER

– Leads the Executive Directors and Executive Board
– Represents management on the Board

EXECUTIVE BOARD

– Day-to-day management of the Group's operations
– Executes the strategy once agreed by the Board

The reports by each Board committee are given in this Annual Report.

The Board was constituted at its meeting on 7 May 2019 following which the Company issued an "Intention to Float" announcement on 9 May 2019. As one would expect, the Board met several times after the announcement of the intention to float as it dealt with the various formalities required in preparation for the float including publication of the Prospectus on 30 May 2019 and the application for listing of the ordinary shares. The shares were unconditionally admitted to the Official List and to trading on the London Stock Exchange on 4 June 2019. Since "Admission" and prior to approval of this Report, the Board has met once and there was full Board attendance at that meeting. The Audit Committee and the Remuneration Committee have also each met once since Admission and those meetings had full attendance.

Stakeholder engagement and s172 Companies Act 2006

We understand that our business can only grow and prosper responsibly over the long term if we understand and respect the views and needs of our stakeholders including customers, colleagues and the communities in which we operate, as well as our suppliers and the shareholders to whom we are accountable.

In preparation for Admission our Board has received training from various external advisors on their duties including the relevance of s172 of the Companies Act 2006 when decision making for the Company. The prior experience of our Directors with other listed companies is also important now that we have moved into a listed environment.

Our policies and processes have been drafted with these duties in mind and to ensure that there is a culture of stakeholder engagement within the Group.

The Company Secretary ensures that as we make decisions, we ensure that the impact on any of our stakeholder groups is considered. Refer to pages 3-4 for further details on our stakeholder engagement activities.

Information and support

Full and timely access to all relevant information is given to the Board. 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, provided to Directors in a timely manner in advance of meetings.

All Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

All Directors have access to the advice and services of the Company Secretary.

Workforce policies

The Group has updated and implemented a new Whistleblowing policy and is in the process of carrying out a programme of training and implementation across the Group. The Board takes responsibility for all workforce policies.

2. DIVISION OF RESPONSIBILITIES

Key roles

The Board has adopted written statements setting out the respective responsibilities of the Chairman and the CEO, which are available on the corporate website. The Board biographies are included on pages 17-18. A summary of the responsibilities of the Directors is set out below:

Chairman

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

Chief Executive Officer

- Responsible for the day-to-day operations of the Group
- Develops the Group's strategic objectives for approval by the Board
- Delivers the strategic and financial objectives in line with the approved strategy
- Leads the Executive Board and senior management in managing the operational requirements of the business
- Ensures effective and ongoing communication with shareholders

Senior Independent Director (SID)

- Acts as a 'sounding board' for the Chairman
- Leads the Non-Executive Directors in their annual assessment of the Chairman's performance
- Available to shareholders if they have concerns which the normal channels through the Chairman, CEO or other Directors have failed to resolve

Non-Executive Directors

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

Designated Non-Executive Director for Workforce Engagement (DNED)

- Gauges the views of the workforce on a regular basis and identifies any areas of concern
- Ensures the views and concerns of the workforce are taken into account by the Board, particularly when they are making decisions that could affect the workforce
- Escalates such concerns to the Executive Board or other senior management as appropriate
- Feeds back to the workforce on what steps have been taken to address their concerns or to explain why particular steps have or have not been taken
- Ensures the views of the workforce are communicated to the Board
- Ensures the Board takes appropriate steps to evaluate the impact of proposals and developments on the workforce and considers what steps should be taken to mitigate any adverse impact

Chief Financial Officer

- Works with the CEO to develop and implement the Group's strategic objectives
- Delivers the financial performance of the Group
- Ensures the Group remains appropriately funded to pursue its strategic objectives
- Ensures proper financial controls and risk management of the Group and compliance with associated regulation
- Ensures effective and ongoing communication with shareholders

Company Secretary and General Counsel

- Supports the Board and its Committees with their responsibilities
- Advises on regulatory compliance and corporate governance
- Ensures compliance with the Board's procedures and with applicable rules and regulations
- Acts as secretary to the Board and all Committees
- Communicates with shareholders and organises the AGM

CORPORATE GOVERNANCE REPORT
FOR THE PERIOD ENDED 28 APRIL 2019
CONTINUED

Independence and conflicts of interest
The Code recommends that at least half of the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent. On Admission to the London Stock Exchange, the Group was in compliance with the Code. Excluding the Chairman, the Board consists of six members, of which three members are determined by the Board to be Independent Non-Executive Directors. Similarly, the composition of the Audit Committee, Nomination Committee and Remuneration Committee comply in all respects with the independence provisions of the Code.

The Apollo Representative Director has been designated by the Controlling Shareholder in accordance with the terms of its Relationship Agreement with Company.

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. In addition, under the terms of the Relationship Agreement, the Controlling Shareholder has to ensure that the Apollo Representative Director does not, unless the Board (excluding the Apollo Representative Director) consents or agrees otherwise, vote or participate in any meeting of the Board that relates to any matter between the Company and the Controlling Shareholder which constitutes a conflict. The Chairman, acting reasonably, will determine whether a matter is a conflict matter if this is in dispute.

External directorships
Any external appointments or other significant commitments of the Directors require the prior approval of the Board.

The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not impact on the time that any Director devotes to the Company. In accordance with the Company's Articles, the Board has a formal system in place for Directors to declare conflicts of interests and for such conflicts to be considered for authorisation. External directorships are included in the Board biographies on pages 17-18.

Information provided to the Board
The Board members receive weekly financial information comprising sales analysis and a month end pack which comprises more detailed information, including key performance indicators. Alongside this reporting there is regular ongoing dialogue with the Non-Executive Directors.

Board agendas are agreed by the respective Chair of the meeting well in advance and papers are generally circulated five working days ahead of any meeting. Each meeting reviews the minutes of the prior meeting, discusses any matters arising and receives a briefing on any action points that arose from the last meeting.

Training and induction
In preparation for Admission, all Directors received an induction briefing from the Group's legal advisers on their duties and responsibilities as Directors of a publicly quoted company. In addition, the new Non-Executive Directors have met key members of senior management in order to familiarise themselves with the Group. During the next 12 months, the Chairman will meet with each Director to discuss any individual training and development needs.

3. COMPOSITION, SUCCESSION AND EVALUATION

Composition
During the IPO process, the Group went through a process of identifying and recruiting the Chairman and Non-Executive Directors. During this process, the Company concentrated on diversity, independence and ensuring a combination of skills including industry and the relevant experience to complement the existing Executive Directors.

Diversity
We are committed to a board comprising directors from different backgrounds, diverse and relevant experience, perspectives, skills and knowledge. We believe that diversity, including gender diversity amongst directors, contributes towards a high performing and effective board, and this was considered during the appointment process of the Chairman and Non-Executive Directors during the year. We fully support the aims, objectives and recommendations outlined in the Hampton-Alexander Review and are aware of the need to increase the number of women on our Board and in senior positions throughout the Group. We do not consider that it is in the best interests of the Company and its shareholders to set prescriptive targets for gender on the Board and we will continue to make appointments based on merit, against objective criteria, to ensure we appoint the best individual for each role.

Succession
As noted in the report of the Nomination Committee, Board succession is a continued area of focus and we consider the tenure of all Directors as part of our succession planning.

Evaluation
The current Board has been in post for only a short period of time and so a formal evaluation of the performance of the Board, its principal committees and the individual Directors would be of limited value. The Board is satisfied that each Director remains competent to discharge their responsibilities as a member of the Board.

During the coming year it is intended that a formal evaluation process will be developed and implemented.

It is intended that the Chairman will meet with the Non-Executive Directors at least once a year without the Executive Directors present to discuss board balance, monitor the powers of individual Executive Directors and raise any issues between themselves as appropriate.

The Senior Independent Director will also meet with the Non-Executive Directors during the year without the Chairman present to appraise his performance and to discuss any other necessary matters as appropriate.

Board and Committee meetings
From the date of the Company's Admission on 4 June 2019 until the approval of this report on 10 September 2019 there was one Board Meeting, one meeting of the Remuneration Committee and two meetings of the Audit Committee.

4. AUDIT RISK AND INTERNAL CONTROL

During the year, the Board has established an Audit Committee, chaired by Robert Moorhead and comprised entirely of Independent Non-Executive Directors. 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 Financial Statements 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 pages 20-21 for details on the work of the Audit Committee.

Preparation of the Annual Report and Financial Statements

Assisted by the Audit Committee, the Board has carried out a review of the 2019 Annual Report and Financial Statements 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.

See pages 2-3 in the Strategic Report for a description of our business model and strategy.

See page 9 for the Board's statement on going concern and the viability statement.

Risk management and internal control

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The processes in place for assessment, management and monitoring of risks are described in the Risk Management section on page 5-8.

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during the year ended 28 April 2019 and for the period up to the date of approval of the Consolidated Financial Statements contained in the Annual Report and Financial Statements. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

Anti-bribery and corruption

The Company's anti-bribery and corruption policy reinforces that the Board is committed to conducting its business affairs so as to ensure that it does not engage in or facilitate any form of corruption. The Board has overall responsibility for this policy. The Chair of the Audit Committee will review arrangements relating to the Policy. During FY20, the Committee Chairman will report regularly to the Board on compliance with the Policy. The Group's General Counsel has day-to-day responsibility for the policy and will report both to the chair of the Committee and to the Board as required.

The Group has an online training module which is being rolled out across the workforce during FY20.

Whistleblowing

The Company's Whistleblowing Policy enables colleagues to report concerns on matters affecting the Group or their employment, without fear of recrimination. The Board has overall responsibility for this policy and the Group HR Director has day-to-day operational responsibility.

The Audit Committee Chairman will receive a summary of all reports which will be communicated to the full Board.

The Group is preparing an online training module to be rolled out to the workforce which will be supported by additional colleague engagement.

5. REMUNERATION

During the year, the Board established a Remuneration Committee, chaired by Tea Colaianni and comprised of a majority of Independent Non-Executive Directors. Prior to her appointment as Chair of the Committee, Tea served on a Remuneration Committee for at least twelve months and in fact has much wider experience.

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 Chairman, Executive Directors and senior management
- Reviewing workforce remuneration and related policies.

Refer to page 22 for further details on the work of the Remuneration Committee.

The Corporate Governance Statement has been approved by the Board on 10 September 2019.

Approved by the Board and signed on its behalf.

PAUL EARDLEY
Company Secretary
11 September 2019

BOARD OF DIRECTORS

The Directors during the year and as at the date of this report were:

DENNIS MILLARD

Chairman
Non-Executive Director

APPOINTED

7 May 2019

BIOGRAPHY

Dennis Millard was appointed as Chairman of the Group in October 2018. He has over 25 years of experience in finance and strategy roles and as CFO of UK PLCs. He is Deputy Chairman and Senior Independent Director at Pets at Home PLC. He has over 13 years of experience as non-executive director, senior independent director and chairman of publicly listed and privately owned retail and service businesses (including Halfords Group PLC, Superdry PLC and Debenhams PLC). He is a member of the South African Institute of Chartered Accountants and holds an MBA from the University of Cape Town.

INDEPENDENT

Yes

EXTERNAL APPOINTMENTS

Pets at Home PLC

COMMITTEE MEMBERSHIP

Nomination (Chairman)
Disclosure (Chairman)
Remuneration

BRIAN DUFFY

Chief Executive Officer
Executive Director

APPOINTED

7 May 2019

BIOGRAPHY

Brian Duffy has served on several boards across the fashion, retail and sports sectors. He has been the CEO of the Group since 2014, and has previously served on the boards of several subsidiaries of Ralph Lauren, as well as the boards of Celtic PLC, and Sara Lee Corporation. Brian is an ICAS Chartered Accountant and holds an Honorary Doctorate from Glasgow Caledonian University.

INDEPENDENT

No

EXTERNAL APPOINTMENTS

Watch Shop Logistics Limited

COMMITTEE MEMBERSHIP

Disclosure

ANDERS ROMBERG

Chief Financial Officer
Executive Director

APPOINTED

20 February 2019

BIOGRAPHY

Anders Romberg joined the Group in 2014 as Chief Financial Officer. He has over 25 years of senior management experience; most recently at Ralph Lauren he served as Chief Financial Officer and Chief Operating Officer for Europe Middle East and Africa, and Chief Operating Officer for Asia Pacific. He has previously held senior finance roles at Gillette and Duracell.

INDEPENDENT

No

EXTERNAL APPOINTMENTS

Watch Shop Limited
The Watch Lab Limited
Watch Shop Logistics Limited

COMMITTEE MEMBERSHIP

Disclosure

TEA COLAIANNI

Senior Independent
Non-Executive Director

APPOINTED

7 May 2019

BIOGRAPHY

Tea Colaianni was appointed as Non-Executive Director and Chair of the Remuneration Committee of the Group in December 2018 and Senior Independent Director of the Company in May 2019. Tea has more than 20 years of experience in human resources management. Tea has previously served on the boards of Bounty Brands Holdings, Mothercare PLC, Royal Bournemouth and Christchurch Hospitals, Poundland Group PLC and Alexandra Palace Trading Company. She was Group Human Resources Director at Merlin Entertainments PLC (2010 to 2016) and Vice President of Human Resources, Europe, of Hilton Hotels Corporation (2002 to 2009). Tea serves on the boards of DWF Group PLC, SD Worx Group NV and SD Worx Holding NV.

INDEPENDENT

Yes

EXTERNAL APPOINTMENTS

DWF Group PLC
SD Worx Group NV
SD Worx Holding NV

COMMITTEE MEMBERSHIP

Remuneration (Chairman)
Audit
Nomination
Disclosure

ROSA MONCKTON

Independent Non-Executive Director

APPOINTED

7 May 2019

BIOGRAPHY

Rosa Monckton has over 20 years of experience in the luxury jewellery and watch sectors, and was appointed as Non-Executive Director of the Group in 2014. Her experience includes setting up Tiffany & Co in the United Kingdom, and serving as Chief Executive Officer and then Chairman of Asprey & Garrard. She also has experience in the charity sector, and campaigns on behalf of disabled children and adults, including through her role as a trustee of Project SEARCH and chairman of Team Domenica.

INDEPENDENT

Yes

EXTERNAL APPOINTMENTS

Project SEARCH
Team Domenica

COMMITTEE MEMBERSHIP

Remuneration
Audit
Nomination
Dedicated Non-Executive Director for Workforce Engagement

ROBERT MOORHEAD

Independent Non-Executive Director

APPOINTED

7 May 2019

BIOGRAPHY

Robert Moorhead has significant experience in the retail sector. He was appointed as Non-Executive Director of the Group in 2018. He currently serves as Chief Financial Officer and Chief Operating Officer of WH Smith PLC, and was previously Finance Director at Specsavers Optical Group and Finance and IT Director at World Duty Free Europe Limited. Robert Moorhead is an ICAEW Chartered Accountant.

INDEPENDENT

Yes

EXTERNAL APPOINTMENTS

WH Smith PLC

COMMITTEE MEMBERSHIP

Audit (Chairman)
Remuneration
Nomination

FABRICE NOTTIN

Apollo Representative Non-Executive Director

APPOINTED

20 February 2019

BIOGRAPHY

Fabrice Nottin is a partner at Apollo Management International LLP and is a Non-Executive Director of the Group. He has over 14 years of private equity experience, having previously been Senior Principal at Lion Capital. His experience covers the consumer and retail sectors, and he led the acquisition of the Group by Apollo-affiliated funds in March 2013.

INDEPENDENT

No

EXTERNAL APPOINTMENTS

Apollo Management International LLP

COMMITTEE MEMBERSHIP

Nomination

NOMINATION COMMITTEE REPORT

MEMBERSHIP

Dennis Millard (Chairman)

Robert Moorhead

Tea Colaianni

Rosa Monckton

Fabrice Nottin

KEY RESPONSIBILITIES

- Review the structure, size and composition of the Board and its committees
- Give full consideration to succession planning for the Board and other senior management
- Review the leadership needs of the organisation
- Identify and nominate potential Board candidates
- Review the results of the Board performance evaluation process relating to composition and diversity and assess how effectively members work together to achieve objectives
- Support workforce initiatives that promote a culture of inclusion and diversity

The Nomination Committee of the Watches of Switzerland Group PLC was formed as part of the preparations for the Initial Public Offering and there have been no Committee meetings during the reporting period.

The Committee is compliant with the UK Corporate Governance Code 2018 (the "Code") recommendation that it be comprised of a majority of independent non-executive directors. Robert, Tea and Rosa are all deemed independent. The Code states that the test of independence is not appropriate in relation to the Chairman.

Paul Eardley, Company Secretary acts as Secretary to the Committee, and by invitation, the Chief Executive Officer, the Executive Directors, the Group HR Director and/or external advisers may attend as appropriate for all or part of any meeting.

The role of the Committee is to ensure that the Board comprises individuals with a combination of the necessary skills, knowledge, experience, diversity and independence to ensure that the Board and its committees are effective in discharging their responsibilities.

Terms of reference

The terms of reference of the Committee reflect the current regulatory requirements and best practice appropriate to the Group's size, nature and stage of development. The Committee is required to meet at least twice a year. The Committee's terms of reference can be found at www.thewosgroupplc.com/about-us/corporate-governance.

Looking ahead

The Committee looks forward to the year ahead and to carrying out its responsibilities in accordance with the Code. In particular it will be looking at the Board and senior management composition, succession plans and diversity.

Diversity

The Committee recognises the importance of diversity and inclusion and is aware of the recommendations of the Hampton-Alexander Review to have 33% female representation on FTSE 350 Boards by 2020. Whilst the Group has no current gender targets, if it is necessary to make appointments, objective criteria will be used to ensure that the best individuals are appointed for the role. 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".

The Board currently comprises 29% female representation with 5 different nationalities represented by the Board.

Succession planning

The Committee recognises the importance of orderly succession to both the Board and senior management positions and acknowledges its responsibility to develop a diverse pipeline for succession.

AUDIT COMMITTEE REPORT

MEMBERSHIP

Robert Moorhead (Chairman)

Tea Colaianni

Rosa Monckton

KEY RESPONSIBILITIES

- Monitor the integrity of the financial statements of the Company and Group
- Review the Company's internal control and risk management systems
- Monitor and review the effectiveness of the Company's internal audit function
- Review the effectiveness of the external audit process
- Monitor and review the External Auditor's independence and objectivity
- Develop and implement policies on the engagement of the External Auditor to supply non-audit services
- Fulfil its reporting obligations

Prior to Admission, the Group formed this Committee which is compliant with the UK Corporate Governance Code 2018 (the "Code").

All members are deemed Independent Non-Executive Directors. The Board considers the Audit Committee Chairman has recent and relevant financial experience as required by the Code and the Committee as a whole has competence relevant to the sector in which the Group operates. At the invitation of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Finance Officer, senior management and the External Auditor attend meetings.

Paul Eardley, Company Secretary, acts as Secretary to the Committee.

Responsibilities

The main role of the Committee is to ensure that the Board fulfils its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions.

Terms of Reference

The Terms of Reference of the Committee reflect the current statutory requirements and best practice appropriate to the Group's size, nature and stage of development. The Committee is required to meet at least four times a year.

The effectiveness of the Committee will be reviewed annually through discussions at the Board and Committee.

The Committee's terms of reference can be found at www.thewosgroupplc.com/about-us/corporate-governance

Activities undertaken by the Committee

The Audit Committee met on 15 July 2019, for the first time since its formation. A summary of the activities undertaken by the Committee at that meeting were:

- Monitoring the integrity of the Jewel UK Midco Limited (the acquired group) consolidated financial statements and preliminary announcement;
- Assessing and recommending to the Board that the Annual Report for Jewel UK Midco Limited is fair, balanced and understandable
- Considering the Group's viability statement and supporting papers from management
- Considering papers from management on the key financial reporting judgements and estimates for the Jewel UK Midco Limited group
- Considering the Group's principal risks and uncertainties and reviewing the mitigating actions that management has taken
- Assessing the effectiveness of the external audit process and considering the accounting, financial control and audit issues reported by the Auditors as a result of their work
- Reviewing Auditor independence
- Holding a private meeting with the External Auditor
- Assessing the new accounting standard IFRS 16 "Leases"
- Establishing the audit tender process

Outside of the formal Audit Committee meeting, the Audit Committee Chair met privately with the External Auditor to agree the scope of the annual audit plan and to review the accounting and audit issues identified as part of the audit of the "Historical Financial Information" (HFIs) for the IPO Prospectus.

Viability Statement and Going Concern

The Committee reviewed the process and assessment of the Group's prospects made by management, including:

- The viability review 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 for 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 FY20 and cash flow projects. As a result of the assessment the Committee reported to the Board that the going concern basis of preparation remained appropriate.

The Viability and Going Concern Statement is set out in the Strategic Report on page 9.

Internal controls

During the IPO process, as part of completing the Group's Financial Position, Prospects and Procedures Report (FPPP), the Directors, supported by PwC, undertook a detailed assessment of the following key areas:

- Board governance including the Committee and the procedure for assessing the Group's key risks
- Internal control environment both at high and detailed levels
- Financial accounting and reporting framework and information provided to the Board
- Budgeting and forecasting procedures and controls
- Significant or complex transactions, potential financial exposure and risk
- Information systems

The Audit Committee Chair also met with PwC to discuss their FPPP report. As a result of the work performed, the Directors concluded that management have established procedures which provide a reasonable basis for them to make proper judgements on an ongoing basis as to the financial position and prospects of the Company and of the Group.

The Group is in the process of forming the internal audit function which will provide assurance to the Audit Committee through independent reviews of agreed risk areas. The internal audit function is expected to be fully functioning in the first half of FY20 and will report directly to the Audit Committee Chair. As the internal audit department develops, the Group will supplement the assurance plan through utilising external professional advisors to provide internal audit related services. The Group has an operational audit, loss prevention and security team who review compliance with certain key internal procedures in showrooms and at other locations.

AUDIT COMMITTEE REPORT
CONTINUED

External Auditor

Interaction with external audit

One of the Committee's roles is to oversee the relationship with the External Auditor, KPMG LLP, and to evaluate the effectiveness of the service provided and their ongoing independence. The Chair of the Audit Committee met with KPMG LLP to discuss the audit scope, audit plans and materiality assessments for the FY19 audit of Jewel UK Midco Limited. The Audit Committee Chair also reviewed KPMG LLP's audit findings in relation to the audit of the HFIs included within the IPO prospectus. At the Audit Committee meeting held on 15 July 2019, the Committee reviewed KPMG LLP's findings in their review of the audit of the financial statements for the financial period ended 28 April 2019 for Jewel UK Midco Limited. The Committee met with representatives from KPMG LLP without management present and with management without representatives of KPMG LLP present. The Committee has concluded that the external audit remains effective.

Auditor independence

During the year, the External Auditor reported to the Audit Committee on their independence from the Company. The Committee and the Board are satisfied that KPMG LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained.

Non-audit services provided by the External Auditor

From the date of Admission, the Committee has adopted a formal policy in respect of non-audit services provided by the External Auditor to ensure that auditor objectivity and independence are maintained, in accordance with the EU Audit Reform.

Non-audit service	Policy
Audit-related services	
Audit-related services are services, generally of an assurance nature, provided by the Auditor as a result of their expert knowledge and experience of the Group. Audit-related services include: – Reviews of interim financial information; – Reporting required by law or regulation to be provided by the Auditor – Compliance certificates – 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 Audit 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 or EU 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	

Non-audit service	Policy
Prohibited services	
In line with the EU Audit Reform, 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 – 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.

During FY19, while the Company was a private entity, KPMG LLP provided other audit related services in relation to their role as reporting accountant for the IPO. The Company decided to use KPMG LLP after considering alternative approaches and taking into account their understanding of the business and the tight timescales for completing the engagement. KPMG LLP also provided tax compliance services to the Jewel UK Midco Limited group. All non-audit work by KPMG LLP was ceased prior to Admission to the London Stock Exchange. Total non-audit fees paid to KPMG LLP were £1,009,000, of which £652,000 related to assurance related services.

Audit tender

Under CMA guidance, FTSE 350 companies are required to have held a tender for the audit appointment within the last ten years. As a private company, KPMG LLP has been External Auditor for the Jewel UK Midco Limited group for over ten years. Therefore, on Admission, the Audit Committee has commenced an audit tender for the financial year ending 26 April 2020, which will be completed in September 2019. KPMG LLP has been invited to re-tender for the audit. Following the audit tender, shareholders will be invited to vote on the appointment and remuneration of the Auditor.

Due to a long-standing commitment which pre-dates the Audit Committee Chairman's appointment to the Board, he will not be attending the AGM. Dennis Millard will be available to answer any questions on the work of the Committee.

REMUNERATION COMMITTEE REPORT

MEMBERSHIP

Tea Colaianni (Chair)

Dennis Millard

Rosa Monckton

Robert Moorhead

ROLE OF THE REMUNERATION COMMITTEE

The Committee's responsibilities include:

- Determine Remuneration Policy for the Company's Chairman, Executive Directors, the Company Secretary and other members of the senior executive team as designated
- Determine remuneration packages for the Company Chairman, Executive Directors, the Company Secretary and other members of the Senior Executive Team as designated
- Review the appropriateness of the Remuneration Policy on an ongoing basis and make recommendations to the Board on appropriate changes if required
- Obtain up to date comparative market information and appoint remuneration consultants as required to advise or obtain information required
- Approve design of and set targets for performance related incentives across the Company;
- Oversee any major changes to benefits for employees
- Oversight of wider workforce pay practices and incentive arrangements;
- Ensure failure is not rewarded.

The Committee's terms of reference are available on the Group's website at **www.thewosgroupplc.com**

From the date of Admission, the Committee complies with the UK Corporate Governance Code in terms of composition and Terms of reference. The Committee makes recommendations to the Board, on remuneration for the Executive Directors, Chair of the Board and remuneration arrangements for senior management. No Director plays a part in any decision about his / her own remuneration.

None of the Committee members has any personal financial interest (other than as shareholders) in the decisions made by the Committee, conflicts of interest arising from cross-directorships or day-to-day involvement in running the business.

The Company is seeking binding shareholder approval for the new Remuneration Policy to apply to the Company's Directors in the listed environment. The Policy is set out on pages 27-34.

The Company is not producing a formal Annual Report on Remuneration for FY19 for the following reasons:

- The remuneration payable related to a period prior to the Company's listing
- The approach to remuneration and payments made reflect the ownership structure of the Company and the fact that it was private for the complete financial year

The Committee is comprised of a majority of Independent Non-Executive Directors. Tea, Robert and Rosa are all deemed independent. Tea has previously had more than 12 months' experience on a remuneration committee.

Paul Eardley, Company Secretary acts as Secretary to the Committee, and by invitation, the Executive Directors, the Group HR Director and/or external advisers may attend as appropriate for all or part of any meeting.

Key matters covered during the year:

- Development of the new Remuneration Policy to be implemented following the Group's IPO.
- Setting annual bonus and long term incentive plan targets for FY20 using stretching financial measures designed to align with strategic objectives and shareholder interests.
- Consideration of revisions to the UK Corporate Governance Code 2018 and implications for the new Remuneration Policy.
- Consideration of external market practice.
- Determination of bonus outcomes under the 2019 bonus plan.
- Review of the impact of the Group IPO on the legacy remuneration arrangements.
- Appointment of PwC as Remuneration Committee advisors.

Who supports the Committee?

Internal

Internal support is provided by the CEO, CFO and Group HR Director, whose attendance at Committee meetings is by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the senior management team. No Director was present for any discussions that related directly to their own remuneration.

External

During the year, the Committee received advice on remuneration matters relating to the IPO and beyond and remuneration reporting regulations. PwC LLP's fees for this advice were £62,500, which were charged on a time/cost basis. PwC LLP is a member of the Remuneration Consultants' Group and as such chooses to operate pursuant to a code of conduct that requires remuneration advice to be given objectively and independently. The Committee is satisfied that the advice provided by PwC LLP in relation to remuneration matters is objective and independent.

The Group established its Remuneration Committee in 2018 as a private company. In the lead up to the IPO the Committee focused its attention on designing and implementing a new remuneration framework for our senior executive team. The Committee set out the proposed Remuneration Policy in full together with its proposed implementation in the Prospectus published in May 2019.

The Remuneration Policy, which is set out below, will be submitted to shareholders for approval at our Annual General Meeting on 17 October 2019 and is consistent with the disclosure in the IPO Prospectus issued in May 2019.

DIRECTORS' REMUNERATION REPORT

Our new Remuneration Policy

The Group's aim is to attract, retain and motivate the best talent to help ensure continued growth and success as it enters the next stage of its development, operating in a listed company environment. Our overall objective is to have a remuneration framework which promotes sustainable, value creating growth and performance and rewards management accordingly. This objective has guided the Committee's thinking and actions in our initial work together and our dialogue with senior stakeholders.

The Remuneration Policy aims to align the interests of the Executive Directors to the long term interests of shareholders and supports the Group's high performance culture with appropriate reward for superior performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance.

In addition, the Committee is very mindful of the focus of executive pay in the UK listed environment, the evolving governance landscape and the new UK Corporate Governance Code 2018 (the 'Code') applying from 1 January 2019. Accordingly, we have ensured that the new Remuneration Policy is aligned with the new Code.

Key remuneration element of the UK Corporate Governance Code 2018	Alignment with our Remuneration Policy
Five year period between the date of grant and realisation for equity incentives	– The LTIP has a five year period including the performance and holding period
Phased release of equity awards	– The LTIP ensures the phased release of equity awards through annual rolling grants
Discretion to override formulaic outcomes for bonus and LTIP awards	– The Remuneration Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary
Post-cessation shareholding requirement	– The Remuneration Policy includes a post-cessation shareholding requirement in line with best practice
Pension alignment	– The pension provision for the current Executive Directors has been changed to align with the level provided to the wider workforce of the Group and this will continue to be the case for future Executive Directors
Extended malus and clawback	– The current malus and clawback provisions already exceed the best practice suggested in relation to the new Code

One-off award for Brian Duffy

On Admission, Brian Duffy was granted a one-off award in the form of a nil cost option by the principal selling shareholder in recognition of his services to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following IPO.

The key terms of this award are as follows:

- Date of grant 31 May 2019
- The face value of the award was £6.0m which resulted in nil-cost options over 2,222,222 shares using the IPO price of £2.70
- The nil-cost option will vest subject to his continued service with the Group from the period of Admission to the second anniversary of Admission
- These nil-cost options are exercisable from the grant date until the third anniversary of the grant date.

However:

- If the option is exercised prior to the second anniversary of Admission, he will be prohibited from transferring the shares subject to the option (other than shares sold to pay any tax due) before the second anniversary, and will grant Jewel Holdco S.à.r.l. an option to repurchase such shares, for nil consideration if he leaves the employment of the Group during that period other than for certain excluded reasons (death, serious illness, disability, the termination of his employment by the Group other than for summary dismissal) or any other reason determined by the board of Jewel Holdco S.à.r.l. (in consultation with the Board) or following a change of control of the Group in which case the extent to which this option may be exercised may be 'time pro-rated'.

This award was agreed with the principal selling shareholder prior to the IPO and the shares awarded were dilutive solely to their value and as such, there will be no future dilutive impact on shareholders from this award. Further as this was a one-off award paid for by the shareholder this is treated as an exceptional item for the Company and will not impact on the ongoing profitability of the Company.

The Committee views the one-off award as part of the remuneration agreed whilst the Company was private and therefore not part of the remuneration provided as a listed company. Whilst the majority of the terms were agreed in FY19 the award was not finalised by the selling shareholder until after the financial year. We will, in next year's Annual Report on Remuneration, make reference to this section and the disclosure in the Prospectus to enable shareholders to see the full history and previous disclosure of this award.

Looking ahead

Over the course of the next year, the Remuneration Committee intends to build upon the initial work accomplished prior to the IPO with the development of the Remuneration Policy and ensure the appropriate structures are in place to meet the ongoing requirements of the Committee. Activities will include the following:

- Engagement with shareholders to discuss the Remuneration Policy and its development as the Company settles into the listed environment
- Review of employee engagement mechanisms within the business to ensure that the Committee have oversight of the employee voice
- Development of reporting mechanisms for wider workforce remuneration policies and incentives.

The remainder of the Remuneration Report is split into two parts:

At a glance section

The Company is not producing a formal Annual Report on Remuneration for FY19 for the following reasons:

- The remuneration payable related to a period prior to the Company's Listing
- The approach to remuneration and payments made reflects the ownership structure of the Company and the fact that it was private for the complete financial year.

Next year, we will provide full reporting in line with the relevant Directors' remuneration reporting regulations and there will be an advisory vote on the Annual Report on Remuneration.

Remuneration Policy

This sets out the Remuneration Policy for the Directors which is forward looking and is intended to govern the remuneration of the Company following listing. The Remuneration Policy is subject to a binding vote of the shareholders at the Annual General Meeting. If approved by shareholders, the Remuneration Policy will be effective from the beginning of the current financial year.

AT A GLANCE

This section of the Report provides an overview of the key features of the new Remuneration Policy:

Components of remuneration

The Remuneration Committee Report is coded as follows:

☆ Salary	✳ Bonus
○ Pension	△ Long Term Incentive Plan
† Benefits	□ Shareholding ownership requirements

What was the shareholding of our Executive Directors? □

The following table sets out the shareholdings of our Executive Directors against the minimum shareholding requirement under the new Remuneration Policy:

Executive	Number of shares	As % of FY20 salary*	Minimum shareholding requirement (% of Salary)
Brian Duffy (CEO)	8,652,554	4,871%	200%
Anders Romberg (CFO)	2,624,999	2,111%	200%

* Calculated using the share price on 10 July 2019.

Directors' share interests are presented in the table below:

	Shares held directly			Other shares held	Options		Shareholding requirement	
Name	Current shareholding	Beneficially owned	Deferred shares not subject to performance conditions[2]	LTIP interests subject to performance conditions	Vested but unexercised	Unvested	% Salary	Shareholding requirement met?
Executive Directors								
Brian Duffy	7,474,777	7,474,777	2,222,222	370,370	–	–	200%	Yes
Anders Romberg	2,624,999	2,624,999	–	226,852	–	–	200%	Yes
Non-Executive Directors								
Tea Colaianni	11,111	11,111	–	–	–	–	n/a	n/a
Dennis Millard	18,518	18,518	–	–	–	–	n/a	n/a
Robert Moorhead	11,111	11,111	–	–	–	–	n/a	n/a
Rosa Monckton	7,407	7,407	–	–	–	–	n/a	n/a
Fabrice Nottin[1]	–	–	–	–	–	–	n/a	n/a

1 Fabrice Nottin is a Director appointed as a shareholder representative for Apollo Global Management LLC.

2 The nil-cost option was granted on 31 May 2019 after the end of the financial year ending 28 April 2019 but prior to finalisation of the Annual Report and Financial Statements.

DIRECTORS' REMUNERATION REPORT
CONTINUED

Key features of the new Remuneration Policy
The key features of the new Remuneration Policy and how it is intended to be operated in FY20 are summarised below:

Element: Base salary ☆

Summary

- 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. Specifically:-
  - The base salary for the CEO has been set at the lower quartile of the FTSE 250 and between the lower quartile and median of the FTSE General Retailers
  - The base salary for the CFO has been set between the lower quartile and median of the FTSE 250 and at the median of the FTSE General Retailers.

Base salary levels for FY20

- CEO: £500,000 p.a.
- CFO: £350,000 p.a.

Element: Benefits †

Summary

- Market standard benefits including (but not limited to) car allowance, private health insurance and life insurance.

Element: Pension ○

Summary

- The maximum value of the pension contribution allowance is in line with the average employee contribution (currently this is 3% of salary)
- The CEO, Brian Duffy, has opted to waive his pension contribution and therefore receives no contribution.

Element: Annual bonus ✳

Summary

- Maximum opportunity of 150% of salary.
- Two-thirds of the bonus award will be paid out in cash with the further one-third deferred into shares subject to a three-year vesting period.
- The Committee will explore the use of additional performance conditions for future bonus years but feels that for the first year following the IPO that a focus on delivering the profit expectations set out in the prospectus is key.

Annual bonus for FY20

- CEO: 150% of salary
- CFO: 100% of salary
- The bonus for FY20 will be subject to a stretching Earnings Before Interest and Taxes (EBIT) target, prior to IFRS 16 adjustments.
- Pay-out levels (as a % of maximum) for achieving;
  - Threshold performance – 20%
  - Maximum performance – 100%
  - Straight line vesting between these points

Element: Long Term Incentive Plan △

Summary

- Maximum opportunity of 200% of salary.
- A two-year holding period will apply following the three-year vesting period.

LTIP awards for FY20

- CEO: 200% of salary.
- CFO: 175% of salary.
- The LTIP awards will be subject to a stretching Earnings Per Share (EPS) condition:

△ Performance target	Threshold (20% of Award Vesting)	Maximum (100% of Award Vesting)
Cumulative EPS (pre-exceptional items) of 3 financial years	62.11p	68.65p

- One of the key measures of the success of the implementation of the Company's strategy over the next period is strong progressive earnings growth. The Committee, therefore, believed that for the initial grant following the IPO that the LTIP should be based on Cumulative EPS over a three-year period. As with the bonus the Committee will be reviewing the performance conditions over the period following the IPO to ensure that they are the most appropriate in supporting the implementation of the strategy. Any material change to the performance conditions will be discussed with the Company's major shareholders before implementation.

Element: Shareholding requirements □

Summary

- The minimum shareholding requirement for Executive Directors is 200% of salary
- A post-cessation minimum shareholding requirement will apply to Executive Directors and leavers will have a requirement to hold 100% of their pre-cessation shareholding requirement for 12 months from their leaving date.

Element: Chairman and Non-Executive Director fees

Fees for FY20

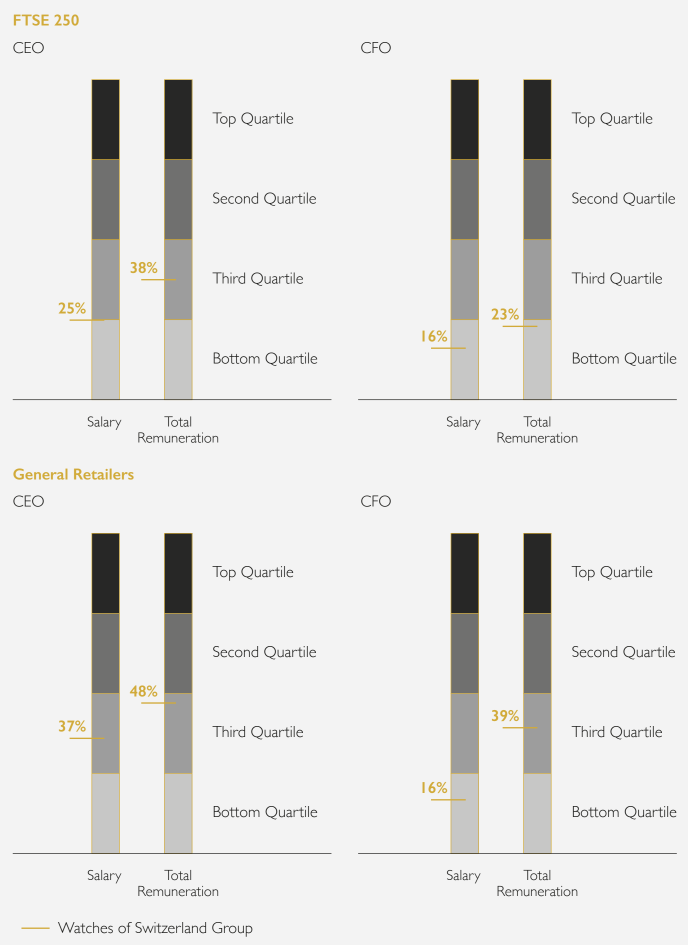
- Chairman: £190,000 p.a.
- Non-Executive Director base fee: £50,000 p.a.
- Senior Independent Director fee: £10,000 p.a.
- Committee Chair fee: £10,000 p.a.
- Audit Committee or Remuneration Committee membership fee: £5,000 p.a.
- Nomination Committee membership fee: £2,500 p.a.

Full details of the Remuneration Policy are set out on pages 27-34.

External context

The following charts show the Company's comparative positioning of both salary and total remuneration against the FTSE 250 and General Retailers. This demonstrates the Committee's positioning of salaries below the market with competitive levels of remuneration only earned by the Executive Directors if performance is delivered.

BENCHMARKING



Internal context

The Company will include the CEO to employee compensation ratios for FY20 in the FY20 Annual Report. The remuneration paid in FY19 as a private company is very different from the remuneration payable under the new Remuneration Policy and therefore year on year comparisons going forward would not be very meaningful.

DIRECTORS' REMUNERATION REPORT
CONTINUED

DIRECTORS' REMUNERATION POLICY

This section contains Watches of Switzerland Group PLCs proposed Directors' Remuneration Policy that will govern and guide the Company's future remuneration payments. The Remuneration Policy described in this section was originally set out prior to the IPO in the Prospectus and is intended to apply for three years and will be applicable from the beginning of FY20 subject to approval by shareholders at the Company's AGM on 17 October 2019 ("Policy Period").

The Remuneration Committee has established the Remuneration Policy for the remuneration of the Chairman and Executive Directors, and the Board has established the Remuneration Policy for the remuneration of the Non-Executive Directors.

Committee process to determine new remuneration policy

The process the Committee went through in determining the Remuneration Policy was as follows:

- The Committee independently reviewed the impact of the Company's strategy on remuneration and formed its own views on the best way to align the Policy with the strategy
- The Committee sought advice from its independent remuneration consultant on the impact of the Code, regulations and current investor sentiment in formulating the new Remuneration Policy
- The Committee also consulted with the Chairman, CEO and CFO on the proposed Remuneration Policy.

The Committee was mindful in its deliberations on the new Remuneration Policy on where there were potential conflicts of interest and sought to minimise them through an open and transparent process internally and externally by seeking independent advice and through the involvement of the main shareholder prior to the IPO.

Remuneration strategy

Watches of Switzerland's Remuneration Policy is designed to provide a framework to:

- Promote the long term success of the Group
- Support Group strategy; linked to key KPIs such as profit growth
- Recruit, retain and develop high quality people who are experts in their field and to focus the Executive Directors on the delivery of the Group's growth strategy
- Provide an appropriate balance between fixed and performance-related pay to support a high-performance culture and a platform for delivering superior service to our customers and enabling expansion of the business
- Provide a remuneration structure which is easily understood by all stakeholders
- Adhere to principles of good corporate governance and appropriate risk management.

In determining the new Remuneration Policy the Committee paid particular attention to Provision 40 of the Code. The following table summarises the Committee's views:

Factor: Clarity

How our new Remuneration Policy aligns

- The proposed 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 two of the Group's KPIs ensuring direct alignment between the successful implementation of the strategy and the reward provided to the Executive Directors.

Factor: Simplicity

How our new Remuneration Policy aligns

- The Incentive Plans are in line with standard UK market practice and therefore should be familiar to all stakeholders.

Factor: Risk

How our new Remuneration Policy aligns

The Remuneration Policy includes:

- Setting defined limits on the maximum awards which can be earned under the Annual Bonus Plan and the Long Term Incentive Plan
- Requiring the deferral of a substantial proportion of the incentives in shares for a material period of time
- Aligning the performance conditions with the strategy of the Company
- Ensuring a focus on sustainable performance through the Long Term Incentive Plan
- Ensuring there is sufficient flexibility to adjust payments through malus and clawback
- An overriding discretion to depart from formulaic outcomes under the Incentive Plans

These elements mitigate against the risk of target-based incentives by:

- Limiting the maximum value that can be earned
- Deferring a significant proportion of the value earned in shares for the long term which helps ensure that the performance earning the award was sustainable and thereby discouraging short term behaviours
- Aligning any reward to the agreed strategy of the Company
- The Long Term Incentive Plan focuses on the sustainability of the performance over the longer term
- Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate
- Reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Group.

Factor: Predictability

How our new Remuneration Policy aligns

- The Remuneration Policy clearly sets out the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the checks and balances set out above under Risk are disclosed as part of the Remuneration Policy.

Factor: Proportionality

How our new Remuneration Policy aligns

- The Company's incentive plans clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors have a strong drive to ensure that the performance is sustainable over the long term. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance.

Factor: Alignment to culture

How our new Remuneration Policy aligns

- A key tenet of the Watches of Switzerland culture is a focus on ensuring long term sustainable performance. This is reflected directly in the type of performance conditions used in the incentive plans
- The focus on share ownership and long term sustainable performance is also a key part of the Company's culture.

Operation of the Remuneration Policy

The Remuneration Policy aims to align the interests of the Executive Directors, senior management and employees to the long term interests of shareholders and aims to support a high performance, collegiate and inclusive culture with appropriate reward for superior Group, business unit and individual performance without creating incentives that will encourage excessive risk taking or unsustainable company performance.

Overall remuneration levels have been set at a level that are considered by the Remuneration Committee to be appropriate for the size and nature of the business, having taken specialist, independent advice where necessary. When determining appropriate remuneration levels for the current Executive Directors, the Remuneration Committee took a two pronged approach:

1. The Remuneration Committee considered remuneration levels that would be appropriate immediately following Admission
2. The Remuneration Committee then considered the Group's desired policy position that should be applied for potential new joiners and as the Company matures in the listed environment.

Remuneration positioning rationale

– The Remuneration Committee adopted a post-IPO Remuneration Policy positioning taking into account the size of the Group (based on market capitalisation) and practice in the retail sector.

The Remuneration Committee's policy positioning is set out in detail below:

– As a principle, the Remuneration Committee and the current Executive Directors felt that it was necessary to have a total remuneration package which was more heavily weighted towards variable pay to preserve the performance-based culture of the organisation and to ensure sufficient focus on the Company's performance post Admission. This also complements the material shareholding which both incumbents will hold on Admission

– The base salary for the CEO has been set at the lower quartile of the FTSE 250 and between the lower quartile and median of the FTSE General Retailers

– The base salary for the CFO has been set between the lower quartile and median of the FTSE 250 and at the median of the FTSE General Retailers

– In line with the Code, the Remuneration Committee has set pension contributions for Executive Directors in line with the Company's pension provision for its wider workforce. The CEO has opted to waive his pension contribution and therefore will not receive a contribution. The CFO will receive a pension contribution in line with the wider workforce (which is currently 3% of salary); and

– The Remuneration Committee broadly applied its desired policy position to target variable incentives at median to upper quartile levels of the relevant peer groups.

Desired Remuneration Policy position

The Remuneration Committee felt that it was necessary to have a specific policy position for new joiners and also as the Company matures. The desired policy position for remuneration is as follows:

The Company is currently positioned below the median in terms of market capitalisation of the FTSE 250 (excluding financial services) and FTSE General Retailers. For the Executive Directors, the desired policy position as the Company establishes itself following Admission will be as follows:

– Median fixed pay

– Median – upper quartile incentive opportunities

– Total target remuneration at around the median.

The Remuneration Committee feels that this approach is aligned with the performance-based culture of the Group with market level of rewards only being earned if performance is delivered with the opportunity to earn more than median for exceptional performance.

Remuneration Policy summary

The following table summarises the key components of the Company's Executive Director remuneration:

Element of remuneration and link to strategy: Base salary ☆
Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy.
Operation An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Remuneration Committee considers: – Pay increases to other employees – Remuneration practices within the Group – Any change in scope, role and responsibilities – The general performance of the Group and each individual – The experience of the relevant Director – The economic environment. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.
Maximum opportunity The Remuneration Committee ensures that maximum salary levels are positioned in line with companies of a similar size to the Company and validated against an appropriate comparator group, so that they are competitive against the market. The Remuneration Committee intends to review the comparators each year and will add or remove companies from the groups as it considers appropriate. In general salary increases for Executive Directors will be in line with the increase for employees. However, larger increases may be offered if there is a material change in the size and responsibilities of the role (which covers significant changes in Group size and/or complexity).
Performance conditions and recovery provisions A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.

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Element of remuneration and link to strategy: Pension ○

Provides a minimum level of benefits to support a low fixed cost and a performance-based Remuneration Policy.

Operation

The Group provides a pension contribution allowance in line with corporate governance best practice aligned with the average employee pension contribution. This allowance will be a non-consolidated allowance and will not impact any incentive calculations.

Maximum opportunity

The maximum value of the pension contribution allowance is in line with the average employee contribution (currently this is 3% of salary).

Performance conditions and recovery provisions

No performance or recovery provisions applicable.

Element of remuneration and link to strategy: Benefits †

Provides a minimum level of benefits to support a low fixed cost and a performance-based remuneration policy.

Operation

Benefits may include provision of a car and coverage of its cost (including business fuel costs), car allowance, membership of any private health insurance or medical scheme operated by the Group (including eligibility for spouse/civil partner and dependent children), death in service life assurance, subsistence expenses, mobile telephone expenses and staff discounts in line with other employees.

The Remuneration Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy.

Additional benefits which are available to other employees on broadly similar terms may therefore be offered such as relocation allowances on recruitment.

Maximum opportunity

The maximum value is the cost of providing the relevant benefits.

Performance conditions and recovery provisions

No performance or recovery provisions applicable.

Element of remuneration and link to strategy: Annual bonus ✳

The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

In particular, the Annual Bonus Plan supports the Company's objectives allowing the setting of annual targets based on the business' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.

Operation

The performance period is one financial year with pay-out determined by the Remuneration Committee following the year end, based on achievement against a range of financial and non-financial targets.

Two-thirds of the bonus award will be paid out in cash with the further one-third deferred into shares subject to a three-year vesting period. Deferred shares will be in the form of conditional awards or nil-cost options. There are no further performance targets on the deferred amount.

Participants may be entitled to dividends or dividend equivalents (where applicable) on the deferred share awards to the extent they vest representing the dividends paid during the deferral period.

Maximum opportunity

The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.

Threshold performance: 20% of maximum

On-target performance: 50% of maximum

Maximum performance: 100%

Straight-line vesting between these points.

Performance conditions and recovery provisions

The specific performance measures, targets and weightings may vary from year to year in order to align with the Group's strategy over each year. The measures may include financial and non-financial measures. However, at least 50% of the awards will be linked to financial measures.

The measures will be dependent on the Group's goals over the year under review and directly link to the key measurable strategic milestones to incentivise Executive Directors to focus on the execution of the strategy. The performance targets will be calibrated each year to align with the announced strategic plan.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.

Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned resulting from the application of the performance measures.

Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration Report.

The actual performance targets set will not be disclosed at the start of the financial year, as they are considered to be commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for shareholders to assess the basis for any bonus outcomes.

The Plan contains malus and clawback provisions.

Element of remuneration and link to strategy: Long Term Incentive Plan △
Awards are designed to incentivise the Executive Directors over the longer-term to successfully implement the Group's strategy.
Operation Under the Long Term Incentive Plan, (LTIP) the Remuneration Committee may award annual grants of performance share awards in the form of conditional awards or nil-cost options LTIP awards will vest three years from the date of grant subject to the achievement of the performance measures. A two-year holding period will apply following the three-year vesting period for LTIP awards granted to the Executive Directors. Upon vesting, sufficient shares can be sold to pay tax. Participants may be entitled to dividends or dividend equivalents (where applicable) on the LTIP shares representing the dividends paid during the vesting and holding period.
Maximum opportunity Maximum value of 200% of salary per annum based on the market value at the date of grant set in accordance with the rules of the LTIP. The maximum value of the LTIP awards in exceptional circumstances (such as on recruitment) will be 250% of salary. 20% of the award will vest for threshold performance 100% of the award will vest for maximum performance Straight-line vesting between these points.
Performance conditions and recovery provisions Awards vest based on performance against stretching targets, measured over a three-year performance period. The Remuneration Committee will review and set weightings and targets before each grant to ensure they remain appropriate. The Remuneration Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance conditions without prior shareholder consultation. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the LTIP vesting resulting from the application of the performance measures. Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration Report. Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration and for future grants in the section headed Implementation of remuneration policy, in the future financial year. The LTIP contains clawback and malus provisions.

Discretion within the Remuneration Policy

The Remuneration Committee has discretion in several areas of policy as set out in this document. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules (see "Operation of incentive plans" below). In addition, the Remuneration Committee has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where it would be, in the opinion of the Remuneration Committee, disproportionate to seek or await shareholder approval.

Operation of incentive plans

The Remuneration Committee will operate all incentive plans according to the rules of each respective plan and the discretions contained therein. The discretions cover aspects such as the timing of grant and vesting of awards, determining the size of the award (subject to the Policy limits), the treatment of leavers, retrospective adjustment of awards (e.g. for a rights issue, a corporate restructuring or for special dividends) and, in exceptional circumstances, the discretion to adjust previously set targets for an incentive award if events happen which cause the Remuneration Committee to determine that it would be appropriate to do so. In exercising such discretions, the Remuneration Committee will take into account generally accepted market practice, best practice guidelines, the provisions of the Listing Rules and the Company's approved Remuneration Policy.

In exceptional circumstances the Remuneration Committee retains the discretion to:

– Change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance year if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate; and

– Make downward or upward adjustments to the amount of bonus or LTIP shares earned resulting from the application of the performance measures, if the Remuneration Committee believe that the bonus or LTIP outcomes are not a fair and accurate reflection of business performance.

Legacy arrangements

The Remuneration Committee reserves the right to honour any remuneration payments or awards, notwithstanding that they are not in line with the Remuneration Policy set out above where the terms of the payment or award were agreed before the policy came into effect (as set out in the Prospectus). Such payments or awards are set out in the Annual Report on Remuneration. Details of the one-off award for the Chief Executive Officer are set out on page 23 of this Report in the Chair's Statement.

Minimum shareholding requirements

The Remuneration Committee has adopted formal shareholding requirements that will encourage the Executive Directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of salary. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned. The minimum shareholding requirement for Executive Directors is 200% of salary. The Remuneration Committee retains the discretion to increase the shareholding requirements.

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In addition, a post-cessation minimum shareholding requirement will apply to Executive Directors who leave the Group. Leavers will have a requirement to hold 100% of their pre-cessation shareholding requirement for 12 months from their leaving date. In the event that a leaver has not met the relevant shareholding requirement at the point of cessation of employment then they would be required to retain their full pre-cessation shareholding for the 12 month period.

Recruitment policy
The Group's approach is that the remuneration of any new recruit will be assessed in line with the same principles as for the current Executive Directors. The Remuneration Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Remuneration Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short term or long term incentive payments as well as giving consideration for the appropriateness of any award.

The Group's detailed policy when setting remuneration for the appointment of new Executive Directors is summarised below:

Remuneration element: Salary, benefits and pension

Recruitment policy
These will be set in line with the Policy for the incumbent Executive Directors.

Remuneration element: Annual bonus

Recruitment policy
The Executive Director will be eligible to participate in the Annual Bonus as set out in the Remuneration Policy table. The maximum level of bonus opportunity that may be offered is 150% of base salary consistent with that of existing Executive Directors.

Remuneration element: LTIP

Recruitment policy
The Executive Director will be eligible to participate in the LTIP as set out in the Remuneration Policy table. The maximum level of variable award that may be offered is 250% of base salary in exceptional circumstances for the year of recruitment. The normal maximum award level is 200% of salary.

Remuneration element: Maximum variable remuneration

Recruitment policy
The maximum level of variable remuneration which may be offered in the year of recruitment is 400% of salary. The normal ongoing maximum is 350% of salary

Remuneration element: "buy out" of incentives forfeited on cessation of employment

The Remuneration Committee's Policy is not to provide replacement awards as a matter of course. However, should the Remuneration Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following:

- The proportion of the performance period completed on the date of the Director's cessation of employment
- The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied
- Any other terms and conditions having a material effect on their value.

The Remuneration Committee may then grant up to the same value as the lapsed value, where possible, under the Group's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Group's existing incentive plans, a bespoke arrangement would be used.

Remuneration element: Relocation policies

Recruitment policy
In instances where the new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling.

Where an existing employee is promoted to the Board, the Policy set out above would apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Remuneration Report for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the Policy which applies to current Non-Executive Directors.

Service contracts and letters of appointment
The Remuneration Committee's policy for setting notice periods is that a six-month period will apply for Executive Directors unless the Remuneration Committee determines that 12 months would be more appropriate in the circumstances. The Remuneration Committee may in exceptional circumstances arising on recruitment allow a longer period, which would in any event reduce to either six or 12 months following the first year of employment. The Non-Executive Directors of the Company do not have service contracts.

The Non-Executive Directors are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for a three-year period.

The Company follows the UK Corporate Governance Code's recommendation that all directors of FTSE 350 companies be subject to annual re-appointment by shareholders.

Service agreements
The table below summarises the service contracts for Executive Directors. The Executive Directors' contracts will be available for shareholders to view at the Company's first AGM on 17 October 2019.

Director	Date of contract	Notice period
Brian Duffy (CEO)	28 May 2019	6 months
Anders Romberg (CFO)	28 May 2019	6 months

Letters of appointment
The Non-Executive Directors do not have service contracts but do have letters of appointment which reflect their responsibilities and commitments.

Name	Date of contract	Notice period
Dennis Millard	7 May 2019	3 months
Tea Colaianni	7 May 2019	3 months
Robert Moorhead	7 May 2019	3 months
Rosa Monckton	7 May 2019	3 months
Fabrice Nottin	20 February 2019	Not applicable[1]

1 The appointment of Fabrice Nottin is terminable by the Controlling Shareholder or by the Company in the circumstances summarised at paragraph 18.2 of Part XVII (Additional Information) of the Prospectus

Loss of office
When determining any loss of office payment for a departing Executive Director, the Remuneration Committee will always seek to minimise the cost to the Group while complying with contractual terms and seeking to reflect the circumstances in place at the time.

The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Element: General

Treatment on cessation of employment
The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising regarding the termination of an Executive Director's office or employment. The Remuneration Committee may agree that the Group will pay for the provision of outplacement support and the reasonable fees for a departing Director to obtain independent legal advice in relation to his or her termination arrangements and nominal consideration for any agreement to introduce contractual terms protecting the Company's rights following termination.

Element: Salary, benefits and pension

Treatment on cessation of employment
These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.

Element: Annual bonus – cash awards

Treatment on cessation of employment

Good leaver reason
Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.

Other reason
No bonus will be payable for year of cessation.

Discretion
The Remuneration Committee has the following elements of discretion:

- To determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders
- To determine whether to pro-rate the bonus for time. The Remuneration Committee's normal policy is that it will pro-rate for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.

Element: Annual bonus – deferred share awards

Treatment on cessation of employment

Good leaver reason
All subsisting deferred share awards will vest.

Other reason
Lapse of any unvested deferred share awards.

Discretion
The Remuneration Committee has the following elements of discretion:

- To determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders
- To vest deferred share awards at the end of the original deferral period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's departure.

Element: LTIP

Treatment on cessation of employment

Good leaver reason
Pro-rated for time and performance in respect of each subsisting LTIP award.

Other reason
Lapse of any unvested LTIP awards.

Discretion
The Remuneration Committee has the following elements of discretion:

- To determine that an executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders
- To measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- To determine to vest the LTIP award at the end of the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- To determine whether the holding period will apply including whether in full or in part
- To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.

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Definition of 'good leaver' under the Group's incentive plans
A good leaver reason is defined as cessation in the following circumstances:

- Death
- Redundancy
- Ill-health
- Retirement (in agreement with the Company)
- Injury or disability
- Employing company ceasing to be a Group company
- Transfer of employment to a company which is not a Group company
- Any reason permitted by the Remuneration Committee in its absolute discretion in any particular case except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal.

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Change of control
The following treatment will apply on a change of control of the Company as defined in the relevant plan rules.

Element: Annual bonus – cash awards

Treatment on change of control
Pro-rated for time and performance to the date of the change of control.

The Remuneration Committee has discretion regarding whether to pro-rate the bonus for time. The Remuneration Committee's normal policy is that it will pro-rate the bonus for time. It is the Remuneration Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.

Element: Annual bonus – deferred share awards

Treatment on change of control
Subsisting deferred share awards will vest on a change of control.

Element: LTIP

Treatment on cessation of employment
The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance.

The Remuneration Committee has discretion regarding whether to pro-rate the LTIP awards for time. The Remuneration Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Remuneration Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.

Malus and clawback

Element: Annual bonus – cash awards

Application of malus and clawback
Malus will apply up to the date of the bonus payment and clawback will apply for a period of two years post the bonus payment.

Element: Annual bonus – deferred share awards

Application of malus and clawback
Malus will apply during the share deferral period.

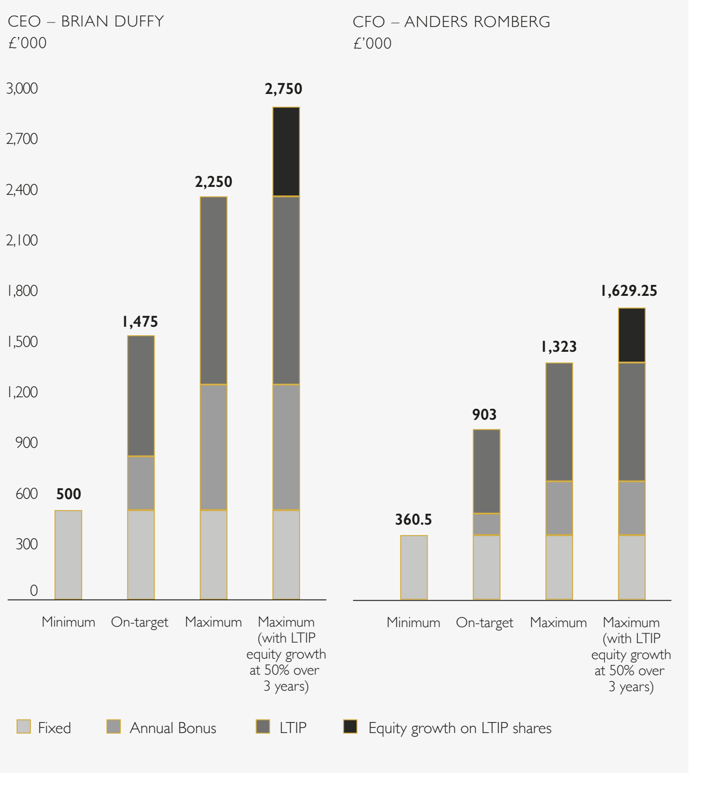
Element: LTIP

Application of malus and clawback
Malus will apply during the vesting period and clawback will apply for a period of two years post-vesting.

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or Company
- The assessment that any performance condition or condition in respect of the annual bonus or LTIP award was based on error, or inaccurate or misleading information
- The discovery that any information used to determine the annual bonus or LTIP award was based on error, or inaccurate or misleading information
- Action or conduct of a participant which amounts to fraud or gross misconduct
- Events or the behaviour of a participant have led to the censure of the Company or Group by a regulatory authority or have had a significant detrimental impact on the reputation of the Group or Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant
- A material failure of risk management
- Corporate failure.

Remuneration scenario charts
The charts below seek to demonstrate how pay varies with performance for the Executive Directors based on the stated Remuneration Policy. The charts show an estimate of the remuneration that could be received by Executive Directors under the Remuneration Policy set out in this document. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP. The charts indicate that a significant proportion of both target and maximum pay is performance related. In line with changes to the Regulations, scenarios including share price growth of 50% over the period of the policy are shown.



Assumptions for the scenario charts

Element: Fixed pay

– Base salary of £500,000 for CEO and £350,000 for CFO.

– Pension of 0% for CEO and 3% for CFO.

Element: Annual bonus

Minimum
None

On-target
50% of maximum award

Maximum
100% of maximum award

Element: LTIP

Minimum
None

On-target
60% of maximum award

Maximum
100% of maximum award

External appointments

Executive Directors are permitted to accept external, non-executive appointments with the prior approval of the Board where such appointments are not considered to have an adverse impact on their role within the Group. The Executive Directors may retain fees paid for these services, which will be subject to approval by the Board. Neither Brian Duffy nor Anders Romberg currently have any external appointments.

Non-Executive Director Remuneration Policy

Non-Executive Directors are paid fees at a level sufficient to attract individuals of the calibre and qualifications required to manage the business of the Group effectively. Fees are set at levels appropriate to the size and complexity of the organisation, the time commitment required, and the qualifications and experience of the individual appointed.

Element of remuneration and link to strategy

Core element of remuneration set at a level sufficient to attract and retain individuals with appropriate knowledge and experience in organisations of broadly similar size and complexity.

Operation

The Board is responsible for setting the remuneration of the Non-Executive Directors.

The Remuneration Committee is responsible for setting the Chairman's fees.

Non-Executive Directors are paid an annual fee and additional fees for chairmanship of committees and the role of Senior Independent Director ("SID"). The Group retains the flexibility to pay fees for the membership of committees.

The Chairman receives a fee as Chairman but does not receive any additional fees for membership of committees.

Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. Changes to fees are normally effective from the beginning of the relevant financial year.

Non-Executive Directors and the Chairman do not participate in any variable remuneration or benefits arrangements with the exception of the staff discount offered to employees.

Maximum opportunity

The fees for Non-Executive Directors and the Chairman are broadly set at a competitive level against the comparator group.

In general the level of fee increase for the Non-Executive Directors and the Chairman will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce.

The Group will pay reasonable expenses incurred by the Non-Executive Directors and settle any tax incurred in relation to these.

No fees will be paid to any shareholder representatives on the Board.

Performance conditions and recovery provisions

No performance or recovery provisions applicable.

Remuneration throughout the Group

The remuneration for all staff in the Group is based on the same principles and arrangements as described above for the Executive Directors. The Group seeks to remunerate in line with market salaries and benefits. Bonus arrangements are cascaded down the organisation to incentivise the achievement of Group and personal objectives. Participation in the LTIP is extended to members of the Senior Executive Team and others on a discretionary basis. The Remuneration Committee believes the Group's approach to cascading its variable incentive arrangements down the organisation is fair.

Consideration of shareholder views

The Remuneration Committee carefully considered the views of the prospective shareholders and shareholder bodies when developing the Remuneration Policy. Following listing, the Company will be engaging with shareholders and the Company welcomes continued dialogue with its shareholders. The Remuneration Committee will consult with key shareholders prior to any significant changes to its Remuneration Policy.

The Remuneration Report has been approved by the Board on 10 September 2019.

Approved by the Board and signed on its behalf.

PAUL EARDLEY
Company Secretary
11 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATCHES OF SWITZERLAND GROUP PLC (FORMERLY JEWEL UK NEWCO LIMITED)

1 OUR OPINION IS UNMODIFIED

We have audited the financial statements of Watches of Switzerland Group PLC ("the Company") for the period from incorporation on 20 February 2019 to 28 April 2019 which comprise the balance sheet, statement of changes in equity, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

– give a true and fair view of the state of Company's affairs as at 28 April 2019 and of its result for the period then ended;
– have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
– have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 15 July 2019. The period of total uninterrupted engagement is for the one financial period ended 28 April 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Share transaction, £1

Refer to page 38 (accounting policy) and page 38 (financial disclosures)

The risk: Accounting treatment The company's sole transaction in the period was its initial share capital issue and there is risk that it may not have been appropriately recorded.

Our response

Our procedures included:

– **Tests of details** – We agreed the share capital recorded to Companies House records and agreed the amounts owed by group undertakings to the counterparty financial statements.
– **Assessing transparency** – We assessed the adequacy of disclosures in the financial statements in respect of the share transaction.

Our results

We found the accounting treatment for the share transaction and the related disclosures to be acceptable.

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the financial statements as a whole was set at £1, determined with reference to a benchmark of company total assets, of which it represents 100%.

Our audit of the company was undertaken to the materiality level specified above and was all performed at the Company's head office in Leicester.

4 WE HAVE NOTHING TO REPORT ON GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

– we have anything material to add or draw attention to in relation to the directors' statement in note 2.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
– the related statement under the Listing Rules set out on page 9 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

– we have not identified material misstatements in the strategic report and the directors' report;
– in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
– in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 9 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

We have nothing to report in these respects.

7 RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and distributable profits legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

ROBERT SEALE (SENIOR STATUTORY AUDITOR)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
11 September 2019

BALANCE SHEET
AS AT 28 APRIL 2019

	Note	28 April 2019 £
Current assets		
Debtors: amounts falling due within one year	5	1
		1
Net assets		1
Equity		
Called up share capital	6	1
Total equity		1

The financial statements were approved and authorised for issue and were signed on its behalf by:

ANDERS ROMBERG
Director
11 September 2019

The notes on page 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £	Total Equity Attributable to Owners £
Share issue	1	1
Balance at 28 April 2019	1	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 APRIL 2019

1. GENERAL INFORMATION

Watches of Switzerland Group PLC (formerly Jewel UK Newco Limited) was incorporated on 20 February 2019 and is a public limited company incorporated, domiciled and registered in England in the UK. The registered number is 11838443 and the registered office is Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of these financial statements in compliance with FRS 102 has not required the use of certain critical accounting estimates and no significant judgement has been used to apply the Company's accounting policies. As such, no further disclosure on significant accounting estimates and judgements has been made.

In determining the appropriate basis of preparation of financial statements, the Directors are required to consider whether the company can continue in operational existence for the foreseeable future.

On 24 May 2019, Watches of Switzerland Group Limited (formerly Jewel UK Newco Limited) (registered number 11838443) purchased the entire share capital of Jewel UK Midco Limited from Jewel Holdco S.à.r.l. through a share for share exchange. On 30 May 2019, Watches of Switzerland Group Limited re-registered as a Public Limited Company and on 4 June 2019 its shares were admitted for trading on the main market for listed securities of the London Stock Exchange. On 4 June 2019, the Group entered into a new term loan facility consisting of a term loan for £120,000,000 and a revolving credit facility of £50,000,000. The term loan facility expires on 4 June 2024.

The Board has reviewed the latest forecasts of the newly formed Watches of Switzerland Group PLC group, reflecting the impact of the IPO and refinancing and considered the obligations of those Group's financing arrangements. The Board has specifically considered the potential impact on the UK's decision to leave the European Union and given the continued strong liquidity of the Group, the Board has concluded that a going concern basis of preparation of its financial statements is appropriate.

The following principal accounting policies have been applied:

2.2 Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3. AUDITORS REMUNERATION

The audit fees for the period have been borne by Watches of Switzerland Company Limited (formerly Aurum Group Limited), a subsidiary undertaking.

4. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration.

5. DEBTORS

	28 April 2019 £
Amounts owed by group undertaking	1
	1

6. SHARE CAPITAL

Authorised, allotted, called up and fully paid	28 April 2019 £
1 ordinary share of £1.00	1
	1

The holder of the Ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

SHAREHOLDER INFORMATION

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
KPMG LLP, 15 Canada Square, London, E14 5GL

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

Goldman Sachs PLC, Peterborough Court, 133 Fleet Street, London, EC4 2BB

Financial PR
Finsbury, The Adelphi, 1-11 Adam Street, London, WC2N 6HT

Financial calendar

Q1 Trading update:	13 August 2019
AGM:	17 October 2019
Half-yearly results:	12 December 2019
Q3 Trading update:	27 February 2020
Financial year end:	26 April 2020

Annual General Meeting
The AGM will be held at 1pm on Thursday 17 October 2019 at our offices at 36 North Row, London, W1K 6DH. The Notice of Meeting which accompanies this report and accounts sets out the business to be transacted.

Shareholding information
Registrars
Please contact our registrar Equiniti directly for all enquiries about your shareholding. Visit their website shareview.co.uk for online information about your shareholding (you will need your shareholder reference number which can be found on your share certificate or telephone the Registrar direct on +44 (0)371 384 2030. Overseas Shareholder helpline number +44 (0)121 415 7047. Lines are open 8.30am to 5.30pm Monday to Friday.

For more information see **www.thewosgroupplc.com/investors/shareholder-contacts**

Forward looking statements
Cautionary statement: The Annual Report and Financial Statements contains certain forward looking statements with respect to the operations, performance and financial conditions of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward looking statements. Nothing in this Annual Report should be construed as a profit forecast. Certain regulatory performance data contained in this Annual Report is subject to regulatory audit.

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 would 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/consumers/protect-yourself/unauthorised-firms**

NOTES

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WATCHES OF SWITZERLAND GROUP PLC

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www.thewosgroupplc.com