

ANNUAL REPORT 2022





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This original version is binding.

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MESSAGE FROM THE CHAIR

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

The world has changed. After the pandemic we are all trying to return to normality. Perhaps a new normality. There are always different interpretations, analyses or impressions regarding the same situation. Some see the glass as half empty. Others see it as half full. We at Swatch Group have always been positive, and that is why we see the glass as nearly full again. For the first time in two years, joy and the courage to face life have returned to many regions of the world. There is light on the horizon again. People can meet again and families can celebrate together again. A big step towards normality has been taken almost everywhere. The temporarily subdued joy of consumption has been fully rekindled. We all long for health, life, happiness and the freedom to move.

Our Swatch Group did very well in 2022 with all its brands. But let me highlight one of the year's watches in particular: the MoonSwatch with its incredible success. There was that indescribable feeling again – everyone wanted this watch, and the situation was reminiscent of the beginning of Swatch's crazy limited-edition watches.

Remember March 26, 2022. The images went around the world and are forever etched in our memories. Hundreds of thousands stormed the 110 Swatch stores offering the brand-new collection of eleven different models inspired by the legendary Speedmaster Moonwatch. We witnessed amazing, unimaginable, even surreal scenes. People were running, jumping, sprinting just to be the first in these stores. Queues formed several days beforehand, in some places several hundred meters long and sometimes even up to a kilometer. Whether

in Melbourne, Tokyo, Shanghai, Bangkok, Zurich, Paris, London, New York or Miami – everywhere people united. There was a veritable frenzy of joy. Some spoke of a madness, of a MoonSwatch hype around the eleven models – one for each celestial body of our solar system. However, it was much more than that. This economic, social, cultural phenomenon spanned the whole of 2022, and although Swatch increased the number of stores over the months, queues continued to be a daily occurrence. I do not want to dwell on the MoonSwatch masterpiece at this point. Let me just highlight one key point: This product only saw the light of day thanks to the strength of Swatch Group and its brands. Bear in mind that ten entities of our company were involved in this unique collaboration between a luxury brand and one from a basic segment. And until the launch, very few people had any idea about it. And nothing leaked out. A wonderful story and a terrific success. At one point, a journalist wondered who but Swatch Group would be capable of such an operation. His answer? No one.

Swatch Group achieved very good results in 2022. Sales in Europe, the Americas, most Asian markets and the Middle East saw double-digit increases. We ultimately achieved sales of 7499 million Swiss francs. This represents a year-on-year increase of 4.6% at constant exchange rates, or 2.5% at current exchange rates. We also achieved double-digit growth in our retail activities. This was not only the case for Swatch, but also for the Harry Winston, Breguet and Omega brands in particular. Furthermore, Swatch Group continued to invest very selectively in new retail stores.

Operating profit increased by 13.4% to 1158 million Swiss francs, corresponding to an operating margin of 15.4% (previous year: 14.0%). Net income also increased, to 823 million Swiss francs compared to 774 million in the previous year. Based on these encouraging figures, the Board of Directors will propose to the Annual General Meeting on May 10, 2023, a dividend increase of 9.1%, 6.00 francs per bearer share and 1.20 francs per registered share.

Last year, our 17 watch brands once again demonstrated their incredible creativity and *savoir-faire*. They offered consumers remarkable Swiss-made watches of the highest quality. Our appeal continued to grow. Our brands resonate with young and old – a broad audience. Our workforce also grew. Compared to the previous year, it increased by 2.0%, reaching 32061 employees including 541 apprentices.

Thanks to our strategy and the solidity of the Group, our global presence, the innovative strength of our brands and the quality of our production facilities, we are optimistic about 2023. The Swatch Group Executive Board expects strong sales growth in all regions and segments. Following the lifting of the Covid measures, consumption has recovered rapidly, not only in China but also in the surrounding markets of Hong Kong and Macau. In addition, the lifting of travel restrictions to and from China will revitalize sales in tourist destinations. We have good reason to believe that 2023 could be a record year.

We owe our success in 2022 to all our employees, the members of the Executive Committee and the Board of Directors. And to you, our shareholders, who have always remained loyal to us. I would like to



take this opportunity to thank you all most sincerely for your outstanding support and tireless commitment. As a shareholder gift this year, you will receive a special Swatch, with queues of people enjoying life again. Let's be positive!

Ladies and gentlemen, dear shareholders, I would like to thank you for the trust you have placed in our company and wish you all good health.

Nayla Hayek

Chair of the Swatch Group Board of Directors

OPERATIONAL ORGANIZATION

as at December 31, 2022

SWATCH GROUP BRANDS AND COMPANIES

WATCHES	RETAILING	PRODUCTION	ELECTRONIC SYSTEMS	CORPORATE
Prestige and Luxury Range Breguet Harry Winston Blancpain Glashütte Original Jaquet Droz Léon Hatot Omega	Tourbillon Hour Passion	Watches ETA Meco CHH Microtechnique Nivarox-FAR Comadur Rubattel et Weyeremann MOM Le Prélet Universo Manufacture Ruedin Lascor Novi The Swatch Group Assembly	EM Microelectronic Renata Micro Crystal Swiss Timing and ST Sportservice	Swatch Group Research and Development Asulab Moebius CDNP
High Range Longines Rado Union Glashütte		Jewelry Dress Your Body (DYB)		ICB Ingénieurs Conseils en Brevets Swatch Group Quality Management Swatch Group Services European Distribution Center Swatch Group Logistics Swatch Group Information Technologies Swatch Group Corporate Customer Service Swatch Group Gems Real Estate Development
Middle Range Tissot Balmain Certina Mido Hamilton				Swatch Group Immeubles Belenos Clean Power
Basic Range Swatch Flik Flak				

ORGANIZATION AND DISTRIBUTION IN THE WORLD

as at December 31, 2022

SWATCH GROUP SUBSIDIARIES

<u>EUROPE</u>	<u>AMERICAS</u>	<u>OCEANIA</u>	<u>FAR EAST</u>	<u>MIDDLE EAST</u>
Austria Belgium France Germany Greece Italy Luxemburg The Netherlands Nordic Countries (Denmark, Finland, Norway, Sweden) Poland Russia Spain Switzerland Turkey United Kingdom and Ireland	Canada Mexico USA, Caribbean and Latin America	Australia	China Hong Kong India Japan Macau Malaysia Singapore South Korea Taiwan Thailand	United Arab Emirates

In countries where Swatch Group has no actual distribution subsidiary, the company is represented by local distributors.

BOARD OF DIRECTORS

as at December 31, 2022



NAYLA HAYEK

Chair of the Board of Directors

Company Secretary
Jennifer Meyer-Kluge

Auditors
PricewaterhouseCoopers
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Switzerland

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2000 Neuchâtel
Switzerland



ERNST TANNER
Vice-Chairman



DANIELA AESCHLIMANN



NICK HAYEK



PROF. DR. H.C. CLAUDE NICOLLIER



DR. JEAN-PIERRE ROTH

The function descriptions and responsibilities of the Board of Directors members at December 31, 2022 are outlined in the Corporate Governance chapter on pages 157 and 158 of the present Annual Report.

EXECUTIVE GROUP MANAGEMENT BOARD

as at December 31, 2022



NICK HAYEK

President of the Group Management Board



**FLORENCE
OLLIVIER-LAMARQUE**



RAYNALD AESCHLIMANN



PIERRE-ANDRÉ BÜHLER



MARC A. HAYEK



DR. THIERRY KENEL



DR. PETER STEIGER



FRANÇOIS THIÉBAUD

EXTENDED GROUP MANAGEMENT BOARD

as at December 31, 2022



MIREILLE KOENIG



MATTHIAS BRESCHAN



SYLVAIN DOLLA



DANIEL EVERTS



FADI GHALAYINI



HANS RUDOLF GOTTIER



LIONEL A MARCA



CALOGERO POLIZZI



DR. MICHEL WILLEMIN

The function descriptions and responsibilities of the members of the Executive Group Management Board and of the Extended Group Management Board at December 31, 2022 are outlined in the Corporate Governance chapter on pages 160 to 162 of the present Annual Report.

DEVELOPMENT OF SWATCH GROUP

Swatch Group consolidated		2022	2021	2020	2019	2018
Net sales	CHF million	7 499	7 313	5 595	8 243	8 475
– Change from previous year	%	2.5%	30.7%	–32.1%	–2.7%	6.1%
Operating result	CHF million	1 158	1 021	52	1 023	1 154
– As a % of net sales	%	15.4%	14.0%	0.9%	12.4%	13.6%
Net result	CHF million	823	774	–53	748	867
– As a % of net sales	%	11.0%	10.6%	–0.9%	9.1%	10.2%
Cash flow from operating activities	CHF million	724	1 298	819	1 224	943
– As a % of net sales	%	9.7%	17.7%	14.6%	14.8%	11.1%
Equity	CHF million	12 051	11 605	10 965	11 493	11 274
– As a % of balance sheet total	%	86.7%	84.8%	85.0%	83.9%	82.5%
Balance sheet total	CHF million	13 893	13 678	12 897	13 692	13 661
Personnel as at 31.12.	Employees	32 061	31 444	32 424	36 089	37 123
Annual average	Employees	31 379	31 503	33 870	36 596	36 074
Personnel expense	CHF million	–2 363	–2 206	–1 972	–2 578	–2 563
The Swatch Group Ltd						
		2022	2021	2020	2019	2018
Dividend income	CHF million	914	470	645	909	1 004
Net income	CHF million	877	461	533	911	995
Investments	CHF million	4 401	4 370	4 196	4 375	3 530
Share capital	CHF million	118	118	118	118	125
Equity	CHF million	8 966	8 369	8 080	7 801	7 326
– As a % of balance sheet total	%	98.5%	97.3%	97.7%	96.3%	94.3%
Balance sheet total	CHF million	9 107	8 605	8 269	8 100	7 768
Dividend 1) 2)	CHF million	314	285	181	284	413
– As a % of share capital	%	266.1%	241.5%	153.4%	240.7%	330.4%

1) No dividend paid on own shares held by the Group.

2) For the year under review: Board of Directors' proposal

MOONSWATCH

BIOCERAMIC





A COSMIC SUCCESS

When huge crowds gather in different places around the world, there are bound to be some very good reasons. On March 26, 2022, there was just one: the non-limited Bioceramic MoonSwatch Collection, a collaboration between Omega and Swatch. Hundreds of thousands of people flocked to the brand's 110 boutiques carrying the never-before-seen collection of eleven different models inspired by Omega's iconic Speedmaster Moonwatch. The images of these gatherings, the joyful crowds, and the endless queues went viral, both on social networks and in the news on major television broadcasters and in the most important media. Suddenly, overnight, the Bioceramic MoonSwatch was everywhere. Some observers called it the collection of the decade. Others said it was the most important launch since the creation of the Swatch some forty years earlier. Watchmaking history will decide between these different interpretations. But at this point, it is already possible to say that it was the most amazing launch ever. Never has a watch name become known around the world so quickly and remained at the top for so long. The shockwave was felt immediately and intensely and it is still going strong a year later. That in itself is a record. This collection - and the way it was launched - will most likely be the subject of much research and many academic theses. It is a classic business school case study in its own right that will go down in history, as will the eleven models of this Swatch, each one representing a celestial body in our solar system, each with a quartz movement, and importantly, each one in the shape of the iconic Omega

Speedmaster worn by Neil Armstrong, Buzz Aldrin, and all the astronauts on every NASA piloted mission since March of 1965. And it is likely that, in the years to come, many books will be written about the MoonSwatch launch of 2022.

It has to be said that this launch was a win-win to the power of ten for Swatch, for Omega, for Swatch Group, for the company's production apparatus, for Swiss watchmaking as a whole, for luxury, for entry-level watches in particular, for watchmaking volumes and, last but not least, for the reputation and desirability of Swiss-made watches, especially among the younger generation. The formula? It was quite simple: everything had to be disruptive, from start to finish. From products to marketing, distribution and advertising.

And we can tell you a secret. The success of this project was not based on business plans, market studies or any other concept that is taught in institutions of higher learning. All the most important decisions that led to the Bioceramic MoonSwatch phenomenon were guided in equal part by the heart and by the head. Passion and joie de vivre were key. Emotion at the service of rationality. Instinct that threw away the rulebook.

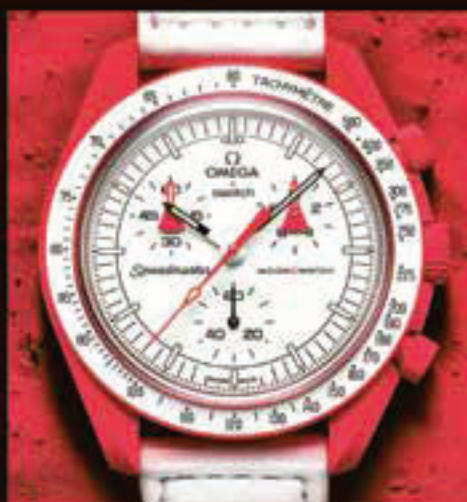
As Nick Hayek, CEO of Swatch Group, said in an interview: "We need a different mindset. My father Nicolas Hayek, founder of Swatch Group, always said that you have to keep the imagination you had when you were seven. As a child, you dare everything, you are afraid of nothing." And Swatch Group dared everything.



BIOCERAMIC
MOONSWATCH
COLLECTION

Ω
OMEGA
x
swatch 

26.03.2022

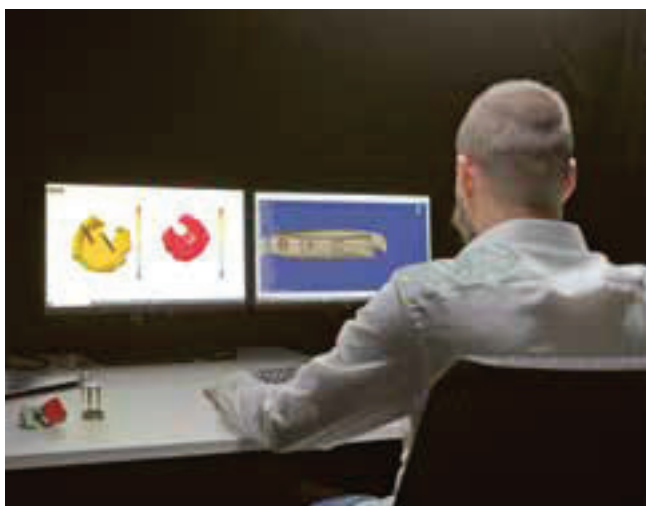


Only available in selected Swatch Stores



THE IDEA? THE IDEAS...

But let's go back to the origins of this amazing adventure. In the spring of 2021, the whole world was still struggling with a tiny virus called Covid-19. People's movements and leisure time were restricted. It was no time for euphoria. When a very small number of people at Swatch Group started working in the spring of 2021 on the beginnings of what would, a few months later, become the collection that everyone was clamoring for, the whole of Planet Earth was tired of staying at home, of being locked down. We said to ourselves that we had to do something that would get people to meet again, to move around, to go out into the streets, to rediscover the pleasures of enjoying themselves and talking to each other. So we had to come up with a colorful, different, surprising product that would make people smile, that would generate positive provocation.



Among the various pillars of this project is the bioceramic invented by Swatch. Without this material, the project would never have seen the light of day. Two-thirds ceramic and one-third bio-based materials extracted from castor oil, bioceramic is as strong and resistant as it is silky to the touch. "Several of our brands wanted to use bioceramics with their own identity, but for me it was not an option. It belongs to Swatch and is patented by Swatch, so the idea came up: why not do a collaboration on behalf of Swatch?" says Nick Hayek. Already launched in Swatch's NASA collection and in certain variations of the Big Bold model, this innovative material was to reach a new level, to become better known and recognized by the general public as a major technological milestone. But the appropriate model still had to be found. Nick Hayek quickly decided on the Speedmaster. Of course, other emblematic watch models were tested, also from brands outside Swatch Group, but the various prototypes produced in the ETA workshops did not have the magical effect desired. This quickly became obvious. It would be the Speedmaster Moonwatch, and nothing else, but a Swatch version, in the style and spirit of Swatch. A small group of close collaborators was set up, including the CEO of ETA, Damiano Casafina. The secret name of this operation? Galileo. Very few people were aware of what

was going on in secret, neither at Omega nor at Swatch, almost no documents were circulated, and numerous confidential meetings were held. The whole thing was not run by the two brands, but by the Group's headquarters, which would retain total control of the operation until the launch and well beyond. As the weeks went by, other people joined Galileo, such as Omega's VP of Products Gregory Kissling, Swatch CEO Alain Villard and Swatch Art Peace Hotel CEO Carlo Giordanetti, as well as a specialist for marketing and another for communications. The keystone of Galileo was the choice of theme for this open-ended collection. Nick Hayek engaged Gregory Kissling for his intimate and deep knowledge of the Speedmaster Moonwatch collection and its history. "A Swatch person would have made me a Swatch. Gregory understood that he wasn't making an Omega product, but he wasn't just making a Swatch product either. I needed that input from Omega," says Nick Hayek.

Gregory Kissling went undercover for three weeks and came up with the ingenious idea of eleven watches, all linked to a planet or celestial body in the solar system. All the elements of the future collection were already there. Now it was time to work hard on the eleven different models, analyze their feasibility, test new production processes - especially for bioceramics and colors, adapt the production machines, develop new ones and also fix the final design. Not to mention validation and approval. It was a mammoth task given the enormous level of detail in the various models. "It wasn't easy: bioceramic is a completely new material, so we were doing everything for the first time," explains Nick Hayek. "We wanted to challenge our production facilities and laboratories to go further, invent more, and create colors never before used. We needed to energize production, to get out of our comfort zone."



ULTIMATE ATTENTION TO DETAIL

The details of the watches were taken to the extreme. The eleven watches in the collection respect the key elements of the original Omega Speedmaster: an asymmetrical case with a diameter of 42 mm, the dot above the number 90 on the tachymeter bezel (the famous Dot Over Ninety), a double-beveled caseback and a Velcro strap (the buckle is also made of bioceramic). Moreover, all models pay a vibrant tribute to the original Moonwatch. For example, while the Mission to the Moon is the model most faithful to the Omega Moonwatch, the Mission to Venus was directly inspired by the Speedmaster 38 and its distinctive counters. As for the Mission to Mars, the red case and seconds hand are a reference to Omega's "Alaska Project" watch, while its counter hands are a nod to space rockets. With its orange chronograph hand, the Mission to Jupiter took inspiration from Omega's Ultraman model.

On a strategic level, this unique collaboration between a luxury brand and a so-called entry-level brand aimed to achieve several well-defined objectives. Normal collaborations between two brands generally consist of putting two logos on an almost commonplace product without much creativity, added value or innovation and producing it in limited quantities. The price? It has to go up. In the Bioceramic MoonSwatch, everything is different. It is the direct opposite. The surprise had to be total. At this point in the project, the very beneficial impact for the Swiss watch industry as a whole was already anticipated. Nick Hayek prophesied: "It will make our industry think about something other than hyperluxury. Why do we so stubbornly refuse to understand that the entry level of Swiss made can also be very



interesting? All the big groups have abandoned it. They all want to focus on luxury, with ever more expensive products. It's easier, but also dangerous." The question did, in fact, arise when a few months down the road, we saw the lasting success these watches have enjoyed among a very large public, young and not so young, rich and not so rich, from the North or the South, in all regions of the world.

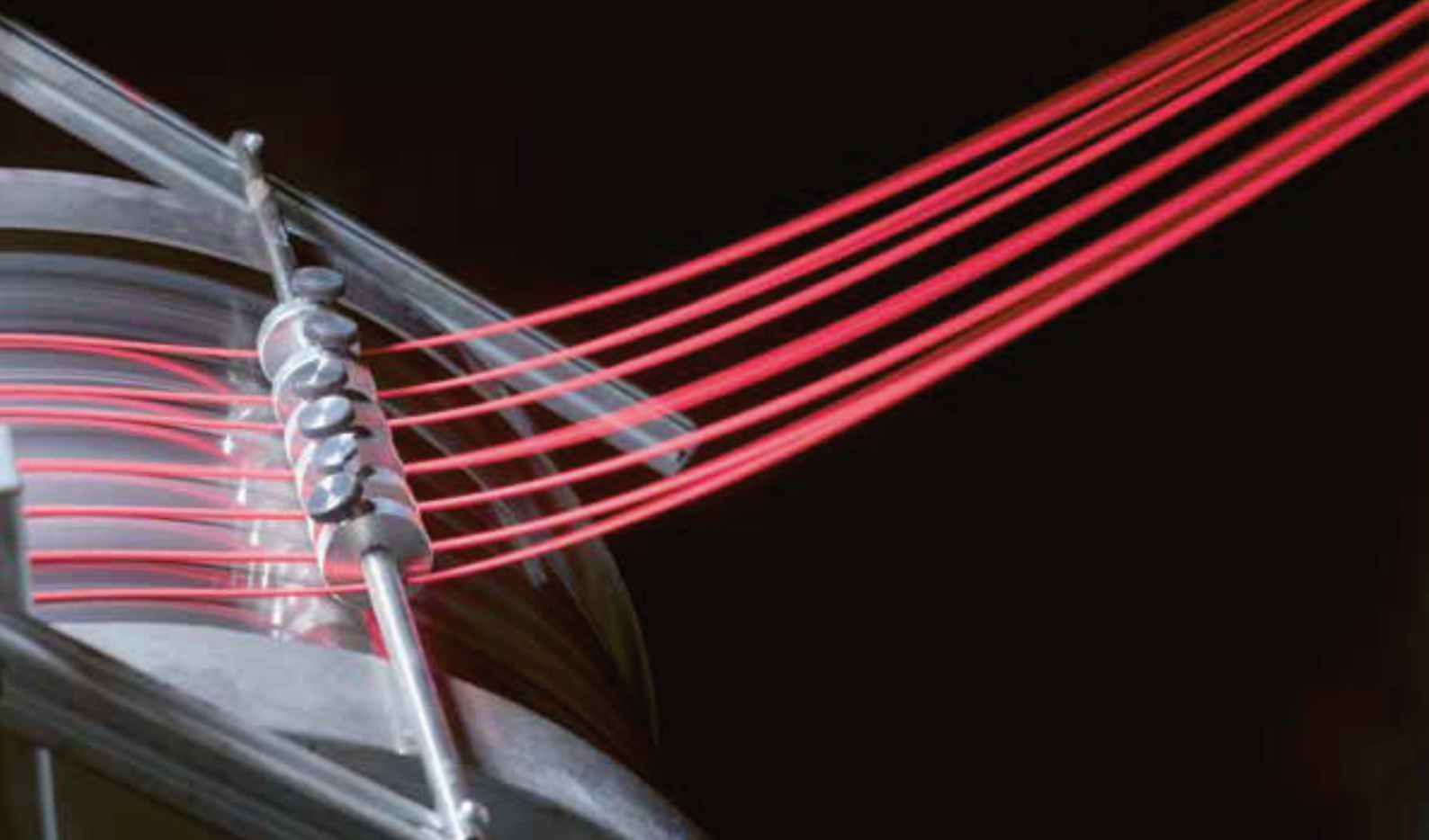


Once all these elements were in place and decided, the ideal launch date for the collection still had to be determined. Initially it was set for May 2022 due to a total lunar eclipse – in keeping with the MoonSwatch theme. However, in early February 2022, in a session that participants will probably remember for the rest of their lives, everything changed.

Increasingly aware of the totally explosive and disruptive nature of this project, Nick Hayek announced that the date had to be moved to March 26, just before Watches and Wonders in Geneva, the watch show in which Swatch Group was not participating for reasons known to all. The meeting room was stunned! Some of the faces paled, there was a deathly silence, and breathing became difficult. With the timing already very tight for the month of May, everyone would have to work twice as fast and twice as hard. It was a major challenge, which all of the teams took on passionately. But the decision made total sense: on the one hand, the risk of leaks

had to be minimized to the greatest possible extent. On the other hand, the timing was right because of the additional potential of positive provocation and surprise. The launch date contributed significantly to the Bioceramic MoonSwatch tidal wave. Offering a product to a global audience while the Swiss watch industry brands and the associated elite of guest journalists and retailers gathered in Geneva behind closed doors to look at new products and celebrate themselves without involving the consumers perfectly illustrated the Swatch approach. The product and the consumer were the heroes. The potential to provoke the established watchmaking world order was obvious. So much so that the Bioceramic MoonSwatch was the hottest topic in the hushed salons of Geneva.

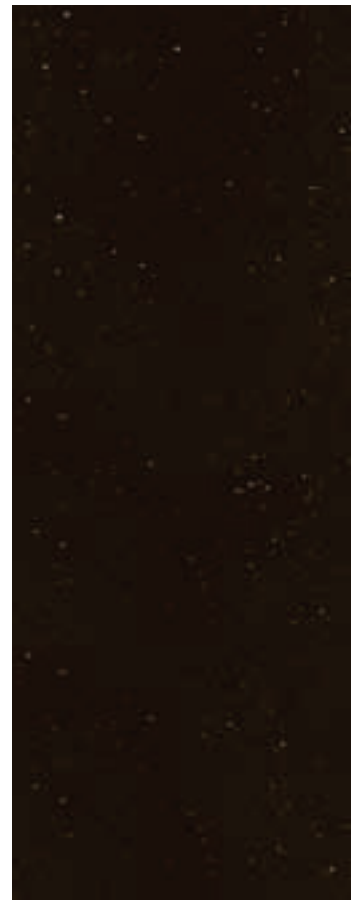




SWATCH GROUP'S INDUSTRIAL STRENGTH

But bringing the launch forward by two months meant that production and homologation had to work hand in hand simultaneously. This was a real challenge, as there is so much innovation in the products and production of the Bioceramic MoonSwatch. "We only succeeded because we controlled all the production steps in-house, in our own factories here in Switzerland, so the risk of leaks could be better controlled. But it was still a bit of a miracle that nothing was leaked," the Swatch Group CEO told a journalist.

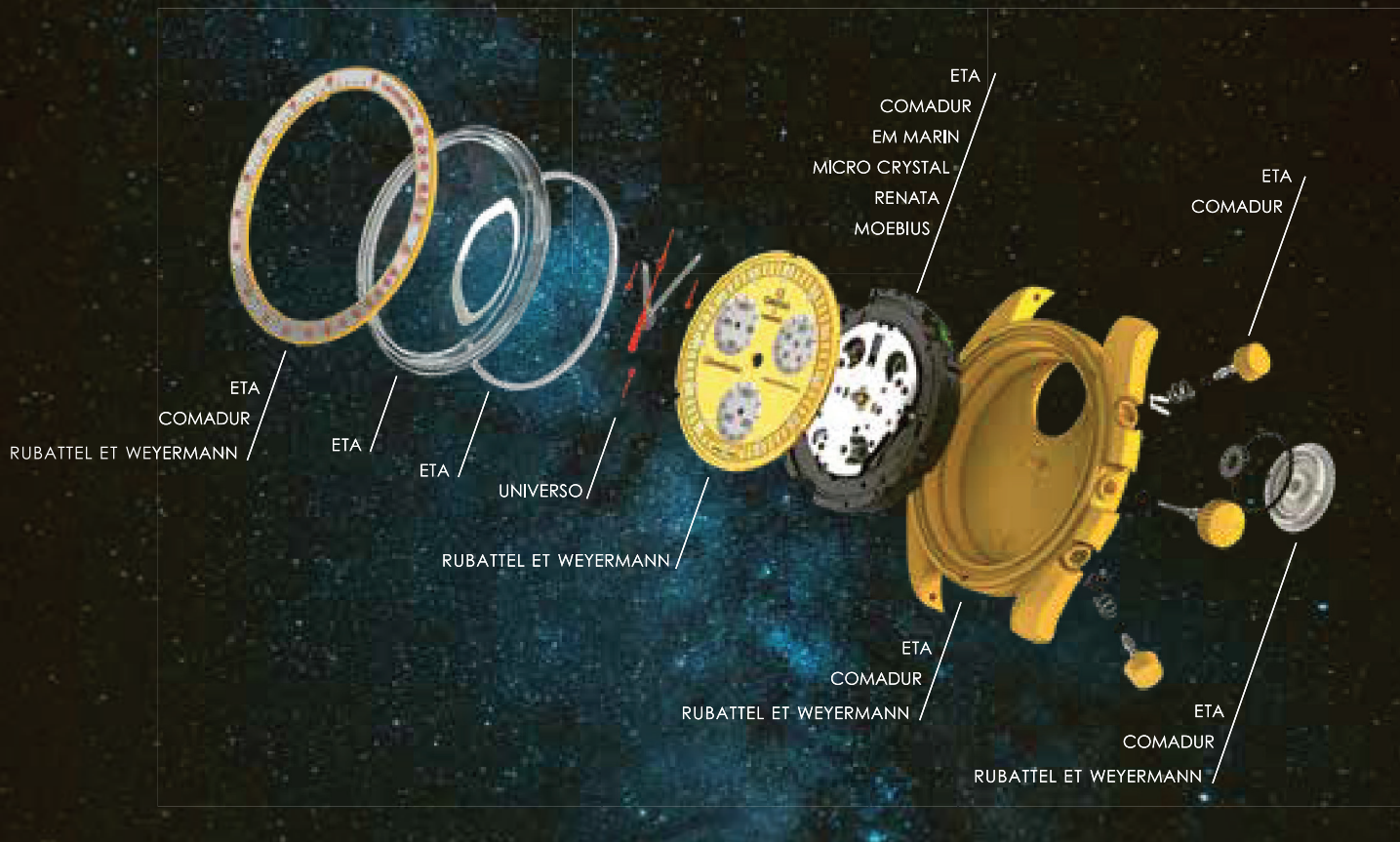
Many Swatch Group companies were involved in the production. Everything had to remain in-house. The ETA sites in Bettlach, Grenchen, Sion and Moutier were very busy and had to adapt their production tools and resources. Incredible work was done to enable the delivery of a maximum number of parts. Thanks to advance planning, bioceramics were available in sufficient quantities. Another example was Universo's full participation in the creation of these "eleven special missions" through the production of Swatch hands that were as close as possible to those of the Omega Moonwatch. This painstaking work resulted in the development of eight different hand shapes with different finishes (colors, lacquers, Super-LumiNova®, etc.), as well as small chronograph counters for the Mission to Mars. All the hands are made of brass and have the distinction of having been cut on the industrial product line and treated with components traditionally reserved for high-end hands (SLN, lacquer, etc.).



“We only succeeded because we controlled all the production steps in-house, in our own factories here in Switzerland, so the risk of leaks could be better controlled. But it was still a bit of a miracle that nothing was leaked.”

Universo also worked closely with the other component manufacturers at ETA to research and develop the varnishes needed to color the hands. In addition to the complexity of the development of the hands, their realization within just a few weeks of the floating of the initial concept proposal in the fall of

2021 also represented an industrial triumph in its own right. This feat was made possible by optimal inter-company collaboration, which once again demonstrated the strength of the many competences embodied by Swatch Group. The incredible complexity of the dials of the eleven models manufactured by the sister company Rubattel & Weyermann is worthy of a book of its own. For example, the dials of the Mission to the Sun model initially required sixteen pad print runs. Thanks to continuous process improvement, eight are now sufficient. Other challenges had to be met: among them were the hollowing out and snailing of the counters, which have the same shape as the counters of the original Moonwatch, the development of varnishes to match the case, and the DigiPrint technology put to the test to create the planet Saturn on the counter at 6 o'clock. The case was not excluded. For example, the circular battery cover of the Bioceramic MoonSwatch required a new technique to provide tiny, precise images using ink droplets of only six microliters each (one millionth of a liter). Other Swatch Group companies, such as Renata (batteries), Comadur and FFB, were also heavily involved in the development of this complex puzzle.





SELECTIVE DISTRIBUTION FOR AN INCLUSIVE COLLECTION

No matter how beautiful a product is, it still has to be made available to consumers. And to be made known. At the end of the pandemic - a period during which almost everything was available on digital platforms - e-commerce was not an option for the Bioceramic MoonSwatch. Even in parts of the world where Swatch had no physical points of sales, the choice of selective physical distribution was made. This is a strategy that dates back to Swatch's origins forty years ago.

A selection of 110 Swatch points of sale was quickly decided upon. The main criterion? There had to be an Omega boutique nearby, which would also display the eleven watches in its windows, but without selling them. "There was never a question of e-commerce, of staying isolated at home, ordering everything you want with a simple click in front of your screen. There's nothing emotional about that. This was really the basis and an obvious choice for us: we had to create a social dimension. For a quality product like this, sorry, you have to move to get it. So the strategy was to launch this non-limited watch with our own selective distribution," says Nick Hayek. And he adds: "If the world is serious about sustainability, you can't make everything available to everyone instantly and comfortably, with a click of a button. This world thinks everything is a commodity, but the Bioceramic MoonSwatch is not a commodity. It is a tribute to the Moonwatch and to Swatch."

Because these products really were like no other, their story had to be shared with the world and communicated to consumers. And there, it all came down to the storytelling related to Swatch and the Omega Moonwatch. "This watch went to the moon;

it played a major role in one of the most legendary moments in human history. There's a real story to be told to a lot of young people in the world who don't know about it. I thought a collaboration between Swatch, an icon that saved the Swiss watch industry, and the Omega Speedmaster, another icon, would be a serious provocation," explains Nick Hayek. Here too, Swatch Group kept control of the communication, right down to the final full stop in the press releases from both brands, because each brand issued one, responding in unison and paying tribute to its contribution to the history of Swiss watchmaking. A 360-degree marketing approach was developed. Here again, everything was done in-house. No agencies were commissioned. And the print media were not left out, as no fewer than three ads appeared in the press between March 17 and 24, 2022. The first, on a full page, featured a message that was enigmatic to say the least: "On March 26th, It's time to change your Swatch, signed Omega." And two pages later: "On March 26th, It's time to change your Omega, signed Swatch". In fact, the inspiration for this ad came from the late 1980s. After the Black Monday stock market crash, Swatch took out an ad in the *Wall Street Journal* with the copy "It's time to change your Rolex: signed Swatch." The point, of course, was that many financiers and stock marketeers had lost more or less everything by speculating. A few days later, Swatch Group received a letter from Rolex that said, "It's a shame that a sister brand so important to the Swiss watch industry is encouraging people to stop buying Rolex." And Swatch replied, "We don't understand. Rolex is written five times bigger than Swatch, so we have done a lot of free advertising for you."



ICONIC SUITCASES

The Omega and Swatch ads hit their targets squarely: the first rumors were already circulating on social media. Everyone had a theory. On March 18, six hand-picked journalists were invited to Biel to discover the collaboration and the eleven models. It was the first time an outside eye had been cast on all the watches. While internally, there had never been a shadow of a doubt about the future success of these watches, the objective opinions of the journalists were important. Everyone was amazed by the audacity and absolutely delighted and seduced by these unlimited Swiss made products at only 250 Swiss francs. They practically ripped the watches out of the hands that were presenting them. This small group then actively participated in the digital teaser campaign until the launch of the collection eight days later. On March 21, the second advertising campaign was launched in all major media around the world. The eleven celestial bodies of the solar system and the words Omega X Swatch were displayed, along with the date March 26, 2022, but no watch was yet in sight. Social networks were abuzz with excitement. The whole world seemed to be talking about this partnership and the craziest theories were emerging. March 24 marked the release of the third part of this cleverly orchestrated campaign. The eleven models were finally unveiled. Only two days later, the MoonSwatch swept through nearly every city in the world, with sales outlets everywhere literally taking over.

It had been necessary, of course, to serve the stores while everything remained a secret. Logistically, what made things particularly difficult was that no one was allowed to know what was really going on. On March 16, Swatch managers in the selected countries and stores were simply told: "In the next few days, you will receive a closed suitcase that you cannot open - just be prepared. You have to produce your own piece of furniture to install it in your windows, but we can't tell you what it's for." It was only on March 24 - the day the advertisements unveiling the products were published - that they were allowed to open the suitcases. That all the cases arrived in time and in perfect condition in the Omega and Swatch stores was a miracle. The suitcases containing the eleven models? They were not for sale. Perhaps they never will be, unless... It was precisely this inaccessibility that caused heartbreak and dismay among collectors and amateurs. We have received so many letters from people begging us for a chance to acquire them, even at stratospheric prices. Unsurprisingly, counterfeits of these suitcases appeared on the market very quickly. Some customers even made their own. They were undoubtedly an integral part of the activation and contributed to the success of the Bioceramic MoonSwatch. Did you know that they look just like the NASA astronauts' packs? They were, in fact, inspired by the same space-bound portable air conditioning systems that had already influenced the design of the case for Omega's flagship Speedmaster Snoopy model. A further nod to the sister brand and its special relationship with the renowned American agency.

THE WAVE ON MARCH 26

From Shanghai to Toronto, Miami, London, Paris, Rome and New York, crowds of people around the world flocked to the stores even before they opened on March 26. People camped out in front of the stores for two nights. In many places, police were called in to manage the crowds that had lined up overnight in hopes of getting one of the eleven models. Tens of thousands of the watches initially produced sold out in seconds worldwide. The international press picked up on the phenomenon, further increasing the demand and desirability of the Bioceramic MoonSwatch. The first mission was accomplished. But it did not stop there.

In July 2022 - three months after the launch - Swatch innovated again with a new concept. As the Bioceramic MoonSwatch offer was still unable to satisfy the enormous demand, despite production sites that had been running at full speed for months, the brand decided to get closer to its customers with its Rolling Planets. That is, eleven Fiat 500s painted in the colors of the eleven models of the Bioceramic MoonSwatch. Why a Fiat 500? Because this model was born in 1957, just like the Speedmaster. Another nod to Omega. Behind, on the luggage rack, these cars displayed the famous blue MoonSwatch case with the O X S logo.

During the summer months, these cars toured almost every country in Europe. Customers were delighted and had their pictures taken with the cars. The social networks exploded again. The operation was so successful that it was reproduced in the United States and Asia. The only difference was that the



cars were placed in shopping malls, whether in Japan, Thailand or South Korea. The same phenomenon was repeated in each market. Endless queues formed in each location and the available watches sold out in record time. A second European campaign was launched for the holiday season. After nine months of peak sales and as 2022 came to a close, we asked ourselves what lessons we could draw from this tremendous epic. The main one: nothing is ever due to chance. In this operation, everything was prepared with the utmost meticulousness, down to the smallest detail. Keeping this project confidential for as long as possible was also one of the keystones of the operation. This product, which had to be beautiful, also filled a gap: it is possible to make luxury more accessible for the younger generation, while maintaining its desirability. While we live in societies, not only in Europe but around the world, that are fragmented and divided - often with free speech restricted, Omega and Swatch found a rallying language that speaks to everyone. The Bioceramic MoonSwatch is unifying, it is inclusive. The MoonSwatch represents joy and positive provocation. But it is also a textbook case. Rather than offering our own conclusion, we will turn to an enlightened and seasoned observer of the watch industry: "The Bioceramic MoonSwatch was probably the best watch launch of all time and nobody saw it coming". Mission apparently accomplished. And this is just the beginning.

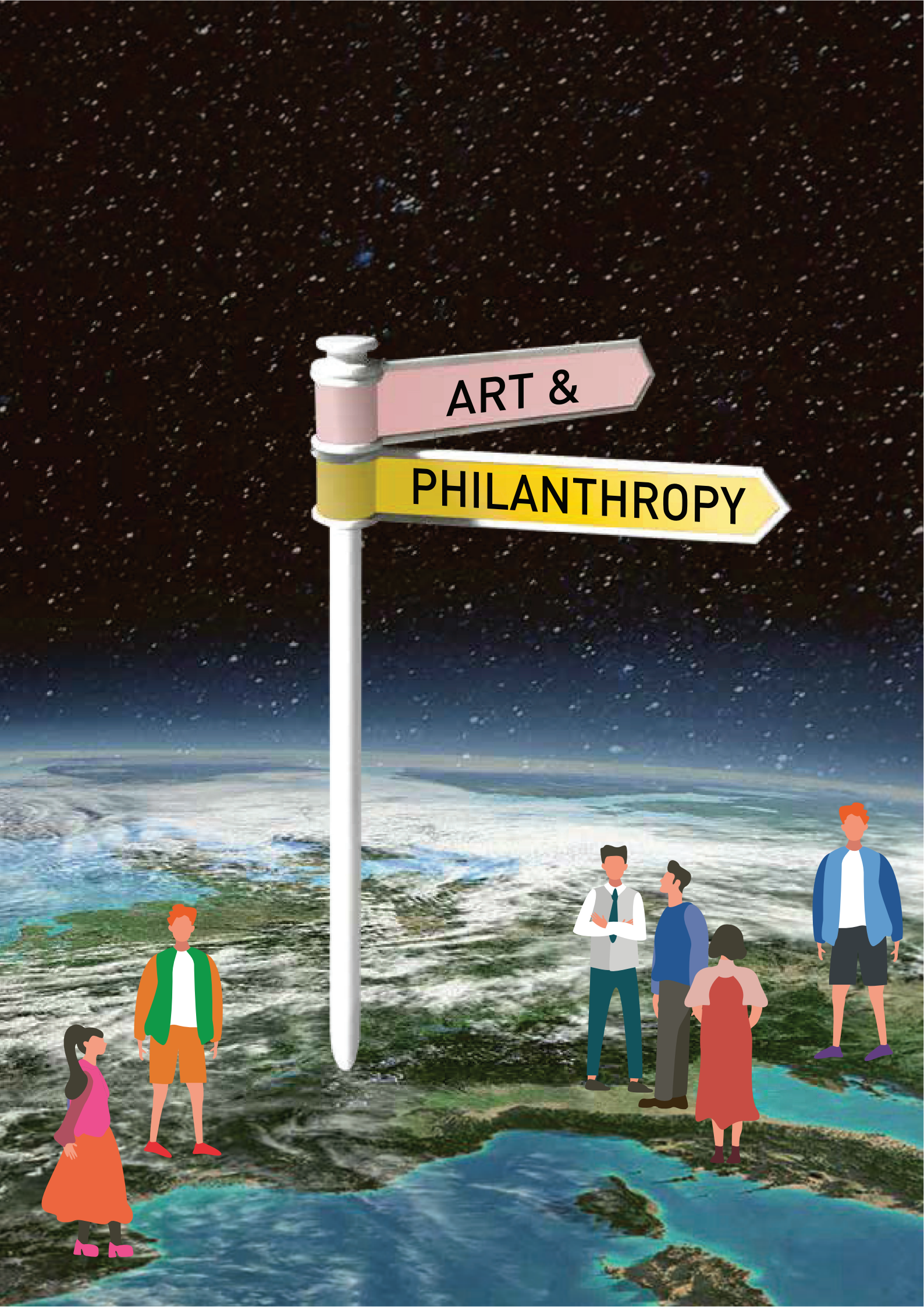




“If the world is serious about sustainability, you can't make everything available to everyone instantly and comfortably, with a click of a button. This world thinks everything is a commodity, but the Bioceramic MoonSwatch is not a commodity. It is a tribute to the Moonwatch and to Swatch.”

ART &

PHILANTHROPY



ART & PHILANTHROPY

A great global organization like **Swatch Group** has responsibilities that go beyond its brands and companies, its products, its employees and its other stakeholders. It can also use its international presence to celebrate the things that make the world an even better place – art, music, and unlimited expressions of culture. At the same time, it can shine a light on organizations whose dedication to improving the quality of life on earth is demonstrated by the remarkable work they do throughout every year. Swatch Group's brands have some passions that are close to their hearts and we'd like to share a few of them with you.



Breguet has a strong historic link to art and in 2022, it kicked off an important collaboration with Frieze, a leading player in the world of contemporary art. The Frieze fair, which has a global reputation for its spirit of creativity and innovation, greatly appealed to Breguet, which immediately recognized the values it shares with Frieze. Breguet also partnered for the first time with ART Düsseldorf's contemporary modern art fair in April that was attended by more than 80 galleries from around the world. ←

Harry Winston's Brilliant Futures® Charitable Program benefitted some of the House's long-time favorite organizations: the Harlem Academy in New York City, Japan's Chance for Children, the San Francisco Conservatory of Music, and the Wallis Annenberg Center for the Performing Arts in Los Angeles. In 2022, Harry Winston extended its commitment to KNOWAutism and the Asia Society Texas Center and announced a partnership with the Central Park Conservancy in New York City. →



Blancpain, in the context of its Ocean Commitment, announced new partnerships with PADI (the Professional Association of Diving Instructors) as well as with the Biopixel Oceans and Sulubaa'i Foundations. It continued its involvement with the World Ocean Summit, Oceana, and the Mokarran Protection Society and with diver, photographer and marine biologist Laurent Ballesta as well as the highly acclaimed Ocean Photographer of the Year and the Female Fifty Fathoms Award competitions. ←

In Lausanne **Jaquet Droz** supported the first Swiss Who's Who Millennials Award. Pierre Jaquet-Droz's 18th century automatons are worthy of any museum's collection and three of them are, in fact, proudly displayed at the Museum of Art and History of Neuchâtel. Jaquet Droz contributed to the renovation of the room where these masterpieces are demonstrated in special presentations. →



Omega supported ClearSpace's landmark project to remove dangerous debris from space and Privateer's mission to map those space objects. The brand also actively supported Yann Arthus-Bertrand's GoodPlanet Foundation, and on World Environment Day in 2022, called attention to the foundation's thought-provoking documentary, *Legacy*, which raised awareness of the many challenges facing our fragile world. ←↓



At the 2022 Commonwealth Games in Birmingham, **Longines** honored each world and Commonwealth Games record breaker with a Longines watch, a personal certificate of achievement and a donation in the athlete's name to Sport4Life UK, a charity that helps disadvantaged young people in the Birmingham area. Longines is proud of its association with this dynamic organization, which has developed into the leading sport-for-employment charity in the West Midlands. ↓



Any time **Rado** ambassador Ash Barty picks up a tennis racket, she elevates the art of the game. The tennis superstar applied her skills to another kind of art: working with Australian artist Ashvin Harrison and based on an idea from Rado, she slammed paint-laden tennis balls against a canvas, creating a one-off artwork. The racket and balls she used, along with a limited edition Rado HyperChrome Ash Barty, were auctioned, with the proceeds benefiting Make-A-Wish Australia. ←



For the past five years, **Certina** has proudly supported the work of the Sea Turtle Conservancy, which is dedicated to the protection of sea turtles and their habitats. The "Tour de Turtles" was also one of the association's flagship initiatives in 2022. This annual event allows people to follow the itinerary of previously tagged sea turtles online and Certina once again sponsored its very own turtle. ↑



After celebrating its 10th anniversary, the **Swatch Art Peace Hotel** forged partnerships with two renowned institutions: the Rockbund Art Museum and the Cervantes Library. As a rewarding conclusion to **Swatch's** engagement at the Biennale di Venezia, "The Lion of Venice" – commissioned by the Swatch Art Peace Hotel from former artist-in-residence Marcelot and exhibited in the Swatch Faces Pavilion – was selected to be permanently entered into the Historical Archive of Contemporary Arts of La Biennale. ↑

And in 2022, **Flik Flak** organized its first learning time workshops for hospitalized children in partnership with the CéKeDuBonheur (CKDB) Association. For 18 years, the CKDB has been committed to improving the living conditions of children who need to stay in hospitals. Altogether, some twenty children learned to tell time with Flik Flak watches on their wrists. →

Tissot supported the Primoz Roglic Foundation with a donation of watches whose sale at auction generated funding for the development of young cyclists. The brand also volunteered its timekeeping support for the 2022 Women's Road Championships of Afghanistan. Tissot provided African Rangers in the Global Conservation Corps, a non-profit organization that bridges the gap between communities and wildlife, with its T-Touch Connect Solar watches.



In November, at the **Hamilton** Behind the Camera Awards, the brand once again showed its support for the film industry's off-screen talent. Inspired by its cinematic heritage, Hamilton teamed up with lifestyle publication *Los Angeles Confidential* to honor the unsung heroes of every successful production – the film set crews – at a red-carpet ceremony. The Behind the Camera Awards embody Hamilton's passion for cinematic storytelling, which has been part of its identity since 1932. ↑



BRANDS



FLY ME TO THE... MOONSWATCH

A historic, visionary collaboration between Omega and Swatch, the Bioceramic MoonSwatch Collection "landing" of March 26 was the result of nine months of secretive work by a small team. The mission? To create a Swatch Bioceramic tribute to Omega's Speedmaster Moonwatch. A first for the two icons of Swiss watchmaking, the partnership provocatively disrupted the luxury industry as a whole. The Speedmaster Moonwatch is powerfully associated with space, and the eleven models in this Swatch collection are each named after a celestial object in our solar system.

The MoonSwatch launch was teased by a three-step ad campaign in March and backed by a social-media campaign. In summer, a MoonSwatch tour kept the buzz going with eleven "rolling planets" trekking around Europe, starting from Swatch's global headquarters in Biel, Switzerland, and making stops at some must-see and other unexpected destinations. Subsequent rolling planet activations have since followed in Asia and the US. Tour stop highlights have included top destinations across more than 20 countries and counting, such as Ginza in Tokyo, Los Angeles and Miami.



SWATCH BIO-CERAMIC: RESPONSIBLE INNOVATION

First introduced in 2021, Bioceramic has become an ever-increasing part of Swatch designs. A blend of ceramic powder and biosourced material derived from the castor plant, this innovation makes strong, scratch-proof components with a silky matte finish that feel as good as they look. Keeping pace with the times, Bioceramic allows for a greatly reduced carbon footprint and underlines the brand's responsible approach and eco-awareness.

New Bioceramic styles for 2022 include the industry-disrupting Bioceramic MoonSwatch Collection of eleven space-themed watches. The Colors of Nature Collection features watches whose cases, bezels and crowns are made of Bioceramic. The launch of the Skin Classic Bioceramic Collection with five amazing, pastel-colored watches made the brand's thinnest product line available in the innovative new material.





SWATCH FACES AND STORIES, AT BIENNALE ARTE

A passionate supporter of art in all its forms, Swatch is thrilled to have been the main partner of the 59th Biennale in Venice for the sixth time in a row. The focus of one of the brand's main projects for 2022, the Venice Biennale remains the most important event in the international art calendar and an amazing showcase for art and artists from around the world.

The event again provided an opportunity for a cross-cultural collaboration with four former artists-in-residence from the Swatch Art Peace Hotel in Shanghai, China. An eclectic group of talents, Swiss-Brazilian artist Marcelot, South Korean artist Hoyoon Shin, and Chinese artists Xue Fei and Tang Shu displayed their works in a range of disciplines at Venice's iconic Arsenale venue.

Continuing in Swatch's celebration of the world's cultures through art, the Biennale's Giardini venue was the site of a stunning

larger-than-life installation by Thai artist Navin Rawanchaikul called *The Description of the World*. Inspired by the travels of Marco Polo, the work tells the story of the immigrant communities that call Venice home. Navin's intricately detailed work, in turn, inspired the Swatch Art Special watch Ciao Venezia! that was launched in October. A tribute to Venice, this limited-edition watch celebrates art, inclusivity and local traditions throughout the world. The special packaging for the watch included a 3.5-meter printout of a fascinating and fun letter Navin wrote to Marco Polo.

KAMEHAMEHA: SUPER POWERFUL SWATCH X DBZ

The Swatch X Dragon Ball Z Collection was the focus of one of the year's most successful campaigns.

A dedicated press event in Tokyo one day prior to its launch generated an amazing buzz, which carried over onto social media and resulted in tremendous engagement and lots of new followers. This was backed by high-impact activations around the world.

For the retail channel, stunning, dynamic window displays were set up in stores and shopping malls around the globe. On launch day, fans of both Swatch and Dragon Ball Z, including whole families, came to the stores in costume, and store staff wore a uniform specially designed for the launch.

The Swatch X Dragon Ball Z Collection marked the brand's most successful online launch ever, with unlimited product availability and a vibrant, action-driven landing page. In addition to the seven initial watches and the





Shenron X Swatch watch launched later, there was also a limited-edition numbered set that included the initial seven watches plus the Shenron X Swatch Numbered Special with golden crown, buckle and loop. With each watch numbered and availability of the set limited to 997 worldwide combined with a great demand, a raffle was held to determine who would have a chance to buy this very special set.

GOD SAVE THE SWATCH: A MAJESTIC TRIBUTE

A playful, subtle tribute to Queen Elizabeth II's impeccable and colorful sense of style, How Majestic was a huge success in 2022, backed by launch events at London Swatch stores, including break-dancers dressed as Queen's Guards and an elegant tea party at the Oxford Circus store, generating a lot of buzz on social media and in the mainstream press. The local team even took care of an order of four How Majestic watches for Buckingham Palace, requested by the former lady-in-waiting, Dame Annabel Whitehead, and hand-delivered them with a letter to the Queen explaining the creative process behind the watch.



GARÇON, UN CAFÉ (DE FLORE)!

Swatch again partnered with Berlin-based global fashion and lifestyle media brand Highsnobiety for their Not In Paris event, this time for a limited-edition Swatch dedicated to Café de Flore, the trendy Paris spot. A media preview was held on June 21, coinciding with Fête de la Musique, and for several weeks the local team provided a customized scooter for rides between a Swatch store and Café de Flore, and sold watches to Café de Flore patrons. The initiative showed Swatch as an "in" brand while boosting Café de Flore's image with a younger crowd.

IT'S ALWAYS A GOOD TIME TO CELEBRATE: SWATCH SPECIALS

Swatch's love of celebration can particularly be seen in its Specials dedicated to love, holidays and more. The brand has always celebrated Pride, and this year, Stripe Fierce and Peace Hand Love backed up this conviction that love makes the world tick. The Biel – Bienne watch is dedicated to the brand's unique Drive-Thru store in its hometown. And of course, Swatch celebrates holidays throughout the year, including Valentine's Day, Mother's Day and, for the first time after many years, Father's Day with Star Dad, not to mention Chinese Valentine's Day and Chinese New Year. With Golden Merry, Swatch heralds the winter holidays in true Swiss style, reinventing Die Glocke, one of the most iconic models in the past few years, for a Merry Swissmas!

THE SWATCH CLUB FAMILY KEEPS TICKING

It was an eventful year for Swatch Club, starting with an unveiling of the Swatch X Centre Pompidou Collection and a tour of the museum and its exhibits, as well as a visit to the new Swatch megastore on the Champs-Élysées. Events in local markets included quizzes, lunch in an artist's studio, the Swatch X You Centre Pompidou canvas presentation, "A Night in Paris", and more.



A selected crowd attended Bioceramic MoonSwatch Collection festivities that were kicked off by Swatch Group CEO Nick Hayek and a presentation of the MoonSwatch concept. The two-day event included visits to Planet Swatch, the Omega Museum and Swatch headquarters, and Club members received a Swatch NFT signed by Mr. Hayek.

Art and culture were celebrated at the Biennale Club event in Venice, with tours of the Swatch Pavilion, the Arsenale and the Giardini, and a presentation of the site-specific installation by Navin Rawanchaikul and of the Art Special watch it inspired. Club members received a reproduction of the work and had the chance to have their watches signed by the artist himself.

SWATCH WITHOUT BOUNDARIES

The very successful Swatch X Centre Pompidou Art Collection was launched at an exclusive media event at this iconic museum. A first for Swatch, the hybrid in-person and online event drew hundreds of journalists and influencers from around the world to see these artistic watches. In-person attendees had the Centre fully to themselves, with watches displayed alongside the works that inspired them. Never did Piet Mondrian, Frida Kahlo and Vassily Kandinsky have so much fun!

Swatch also returned to the music scene this year, supporting festivals in Switzerland and Germany and bringing the brand ever closer to the younger generations. SwatchPAY! was the coolest and safest way to pay, and thousands of attendees expressed their love of love at the Swatch Flower Power House. Swatch employees and Proteam athletes were actively involved on-site to contribute to the success of the activations.

In 2022, the Swatch Proteam family grew with the addition of action sports stars. These included the Canadian skateboarder

Andy Anderson, reigning street world champion Gustavo Ribeiro from Portugal and world-champion longboarder Lotfi Lamaali. Canadian Laurie Blouin and Swiss Pat Burgener, both snowboarding Olympians, brought their talents to the Proteam, and mountain bikers Casey Brown, a two-time Queen of Crankworx from New Zealand, and Finn Iles, the youngest newcomer, also joined the family.

The year was rich with exciting events. Winter was all about snowboarding and skiing, with the 2022 Laax Open, Europe's biggest snowboarding event, in January and The Nines 2022 in April. Dubbed the most creative winter sports event, The Nines is a super addition to the Proteam calendar.

The 2022 Crankworx World Tour drew some of the world's best athletes to show off their skills in Austria, Canada, Australia and New Zealand. The year also featured one of the world's best beach volleyball tournaments, the Swatch Beach Pro Gstaad 2022. The 2022 Proteam Summit in Morocco was a big hit in October, bringing Proteam athletes together to bond as a team and share their adventures.

IT'S A DIGITAL WORLD!

In 2022, Swatch also continued to pursue its digital transformation with a key focus on the primary customer touch points, including faster, dedicated solutions for the website and retail channels, along with some new enhancements to SwatchPAY! that allow customers to activate their beloved watches from wherever they happen to be, via e-commerce, Android or iOS platforms. SwatchPAY!, still the coolest, safest way to pay, was also launched in Spain, Kuwait, Thailand and South Africa; and in Switzerland, a catchy communications campaign entertainingly raised awareness of a new partnership with the neobank neon.



RETAIL: GETTING CLOSER AND STRONGER

Swatch continued to enhance its presence in prominent capitals around the world and its connection with customers. It re-emerged in strategic locations, among them Glasgow, Munich, Mumbai and Sydney, and strongly reinforced its presence in places such as Madrid and Bangkok Airport.

London's fifth Swatch store was opened at the iconic Battersea Power Station, and a pop-up store opened in the famous Berlin's famous KaDeWe department store. The Swatch megastore on Paris's Champs-Élysées reopened with a unique new "Parisienne" design, inspired by the city's art, fashion, cuisine and culture. The year also featured pop-up stores dedicated to the MoonSwatch and other Bioceramic lines. For example, SKP, Beijing's leading luxury department store, featured one that showed off not only the MoonSwatch but also the Bioceramic lines. In Paris, Swatch took over La Samaritaine's Boutique de Loulou throughout August, where a rolling planet car attracted huge crowds coming to get a glimpse of the groundbreaking Bioceramic MoonSwatch.

www.swatch.com

PUSHING THE BOUNDARIES



TRENDS

For Omega, 2022 marked a year of incredible breakthroughs and success.

The brand's pursuit of progress began in the role of Official Timekeeper at the Beijing 2022 Olympic Winter Games, where the world's best athletes showed exactly what dedication and hard work means.

Inspired by that sporting spirit, Omega went on to achieve many of its own watchmaking conquests throughout the year. These included the innovative Marstimer for scientific support in the space industry; the beauty of new Toile de Jouy straps; and the Chrono Chime Caliber 1932 – the most complicated movement the brand has ever produced.

So many pioneering designs in just one year is a true testament to Omega's leading position in the world of watchmaking and shows a brand that will never stop pushing the boundaries of technology and design.

Surrounding this array of groundbreaking timepieces, Omega also enjoyed a full year of celebrations that extended through lifestyle events, women's watchmaking, James Bond, and sport.

Every month. Every passion. It's been a superb year to look back on.



CREATION

SPEEDMASTER '57

Omega's famous Speedmaster '57 returned in 2022 with a Master Chronometer upgrade and a slimmer profile. The new 40.5 mm collection consisted of four stainless steel models, all offering a streamlined look with vintage touches and bold new colors.

CONSTELLATION 28 MM

The beauty of pastel became the central theme of the year's new Constellation 28 mm models. Each timepiece achieved its own unique personality through a vibrant dial color and matching bezel – whether in matcha green, patchouli blossom, blush rose or celestial blue.

MINI TRÉSOR

Continuing Omega's impressive heritage of women's watchmaking, 2022 marked the release of the new Mini Trésor collection, featuring a range of refined 26 mm watches. The timepieces introduced elegant Toile de Jouy straps, with a patterned look influenced by the traditional fabric designs that originated in France in the 18th century.

DE VILLE PRESTIGE THIRD GENERATION

In 2022, the De Ville Prestige received an overall upgrade, not only with Master Chronometer certification for mechanical models, and a slimmer profile, but also with new and refreshing designs that now offer a diverse assortment of dial pattern-finishes and colors to fit different lifestyles and personalities.



THE OLYMPIC CHRONO CHIME

Developed with sister company Blancpain, the 1932 Caliber for this extraordinary timepiece took six years to complete and is the most complicated movement the brand has ever launched. The numbered edition watch links the world's first minute repeater wristwatch – produced by Omega in 1892 – to the pocket chronographs used to time the 1932 Olympic Games. A fully integrated chronograph and minute repeater, destined to rewrite the watchmaking rulebook.

THE SPEEDMASTER CHRONO CHIME

Also powered by the same groundbreaking 1932 Caliber, this watch is notable for its hand-made movement, which is able to chime elapsed times, thanks to a mechanical “brain”. The 45 mm “Numbered Edition” Speedmaster was made with an 18K Sedna™ Gold case and a dial in blue aventurine Grand Feu enamel. An exclusive “acoustic waves” pattern on the inner bezel and subdials is an exact visual representation of the soundwaves produced by the watch's chimes.



THE SPEEDMASTER X-33 MARSTIMER

Known as the first watch worn on the Moon – the Speedmaster has now set its sights on the next giant leap to Mars. Developed specifically to assist scientists and made in partnership with the European Space Agency (ESA), Omega's Speedmaster X-33 Marstimer is able to track Mars's sol date and time at the prime meridian, and features a solar compass to find true north on planet Earth and Mars. Wearers also have access to the same applications available on the traditional Speedmaster Skywalker X33.



LIFESTYLE

THE ACADEMY AWARDS

Celebrating Oscars night in Hollywood, some of the brightest stars stepped out wearing Omega for the 94th Academy Awards at the Dolby Theatre. Famous faces who chose to wear the brand's watches included Best Supporting Actress winner, Ariana DeBose, Best Supporting Actor winner, Troy Kotsur, as well as nominees Nicole Kidman and Andrew Garfield, and others including Shaun White, Jamie Dornan, Tati Gabrielle, Simu Liu, and Wilmer Valderrama.

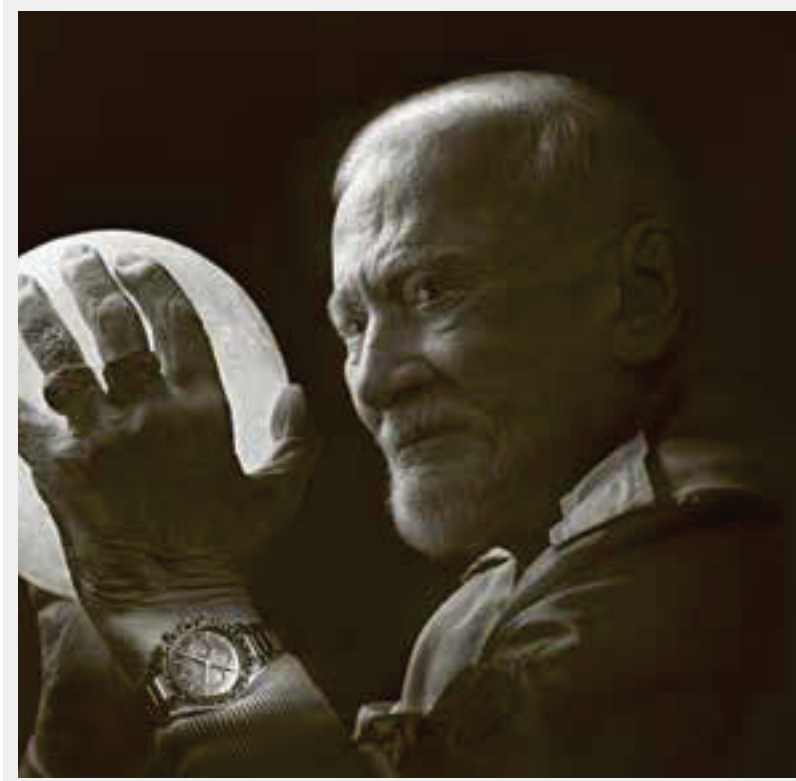
GEORGE CLOONEY IN CRANS-MONTANA

Swapping the silver screen for the golf greens of Switzerland, George Clooney was the guest of honor at a special event in Crans D'Er to mark the year's Omega European Masters tournament in August. The dashing actor was joined by other friends of Omega, including American actors, Paul Wesley and Glenn Powell, and the Olympic Games snowboarder, Shaun White and his partner Nina Dobrev. Earlier in the day, a special group of celebrities represented Omega in the annual Pro-Am competition. The year's group of stars included the American actors Anthony Anderson, Charlie Day, Drew Starkey, Tiffany Haddish, and Ross Butler, as well as hockey legend, Teemu Selänne and the influencer Blake Gray. To boost their amateur status, they were split into teams alongside Omega's own professional players, Guido Migliozi, Sean Crocker, and Rasmus Hojgaard.

CHRONO CHIME LAUNCH IN LOS ANGELES

To mark the successful completion of the six-year Chrono Chime project, legendary Olympian Michael Phelps joined Omega in Los Angeles for the celebration launch. Hosted at the Walt Disney Concert Hall, a venue famous for its exceptional acoustic properties, guests then enjoyed a special Chrono Chime dinner at the LA Memorial Coliseum, a venue of the Los Angeles 1932 Olympic Games. The evening included drone aerobatics and a symbolic lighting of the Olympic flame.





SPEEDMASTER MOONWATCH
CO-AXIAL MASTER CHRONOMETER

A TIME TO REMEMBER

On July 21st, 1969, Buzz Aldrin stepped onto the lunar surface, completing one of humankind's greatest feats. A lifelong ambition was now beneath his feet, paving the way for a new era of exploration. Around his wrist, the astronaut wore an OMEGA Speedmaster Professional, which in that moment, became the first watch worn on the moon. For this 53rd anniversary, we pay tribute not only to Buzz, but to all those who saw possibility in the night sky.

Ω
OMEGA

60 YEARS OF JAMES BOND

Marking six decades of the world's favorite spy, Omega welcomed international guests to a dynamic 007 event at Walton's Grove in London. Attended by special guests including Daniel Craig, the occasion included the unveiling of two commemorative watches, each with an animated caseback that puts James Bond's iconic gun barrel design into motion. The spy has worn Omega since 1995 and is positioned today as one of the brand's most celebrated characters.

NEW AMBASSADORS

2022 was a notable year for welcoming new ambassadors to the Omega family. Exuding their own talent, spirit, and beauty, this included several inspiring women including Zoë Kravitz, Han So-Hee, and Kiko Mizuhara, who each helped to launch the "My Choice" campaign dedicated to ladies' watchmaking. As well as appearing in the visuals and videos for the campaign, many of the new friends also made appearances at "Her Time" events and exhibitions around the world.

INTERNATIONAL MARKETS

KIKO MIZUHARA IN TOKYO

Tokyo's "With Harajuku" was the suitably luxurious location for Omega's glamorous event in Japan for the opening of *Omega Her Time: Treasured Times*. Attended by special guest and ambassador, Kiko Mizuhara, guests enjoyed a relaxed visit to the exhibition, which featured beautiful vintage pieces, such as women's Art Nouveau Lépine pendant watches and the Secret Jewelry watch from 1952.

Of special interest was the new Mini Trésor collection, as well as a garden filled with flowers and a make-up room with diamonds.

HAN SO-HEE IN BANGKOK

To officially launch the "Her Time" exhibition in Bangkok, Omega hosted a glamorous event at Parc Paragon, with celebrity guests and a full showcase of women's timepieces. In attendance was guest of honor, Han So-Hee, the award-winning South Korean actress who joined the Omega family in 2022. Through an impressive and intimate journey in a world of imagination, this exhibition was a chance to see the evolution of Omega's signature ladies' timepieces through time.



SPORT

THE OLYMPIC WINTER GAMES BEIJING 2022

Marking Omega's 30th occasion as Official Timekeeper of the Olympic Games, Beijing 2022 was a true highlight of the sporting year. Omega performed its role with 300 timekeepers and 200 tons of equipment - including new technologies such as a new jump analysis in figure skating, the measurement of false starts in speed skating, and a new in-game display for ice hockey. Overall, 17 Olympic records and two new world records were captured. For Omega, the arrival of monobob at the Olympic Games was a very special moment. The brand has helped to develop and grow monobob since its creation, so it was a proud moment to see the sport welcomed onto the Olympic program. In addition to this, Omega was behind the clock yet again for the Paralympic Games, a duty it has proudly fulfilled since 1992.




THE RECORD-BREAKER

When the athlete's body is in mid-air, the watch's sensors measure the height of the jump and the time it takes to complete. The information is then sent to the computer system, which records the time and height. This information is then used to determine the winner of the event. The watch's sensors are also used to measure the time it takes for the athlete to complete the jump, which is used to determine the winner of the event.




BEAUTY
PRECISION
WE MEASURE WILLPOWER
BRAVERY
GRAVITY




RECORDING OLYMPIC DREAMS SINCE 1932

Time is only part of the story. At the Olympic Winter Games Beijing 2022, OMEGA will be measuring every part of what it means to be an athlete. As Official Timekeeper, we have spent 90 years witnessing the most determined competitors achieve their dreams. While their bravery, excellence and precision continues, we will be ready to record many more.




THE OMEGA MASTERS

In 2022, Omega was on the course for its 21st year as the title sponsor of the Omega Masters golf tournament. Among the talented players on the mountain fairways were some of the brand's own golfing friends. As the oldest golf competition in Europe to be played on the same course every year, this event is a cherished part of Omega's DNA. After four days of enthralling play, Thriston Lawrence of South Africa topped the leaderboard to win the 75th edition of the Omega Masters, with his prize including a Seamaster Aqua Terra in 18K Sedna™ gold.

THE WANDA DIAMOND LEAGUE

Continuing Omega's passion for athletics, the brand was on hand at the year's Wanda Diamond League competition as the Official Timekeeper for all of the 13 meets across the world. After the final Weltklasse event in Zurich in September, a group of Omega's sporting ambassadors dropped by the brand's production facilities in Biel to experience the Swiss watchmaker's precision and quality first hand. Among the visitors were many of the Diamond League's best performing stars including American sprinter Noah Lyles, triple jump world record holder Yulimar Rojas, 400 m hurdles star Femke Bol and Ukrainian high jumper Yaroslava Mahuchikh.

GOLF

In golf, Omega continued to support a number of star players across the globe, including Rory McIlroy, who cemented his placed as World Number One for the 107th week of his career. A deserved reward for a wonderfully consistent season.

OTHER MARKETING

ADVERTISING AND SOCIAL MEDIA

In a series of black and white portraits and videos, Omega launched a memorable My Choice campaign in 2022 that celebrated the unique personalities of its inspiring female ambassadors. The project included the actresses Nicole Kidman, Zoë Kravitz, Han So-Hee and Zhou Dongyu as well as the models Kaia Gerber and Kiko Mizuhara, and legendary athlete Allyson Felix.

To mark the launch of the updated Speedmaster '57, ambassadors George Clooney and Hyun Bin took front seat roles. Perfectly complementing both sides of the famous chronograph, Clooney brought his classic style and iconic character to the campaign, while Hyun Bin showed the cool and modern spirit that epitomizes the Speedmaster's constant evolution.

Omega's marketing for Beijing 2022 was based around a new We Measure campaign. The images and film work were dedicated to the attributes of every athlete – from willpower and teamwork, through to passion, precision, and bravery. In the television commercial, this concept was brought to life in a montage of different sporting images, backed by Vivaldi's "Winter" concerto.

Two further campaigns, including Quality and Enchanted Winter, celebrated a world of watch movements and brand DNA – brought to life in a range of beautifully crafted dreamscapes. Showing Omega's mechanical wonders alongside passions such as space exploration and diving, helped to highlight the diverse legacy and precision of the company.

OMEGA ONLINE

2022 saw an important increase of online traffic for Omega, with website visits increasing across the USA, Asia, and Europe. The brand's e-commerce also continued to grow, as new markets welcoming online sales included South Korea, Taiwan, Hong Kong, Sweden, and Denmark. Finally, a special mention to the MoonSwatch project that brought peak traffic to the Omega website.

www.omegawatches.com





BACK TO THE ROOTS

TRENDS

In 2022, the Manufacture drew inspiration from its fundamentals. This is particularly true of the Calendrier Classique 7337 and the Classique Dame 8068, which now feature refined dials with a *guilloché* pattern recalling the beginnings of the decoration first introduced to watchmaking by Abraham-Louis Breguet in 1786.

The Hora Mundi 5557, the first GMT with instantaneous memory in the Marine collection, was a highlight in 2022, featuring an ingenious system of cams and hammers enabling the wearer to switch from one time zone to another at the click of a button without having to set the second time zone. Very well received by the press and collectors, this watch has been the subject of several exhibitions. In another area, the brand was pleasantly surprised to be able to acquire a chronograph dashboard clock created for the Lamborghini Diablo car model, produced in a 100-piece limited edition during the 1990s and exhibited at the London Concours partnered by the brand. Starting in 2022, Breguet also became a partner to international contemporary art fair Frieze, which took place in New York, Seoul, London and Los Angeles. The brand also renewed its collaboration with the ART Düsseldorf fair, which provided an excellent opportunity to present the new 2022 models to art lovers and journalists. Finally, Breguet renovated various points of sale around the world and opened a new boutique in Chengdu, China.





CREATION

HORA MUNDI 5557 – PLAYING WITH PERSPECTIVES

This mechanical watch features an instant-jump dual-time indication with memory function. Pressing the pusher and crown enables the user to travel from one end of the planet to the other without disturbing the accurate running of the watch. Moreover, the dial plays on various superimposed plates for a dimensional effect. Hand-*guilloché* waves are engraved on the first gold base, while an additional plate made of sapphire is composed of metallized meridians. Finally, an outer flange serves as a support for the various elements present on the dial. This stunning result requires several weeks of work.

REINE DE NAPLES 8905 – LOVE TAKES FLIGHT

To celebrate Valentine's Day, this timepiece was styled with subtle romantic references. The dial features a white mother-of-pearl sky dotted with "clouds". At 12 o'clock, the trail of love appears in red to indicate the 45-hour power reserve. To complete these poetic touches, the white gold bezel and case flange are sprinkled with a sparkling shower of 128 diamonds.

CLASSIQUE 7145-2022 – TRIBUTE TO THE POWER OF THE TIGER

To mark the year of the tiger, Breguet unveiled an interpretation of this feline with its confident gait and gaze. The Manufacture's craftsmen combined the art of *guilloché* with that of engraving to create this watch from the Classique collection. The dial motif is created in three stages. Work begins with the engraving of the separation contours, part of the decoration and the tiger on the gold using a bas-relief technique. These sculpted sections then need to be colored in black to provide the desired depth and contrast. Finally, the rest of the motif is essentially achieved by exquisite engine-turned work. Each dial requires a full week of craftsmanship.





**REINE DE NAPLES 8905
– INSPIRATIONAL ELEGANCE – A TRIBUTE TO LOVE**

Breguet celebrated the Chinese Qixi Valentine's Day with a new Reine de Naples 8905. The blue varnished mother-of-pearl dial of the Breguet Reine de Naples 8905 is set with 13 diamonds to enhance the contrast with the stars. Zhi Nu and the magpie highlighted in immaculate white symbolize the great love between these two beings, which breaks the barrier between heaven and earth. Finally, the movement finely decorated to the highest *Haute Horlogerie* standards can be admired through the watch's sapphire crystal back.

CLASSIQUE DAME 8068 – STYLE VARIATION

For the first time in the Breguet collections, the brand is offering a set of three interchangeable straps in one box. The rapid interchangeability system has been designed to enable the wearer to easily and independently switch from one strap to another without any need for tools. The dial of this model also displays a sophisticated modern style thanks to a very fine engine-turned pattern on the mother-of-pearl. To add a visually light touch, the chapter ring is now composed of Breguet's signature Arabic numerals. Finally, a subtle oval cartouche at 12 o'clock contains the brand's logo.

CLASSIQUE CALENDRIER 7337 – CONTEMPORARY ELEGANCE

This new interpretation by Breguet is resolutely contemporary without in any way compromising its aesthetic origins. Its off-center dial features a very fine *Clous de Paris* hobnail *guilloché* pattern, with a circular barleycorn motif on the outer dial. Located at 12 o'clock, the moon phase has been designed to provide powerful realism. The gold moon is hand-hammered and the surrounding clouds have been given a fine sandblasted

treatment with a matt texture. Its sky is coated with a blue lacquer composed of spangles. Finally, the windows feature a broad aperture for enhanced readability.

**TRADITION QUANTIÈME RÉTROGRADE 7597
– ROYAL MONOCHROME**

The 7597 timepiece is steeped in Breguet's origins. From the shape of the bridges to the *pare-chute* shock-absorbing not to mention the size of the balance-spring and the gear trains, the components are implicitly inspired by the movements of a *souscription* watch and a tact watch created by Abraham-Louis Breguet. In addition, this model features the brand's cherished retrograde date display. To improve the readability of the date indication, its sector extends over 180 degrees and features a blue coating reflecting that of the dial.

TRADITION 7047 – TOURBILLON WALTZ

The 7047 timepiece features strong colors propelling one of the most fascinating horological complications of the past into the present, with the *fusée-chain* tourbillon mechanism now dotted with touches of blue. In order to achieve visual uniformity, different treatments have been used on all the components. The tourbillon carriage and the dial are attired in blue, while the links of the chain are blued by thermal treatment. At the heart of its 41 mm platinum case beats Caliber 569, a rhodium-plated 542-component hand-wound movement.

REINE DE NAPLES 9835 AND 9838 – THE PATH OF A HAND

The flexible minutes hand gracing the dial of each of these two new models is as admirable as it is intriguing, featuring an ingenious mechanism enabling the hand to change shape according to its position on the oblong dial. This original mechanism protected by several patents was devised by Breguet. While one of the new models features a mysterious blue dial, the second is attired in immaculate white.



ART & PHILANTHROPY

2022 marked the beginning of an important collaboration for Breguet with Frieze, one of the major players in the world of contemporary art. Known for its creative and innovative spirit, the Frieze fair immediately appealed to the brand, which recognized the common values shared by the two entities. The alliance running through to 2024 includes four annual events in New York, Seoul (the first time in Asia in 2022), London and Los Angeles. At the brand's booth, visitors had an opportunity to discover the work of a *guilloché* artisan at work, true signature of the House. Breguet's new products were also on display. At each fair, an artist expressed his or her vision of the brand. In addition, starting in 2022, the brand partnered the ART Düsseldorf event. The fourth edition of this contemporary modern art fair took place from April 8 to 10, 2022 attended by almost 85 galleries from all over the world.



PRESENCE

FRIEZE – NEW YORK, SEOUL, LONDON, LOS ANGELES

The event was held in New York, Seoul, London and Los Angeles. This year, Anglo-Argentine artist Pablo Bronstein was chosen to create the work exhibited on the booth. Inspired by the baroque spirit of the 18th century and the industrial revolution of the early 19th century, he created ephemeral works of art for each edition in the form of panoramic wallpaper adorning the booth. These were inspired by the period in which the brand was created. Historical timepieces thus rubbed shoulders with other period objects, contrasting the highly ornamental vision of Pablo Bronstein's first machines with the more refined and functional vision of Abraham-Louis Breguet.

Interactive demonstrations by an engine-turning specialist were orchestrated in order to involve visitors, and the brand's collections were also on display.

WORLDWIDE PRESENTATION OF THE HORA MUNDI

The beginning of the year was marked by the release of the new Marine Hora Mundi, a highly anticipated timepiece that is both complex and aesthetically pleasing. Several markets such as France, the Netherlands, South Korea and China created dedicated events. In Spain, two spaces with two cities around the world were created, thus playing on the dual-time function. China hosted a roadshow that stopped off in five different cities. This exhibition highlighted the link between the brand and the marine world, as well as the codes of this emblematic collection and the new Hora Mundi. This all took place as part of an interactive exhibition for visitors.





BREGUET ACQUIRES THE BREGUET LAMBORGHINI DIABLO

Enriching the brand's heritage by acquiring new pieces for both the museum and the brand's exhibitions is of great importance to Breguet. The Manufacture was therefore delighted to announce the acquisition of a watch that was still missing from its collection: a dashboard clock created for the Lamborghini Diablo model in the 1990s in a 100-piece limited edition. Obtaining this chronograph involved purchasing the car itself. This model, adapted as a desk clock in a leather-covered wooden case, was produced from the Manufacture's archives. A total of 60 examples were produced and delivered between 1990 and 1991. Breguet looks forward to being able to exhibit this timepiece which is part of the brand's heritage.

LONDON CONCOURS

The brand celebrated its connection with the automotive world by once again participating in the London Concours. On site, 80 exceptional cars from around the world were on display in the garden of the historic Honourable Artillery Company. Guests were able to admire the famous Diablo dashboard clock, created for the Lamborghini Diablo model which Breguet was delighted to be able to display for the very first time at the Breguet booth.

REINE DE NAPLES IN THE SPOTLIGHT

The Maison created an event highlighting the Reine de Naples at the Mitsukoshi Nihombashi shopping center in Tokyo. The exhibition, called *Breguet X Queens*, presented a number of exceptional pieces from the current collection as well as new models. Poetically attired in a thousand and one flowers, the booth also related the strong history linking Breguet to Caroline Murat, Napoleon's sister.

BOUTIQUE OPENINGS

This year, the Breguet brand worked on the renovation of its Italian boutique in Milan as well as its Chinese counterpart in Beijing Shin Kong Place. At the same time, the brand also opened a new point of sale in Chengdu's Shin Kong Place in China.

www.breguet.com





HARRY WINSTON: A BEJEWELED GETAWAY

TRENDS

Under the direction of Chief Executive Officer Nayla Hayek, in 2022 Harry Winston took its audiences on bejeweled escapes that underscored its longstanding commitment to superlative quality in craftsmanship and creativity in design. This was achieved through new collection launches that explored the true breadth of Winston design; creative marketing campaigns that delighted the senses; a continued investment in important and impressive gemstones that furthered its legacy as rare jeweler of the world; and a commitment to its global retail experience.

For 90 years, the House of Harry Winston has always been at the forefront of fine jewelry design. From all diamond creations to an extraordinary assortment of jewels in a myriad of colors, each creation created by the House is an exemplary portrayal of the rich Harry Winston legacy. In recent years, the House has introduced high jewelry collections that incorporate more incredible colorful gemstones, creating a global demand for these vibrant masterpieces. With the inclusion of these stones, high jewelry instantly becomes more personal and more fashionable, and this year the House continued to follow in this path, with extraordinary colorful new additions.

The year began with a celebration of the House's New York City heritage and new introductions to its iconic collection bearing the same name. This marked the House's first escape – to New York – where the New York Collection ushered in a new chapter that celebrated the art and fashion of New York City's vibrant downtown neighborhoods. Two new colorful high jewelry suites and a series of HW brooches captured the city's lively spirit, while Harry Winston's classic timepiece – the Avenue – joined the collection for the first time with three Avenue Classic Graffiti models in shades of pink, blue and white.

Continuing on its journey, this time up into the skies, Harry Winston proved that love really does soar with a Valentine's Day campaign that burst with the most heartfelt sentiment. Harry Winston salons around the world animated with beautiful balloon decorations where clients and guests alike could pose for photos, and with the help of a little diamond sparkle, take their love to new heights. With the arrival of spring comes the anticipation of whimsical escapes through splendid gardens and blossoming blooms. In 2022, the vast beauty of nature continued to take pride of place in the history of Harry Winston with an enchanting marketing campaign called The Winston Maze. The goal behind the campaign was to promote Harry Winston's floral and nature inspired jewelry collections against a lush green backdrop, where every twist and turn revealed a delightful bejeweled surprise. Harry Winston salons around the world were decorated with extraordinary greenery and colorful flowers to bring the Winston Maze experience to life, creating a seamless connection between the Brand's online and





offline activities. The Winston Maze décor also enhanced the in-salon client experience, with unique activations and client entertaining opportunities.

The ultimate escape for the Brand took place in June, with the launch of its latest high jewelry collection, Majestic Escapes. The collection transports fine jewelry connoisseurs to magnificent locales across the globe, through vibrant one-of-a-kind jewels that celebrate the unique allure of the destinations they serve. The collection launched with a beautiful event on the coast of Montecito,



California, bringing its inspiration to life and serving as the perfect backdrop for a presentation meant to excite the senses.

Transforming incredible stones into extraordinary one-of-a-kind jewels has long been at the heart of the Harry Winston story, with its founder once possessing a collection of diamonds and gemstones so important and rare that at the time, it could only be rivaled by those of the royal houses. While known as the "King of Diamonds," Harry Winston's legacy and passion for precious gems extended far beyond just colorless beauties, as he had owned some of the world's most renowned rubies, sapphires and emeralds. In continuing in this tradition of excellence, in 2022, the House unveiled the Winston Legacy Sapphire necklace, a beautiful piece designed to highlight the magnificent 43.10 carat royal blue Kashmir sapphire, bearing the same name as its remarkable centerpiece.



To conclude the year, the House celebrated the season of joy and love with perhaps the most magical escape of all, the one that brings us closer together at home. It is the season to welcome those from near and far, to open our doors and hearts, and to remember what matters most: our time together, beloved traditions, and the magic of the holidays. For Harry Winston's 2022 holiday campaign, the Brand embraced this warm and welcoming spirit and sent its best wishes for the season to its audiences around the world, from our house to yours.

CREATION

MAJESTIC ESCAPES

Majestic Escapes is an unparalleled collection that explores some of the most awe-inspiring and breathtaking places Mother Nature has to offer, through one-of-a-kind jewels that celebrate the unique allure of the destinations they serve. From the blooming bougainvillea along the Amalfi Coast, to the blue domed structures of Santorini; the sunset hues of the great canyons to the lush greens of the rainforest; and pink sand beaches to turquoise waters – Majestic Escapes is a bejeweled getaway for the senses. A nod to the House's longstanding belief that nature's boundless beauty is the perfect muse for fine jewels, the collection features eight one-of-a-kind suites that marry vibrant gemstones with the most exquisite techniques in craftsmanship. Exploring the magnificence of these scenic havens, Winston Designers pushed their creative limits to ensure that each jewel is as memorable as it is magical. Paying careful attention to the characteristics and charm, the splendor of these natural elements comes to life in three-dimensional jewels that radiate with uninterrupted brilliance and vibrancy. Each exquisitely sketched rendering tells a story of travel with the use of color, proportions and light. Brightly colored gemstones are featured predominately throughout the collection, with each individual stone hand selected for its superior



quality and perfect color match to its rendering, as well as to the others within the same suite. From there, the stones are artfully arranged to mimic the terrain and to capture the fluidity and movement of a signature Winston design.

PRECIOUS EMERALD TIMEPIECES

The Precious Emerald by Harry Winston features seven beautiful creations inspired by the natural world and adorned with Mother Nature's most precious diamonds. Recreating motifs that are dear to the House, these timepieces flaunt a stunning platinum bracelet set entirely with marquise diamonds for a dazzling touch of red-carpet glamour.

The dainty case size of the Precious Emerald, coupled with its opulent diamond-set bracelet, positions this timepiece as a high jewelry creation that pairs perfectly with other pieces from Harry Winston's high jewelry collections. The petite platinum case features an elegant octagonal silhouette, a direct reference to Mr. Winston's fondness for the emerald-cut. Framed by 20 brilliant-cut diamonds set on the case, the dials are adorned with beaded mother-of-pearl in a variety of colors, including intense blue, green, white, pink, red, yellow and





light blue. Diamonds, in varying sizes, fan out from the confines of the case with dramatic flair in dynamic arrangements that recreate Harry Winston's iconic Cluster motif. The gem-set bracelet of the Precious Emerald is an artistic masterpiece that glows with the light of 126 marquise diamonds flowing from the extremities of the case all the way to the discreet clasp.

WINSTON CANDY TIMEPIECES

Continuing to explore the candy-colored world of extraordinary gems, the House of Harry Winston introduced a series of high jewelry Winston Candy timepieces to its assortment. The collection features fancy-colored gemstones paired with diamonds in complementing shades. Selected for their inherent beauty, these magnificent stones are superior among others in their family and exemplify the extraordinary qualities synonymous with Harry Winston. From the finest mandarin garnets, to rare tourmalines, to pastel sapphires, and lively spinels, this one-of-a-kind presentation features the most irresistible ingredients and celebrates vibrant jewels that are unrivaled in color, quality and scale. The inspiration for the collection began with a series of archival sketches dating back to the 1950s and 60s that featured brightly colored cocktail rings in unexpected shades. The collection consists of extraordinary rings, earrings and high jewelry timepieces, and brings a sweet perspective to signature Winston Design.





PRESENCE

SALON OPENINGS

In fall 2022, the House of Harry Winston renovated its Crystals at CityCenter Salon in Las Vegas. The newly designed salon has an updated interior layout and recalls elements of the House's Fifth Avenue Flagship location, with a travertine marble façade flanked by two light torches on both sides of the entrance.

PHILANTHROPY

Harry Winston continued to support leading organizations in local communities through the Harry Winston Brilliant Futures® Charitable Program. In 2022, Harry Winston furthered its support for the Harlem Academy in New York City, Chance for Children in Japan, the San Francisco Conservatory of Music, and the Wallis Annenberg Center for the Performing Arts in Los Angeles, California. Harry Winston also expanded its commitment to two leading organizations in Houston, Texas – KNOWAutism and Asia Society Texas Center. KNOWAutism gives children with autism spectrum disorder the access they need to vital diagnosis, treatment and support services, which too often are a significant financial burden for their families. Asia Society Texas Center is dedicated to celebrating the vibrant diversity of Asia and providing enriching educational and cultural experiences aimed at building a more inclusive society.

In addition, Harry Winston's global education partner, Junior Achievement Worldwide, was honored to receive a Nobel Peace Prize nomination for its success equipping young people from diverse backgrounds with the skillsets and mindsets to build thriving communities. Harry Winston's support in the past year helped more than 12 million young people, who are the next generation of innovators, entrepreneurs, and leaders, build a brighter future.

Bridging its New York City heritage with its philanthropic legacy, in 2022 Harry Winston announced a special multi-faceted partnership with the Central Park Conservancy in New York City, whose mission is to maintain the iconic Central Park as a respite from the pace and pressures of City life for all.

www.harrywinston.com



THE PERFECT BALANCE IN EVERY RESPECT

TRENDS

Blancpain enjoyed a particularly positive year in 2022. The Manufacture strengthened its presence in most regions of the world by continuing to build a solid local customer base. Adapting to the specificities of each market remained at the heart of Blancpain's concerns and was felt at all levels of activity. This precious balance was also illustrated through the performance of Blancpain's main collections. Among these, the Air Command model was launched with a 36.2 mm diameter, complementing the 42.5 mm version presented a few months earlier. The creation of this watch was part of Blancpain and its President and CEO, Marc A. Hayek's desire to adapt pieces in all its watch lines to smaller wrists. During the year, Blancpain also continued to integrate grade 23 titanium into its collections. Widely used in the medical field because of its anti-allergenic properties and biocompatibility, but virtually non-existent in the watch industry, this type of titanium is the purest available. Its resistance to breakage and corrosion is matched only by the difficulty of machining it. Blancpain is one of the few watch manufacturers to offer timepieces in grade 23 titanium, the result of a close and fruitful collaboration with Simon Et Membrez, which became Blancpain Habillage in 2022.

This followed a long-standing relationship between the brand and Swatch Group's manufacturer of high-end watch components. It demonstrates the strong expansion that Blancpain has been experiencing for several years and will allow for optimal planning and concentration of growth opportunities and synergies in the future. The merger has increased Blancpain's workforce in Switzerland from approximately 800 to over 1000 employees.

Highlights of 2022 included a preview of Blancpain's new visual identity concept with the slogan *There is eternity in every Blancpain*. Released at the end of the second half of the year as a pre-announcement of Blancpain's redesign of its advertising visuals and the celebration of the 70th anniversary of the Fifty Fathoms in 2023, it was featured internationally in the most influential publications. The campaign deliberately kept the mystery alive and redirected audiences to a special website dedicated entirely to the Fifty Fathoms and the timepieces destined for its 70th anniversary.





CREATION

FIFTY FATHOMS BATHYSCAPHE QUANTIÈME COMPLET

In 2022, Blancpain introduced two new interpretations of its Fifty Fathoms Bathyscaphe Complete Calendar model: a red gold piece with a blue dial and a grade 23 titanium version with an anthracite dial. Combining sporty features with indications of the day of the week, month, date and moon phases, these watches reinforce the principle of everyday utility that gave birth to the first Bathyscaphe. As usual, the Manufacture took care to equip its movement, the automatic caliber 6654.P, with a safety system. With a diameter of 43 mm, these timepieces are offered with a NATO or sailcloth strap matching the color of the dial.

The grade 23 titanium model is also available with a bracelet made of the same material.

FIFTY FATHOMS BATHYSCAPHE FLYBACK CHRONOGRAPH

The Bathyscaphe Flyback Chronograph watch was also unveiled in red gold version and grade 23 titanium versions. Introduced in the contemporary Bathyscaphe line in 2014, the flyback chronograph was the first complication to equip Blancpain's "city diver". The Blancpain F385 caliber is one of the most renowned chronograph movements in the watch industry. It builds on the sophisticated design of the vertical clutch, which among other things, ensures smooth engagement of the chronograph mechanism. Control of the chronograph start, stop and reset is done with a column wheel, which allows for smooth and comfortable manipulation of the buttons. The F385 beats at a frequency of 5 Hz, a considerable asset in terms of timing accuracy.



AIR COMMAND AC03

In 2022, the Air Command collection was completed with a 36.2 mm diameter model. The rare 1950s Blancpain chronograph on which this model is based is evident in its vintage look. The layout of the counters and the tachometric scale on the dial, as well as the shape of the luminescent hands and hour markers, the piston-type chronograph pushers and the sapphire glass box are all reminiscent of the original piece. However, this model is well and truly anchored in the 21st century. The blue color of the dial and the ceramic bezel insert give it modernity and elegance. The refinement continues with the sunburst and snailed dial finishes, as well as with the case finishes, alternating between satin-brushed and polished surfaces. Beating inside the case is remarkably refined technology, represented by the F188B automatic flyback chronograph movement.





VILLERET CALENDRIER CHINOIS TRADITIONNEL

The Villeret Calendrier Chinois Traditionnel model is an exclusive Blancpain complication. In addition to the hours, minutes and Gregorian calendar, its dial displays the main indications of the Chinese counterpart: the dual hours, the day and month with leap months, the signs of the zodiac and the five elements and celestial pillars. The moon phases, which are used to determine the months of the Chinese calendar and are an integral part of all Blancpain's complete calendars, are also depicted. To mark the transition to the Year of the Tiger 2022, Blancpain chose to produce two interpretations of this flagship timepiece: a platinum model with a white grand feu enamel dial limited to 50 pieces, and a red gold watch with a blue grand feu enamel dial created exclusively for its boutiques.

PRESENCE

ART DE VIVRE

In 2022, Blancpain maintained the ties that have bound it to the Art of Living for nearly 40 years. As a global partner of the Michelin Guide, the Manufacture took part in some 30 Michelin star award ceremonies and gala evenings around the world, with the same number of chefs receiving the Mentor Chef and the Young Chef Awards. Blancpain also continued its quest for excellence with Relais & Châteaux, which brings together a selection of the finest hotels and restaurants, particularly those renowned for their exceptional hospitality. In addition to a series of communication campaigns aimed at Relais & Châteaux clients and partners, the two entities organized joint events, such as an introduction to static apnea. Led by champion Gianluca Genoni, a Blancpain partner since 2007, the event took place at La Villa Grand Voile, one of the restaurants belonging to three-starred chef Christopher Coutanceau, who joined the Blancpain circle of friends in 2021. Finally in 2022, Blancpain had the pleasure of sealing new friendships with three-star chef Hideaki Matsuo (Japan), two-star chef Rui Paula (Portugal) and one-star chef Son Jong-Won (South Korea). They are all key figures in their countries' gastronomy universes and share with Blancpain the very authenticity that prevailed during all the brand's activities throughout the year, whether in the form of events, in-store activities, exhibitions or presentations of new products.





BLANCPAIN OCEAN COMMITMENT (BOC)

The Blancpain Ocean Commitment continued to grow in importance throughout 2022 and several field activities were initiated in areas where there was a need to raise awareness. The brand announced new partnerships with three entities directly involving local communities: the Professional Association of Diving Instructors (PADI), and the Biopixel Oceans and Sulubaaï Foundations. This exciting news was the subject of a promotional campaign whose impressive results demonstrated the target audience's significant interest in this cause. In fact, the video that was at the heart of this announcement quickly reached more than one million views.

PADI is an iconic Blancpain partner, as it was with them that the Manufacture set up its first ocean protection project in 2003. This time, the brand and PADI joined forces in a citizen program called *Adopt the Blue™*. Through the activation of 6600 PADI dive centers worldwide and millions of divers proactively committed to ocean conservation, *Adopt the Blue™* aims to develop the largest network of marine protected areas (MPAs) to help safeguard 30% of the oceans by 2030. The official launch of this initiative took place on 8 June 2022, coinciding with World Ocean Day. For the occasion, Blancpain launched a digital campaign with the slogan *Be part of the solution, take a dive into action*. A newsletter invited more than 15000 subscribers to make a donation to *Adopt the Blue™*, which Blancpain pledged to double for a week. The success of this mailing was notably reflected in an opening rate of over 60% in most European countries. Publications on social networks echoed the newsletter while directing the public to a dedicated landing page. A video clip, viewed more than 1.8 million times, was also part of this campaign. At the same time, all the brand's stores were decorated with the colors of the oceans. To further strengthen its presence on this blue day, Blancpain started a special collaboration with the BBC consisting of a variety of sponsored content.

In March 2022, Blancpain unveiled its partnership with the Australian Biopixel Oceans Foundation with the threefold objective of supporting scientific research, raising public awareness and proposing innovative restoration solutions to preserve the Great Barrier Reef. This multidisciplinary project is the result of a close collaboration between Biopixel, Blancpain, and Australian authorities and universities, as well as local communities. To kick off their agreement, Blancpain and Biopixel invited the Australian press to enjoy a unique experience aboard the boat from which the foundation conducts its scientific research and produces its exceptional awareness images.



In 2022, Blancpain also signed a multi-year partnership with the Sulubaaï Environmental Foundation, a Philippine non-profit organization dedicated to the conservation, protection and restoration of Palawan's natural resources. The Manufacture offered particular support to the Sea Academy program, which focuses on fieldwork and more specifically on the creation of MPAs around the island of Pangatalan and in Shark Fin Bay, in conjunction with the inhabitants.

In addition to these new alliances, Blancpain continued to be involved with its current partners, such as the World Ocean Summit, during which the brand enjoyed high visibility, as well as Oceana, the Mokarran Protection Society and Laurent Ballesta. The French diver, photographer and underwater biologist attended several Blancpain events, including a preview screening of his latest documentary for the Italian press. *Mediterranean, the submerged face of volcanoes* was produced as part of a mission to explore, for the first time, Italian sites submerged at a depth of more than 100 meters, as well as to take samples and install monitoring sensors. This mission was financed by part of the proceeds from the sale of the BOC III limited edition watches.

To end the year on a high note, Blancpain renewed its association with the Ocean Photographer of the Year competition, with a view toward revealing the splendor and fragility of the oceans to a wider audience. Underwater photography has been an integral part of Blancpain's ocean initiatives for nearly 20 years. The Manufacture was delighted to note that the number of entries for the 2022 edition of the competition had almost doubled compared to 2021. The same was true of the number of entries in the Female Fifty Fathoms Award category, launched in 2021 to encourage women to share their perceptions of the underwater world. The project culminated in an open-air exhibition along the banks of the Thames in London, as well as a beautiful book featuring the best images from the competition.

www.blancpain.com



PROUD TO BE THE ORIGINAL

TRENDS

Glashütte Original again enjoyed successful development in the year under review. With selective POS, a holistic communication strategy and attention-grabbing product premieres, the brand succeeded in strengthening its position and expanding its presence in 2022, especially in Europe, the USA and China.

A milestone was marked in March with the launch of the new *Proud to be the Original* campaign, with which the brand is honing its profile and appealing to an even broader, younger target group. The centerpiece of the wide-ranging multi-channel campaign is a 60-second film that addresses the individual bond between watches and wearers.

Proud to be the Original was launched with the #PTBTO hashtag in both digital communication and social media, sparking an international dialogue.

Glashütte Original's most significant product innovations in 2022 also stood out through their originality. In addition to the brand's first annual calendar, for which a new in-house caliber was developed, the year also saw the launch of Glashütte Original's first diver's watch with a chronograph function.



CREATION

PANOMATICCALENDAR

Glashütte Original's first annual calendar watch is powered by a newly developed, hand-decorated self-winding caliber with a power reserve of up to 100 hours and a silicon balance spring. Whether the unlimited version in red gold or one of the 150 models with skeletonized dial in platinum, it features an original and visually striking retrograde month display appearing beneath a curved sapphire crystal window between 3 and 6 o'clock.

SEAQ CHRONOGRAPH

The latest model from the popular Specialist collection is the first diver's watch from the manufactory to feature a chronograph mechanism. User-friendliness, accuracy and resistance were top priorities in its development. The result is an elegant flyback chronograph meeting the strict ISO and DIN standards for diver's watches.

SEVENTIES CHRONOGRAPH PANORAMA DATE LIMITED EDITION

The colorful Seventies limited edition watches were not only highly sought after by collectors in 2022 but also enjoyed great popularity, as a new duo with lacquered dials in "Disco Blue" and "Vibing Orange" picked up on the electrifying Seventies style. Inside the two chronographs beats the in-house Caliber 37-02, which is handmade, finished and adjusted in the brand's ateliers.

PRESENCE

Glashütte Original has enjoyed a close partnership with well-known German offshore sailing professional Boris Herrmann for several years. In 2022, the brand had the opportunity to accompany him on the launch of his new racing yacht. Thousands of spectators lined the banks of the Elbe as he set sail for the port of Hamburg aboard the *Malizia - Seaexplorer*. In November, Glashütte Original wished Boris every success in



his latest adventure on the high seas as he embarked – along with his SeaQ Panorama Date – on the legendary *Route du Rhum*. The brand also continued its selective growth strategy and opened two more brand boutiques in Chengdu and in Zhengzhou in China, along with various POS around the world. In addition, personal contact with customers, collectors, watch lovers and media representatives was also carefully cultivated. Visitors congregated at larger and smaller brand events under the Glashütte Original banner in various countries including Germany, Denmark, Taiwan, the USA and China.

www.glashuette-original.com



DISRUPTIVE LEGACY, A NEW PHASE

TRENDS

Innovating while preserving the values of its heritage has been Jaquet Droz's legacy since 1738. In 2022, Jaquet Droz accelerated the deployment of its new *JD 8.0, A Disruptive Legacy* paradigm, which aims to offer its customers a unique immersive brand experience. As a result, it took the unprecedented decision to close all its mono- and multi-brand boutiques around the world to carry out – exclusively – orders for a passionate clientele. This new vision is even more advanced with the introduction of a new phygital communication tool unique in the watchmaking industry: Studio 8, combining personalized contact and digital experience.

In the course of the year, the brand gave a magnificent demonstration of its Ateliers d'Art abilities, focusing on exceptional pieces starting at CHF 150 000 and made to measure for its customers.



CREATION

ROLLING STONES AUTOMATON: 23 ALBUMS SINCE STICKY FINGERS IN 1971, 23 UNIQUE PIECES

A still hot stage, a drum kit, some guitars and a harmonica: "It's only rock'n'roll!" Jaquet Droz has created 23 unique pieces that retrace, in movement, the world of the Rolling Stones. To the right of an arm flying over the reproduction of a platinum disc (the power reserve), a scene recreates the band's signature instruments with gold wire and miniature paint. The external disk rotates up to eight times in a row for 30 seconds, decorated with the albums that the collector himself has chosen for his unique piece. The trademark tongue, at 9 o'clock, beats the rhythm, from left to right and from top to bottom.



TOURBILLON SKELET RED GOLD

One of the Jaquet Droz movements offers a multitude of customization possibilities. For example, the Tourbillon Skelet Red Gold, launched in 2021, invites any future buyer to fine-tune the finishing of the chosen model in collaboration with the brand.

TOURBILLON SKELET SAPPHIRE

The transparent sapphire case is absolutely unique in the world: there are no screws to secure the movement, ensuring water resistance. It is entirely machined in La Chaux-de-Fonds, Switzerland. In 2022, the model became even more versatile with the addition of 14 customization elements, giving free rein to customers' creativity.

TOURBILLON SKELET CERAMIC

The black ceramic case of the latest variant, based on the tourbillon skeleton movement, endows this technical piece with a new and sportier allure.

GOLD DRAGON AUTOMATON

This amazing piece takes customization to a new level and represents the culmination of three years' work. The Gold Dragon Automaton is the result of a unique collaboration with John Howe, the renowned artistic designer of Peter Jackson's film universe. This bespoke creation incorporates nine animations that magnificently bring the mythical dragon of *The Lord of the Rings* to life, and the perfect embodiment of Jaquet Droz's quest to dazzle, amaze and generate emotional reactions.





SAPPHIRE DRAGON AUTOMATON

After the launch of the Gold Dragon Automaton, which is already a piece of art in itself, the brand wanted to create an even greater impression with the Sapphire Dragon Automaton, whose case is made entirely of sapphire crystal. This transparent case offers the dragon a protective cage, while the light effect is a total wonder.

PRESENCE

ENTERING THE PHYGITAL ERA WITH STUDIO 8

"Nomadism" is a central feature of the *JD 8.0, A Disruptive Legacy* vision. To make its Ateliers d'Art accessible to its customers, Jaquet Droz has developed a tool that is unique in the watchmaking industry and which encourages both physical and digital interaction: the Studio 8. This phygital strategy connects the artisans' physical

workbench to the digital Studio 8, paving the way for a new type of interaction with customers, who can follow the production of their pieces in an immersive manner, from its creation on paper to the finished product.

WINTER AVIATION SUMMIT

Recognized as one of the major events in its sector in Switzerland, the Winter Aviation Summit brings the main players in private aviation together in Vevey. In 2022, participants in this convention had an opportunity to discover the brand's renewal and its disruptive approach.

SUPERYACHT CUP PALMA

Elegance and robustness are the words that might best describe the tall ships that sailed off the coast of Palma de Mallorca for the Superyacht Cup. For the first time, Jaquet Droz was the regatta's watch partner and had the opportunity to present its timepieces to the J-Class yacht owners.

www.jaquet-droz.com



190 YEARS OF TRADITION, ELEGANCE AND PERFORMANCE



TRENDS

Longines celebrated its 190th anniversary in 2022, a heritage of almost two centuries steeped in tradition, elegance and performance. This important historic milestone was celebrated around the world with a range of events and activations along with a series of three exclusive timepieces from The Longines Master Collection. Longines has always been keen to preserve and promote its heritage. For the new 2022 models, particular emphasis was placed on reviving legacy pieces.

Elegance, a key part of the Longines identity, was also honored by welcoming Oscar-winning actress Jennifer Lawrence and South Korean singer and actress Suzy to the Longines Ambassadors of Elegance family. These authentic women, who are both inspired and inspiring, are the new faces of the brand and embody the company's values to perfection.

Moreover, in keeping with the pioneering spirit that has driven the company since its inception, Longines has joined forces with Raphaël Domjan, initiator of the SolarStratos mission, and Géraldine Fasnacht, Swiss extreme sportswoman and member of the Longines family, in the conquest of a new aerial feat: the first wingsuit jump from an electric and solar-powered aircraft.

CREATION

LONGINES DOLCEVITA X YVY

The Longines DolceVita collection has assumed a new identity with sophisticated leather bracelets created by Swiss designer Yvonne Reichmuth, founder of the YVY brand. The design evokes horses' bridles and harnesses, reflecting the equestrian world so dear to Longines.

THE LONGINES MASTER COLLECTION 190TH ANNIVERSARY

To mark its 190th anniversary, Longines presented a series of three exclusive timepieces from The Longines Master Collection, a line emblematic of the brand's rich heritage. Combining classic elegance and excellence, these watches are available in stainless steel and gold. To highlight their exclusivity, the 18K yellow and 18K rose gold versions are presented in a limited, numbered edition of 190.

RECORD HERITAGE

The resolutely classic Record collection embodies Longines' watchmaking expertise. A first tachymeter chronograph with a vintage look has been added to this line.

LONGINES SPIRIT

Inspired by the world of aviation, the Longines Spirit collection is now also available in a 37-mm version. Fitted with a steel bracelet or leather strap, it was introduced with a new sunray champagne dial while retaining its characteristic blue or black variations.

LONGINES SPIRIT ZULU TIME

The Longines Spirit collection was also enhanced by a watch with multiple time zones, which is in line with the precision instruments developed by Longines. The Longines Spirit Zulu Time is the worthy heir to the brand's century-old expertise in this type of timepiece.

THE LONGINES LEGEND DIVER WATCH

The Longines Legend Diver Watch, an icon of the brand's rich heritage, was enriched with new versions in sand beige, ash grey, royal blue and vivid burgundy in 42- and 36-mm sizes.

LONGINES ULTRA-CHRON

Longines launched a new timepiece distinguished by its high precision: the Longines Ultra-Chron. Its new high-frequency movement benefits from the rich heritage of the brand, which has been producing this type of caliber for over 100 years. Its design was inspired by the 1968 Longines Ultra-Chron Diver.





PRESENCE

DIGITAL TRANSFORMATION

Very active on social media and in its desire to address a younger target audience, Longines is now present on TikTok. As digital channels have taken on a predominant role in consumer habits, Longines continued to develop its online boutiques by launching new e-commerce platforms in South Korea and Greece.

BOUTIQUES

In favor of complementary offline and online distribution channels, Longines continued to expand its network of monobrand boutiques on an international scale. These new stores offer a subtle blend of tradition and elegance, providing the most beautiful setting imaginable for the brand's creations and offering a unique experience to its customers.

EQUESTRIAN SPORTS

For more than a century and a half, Longines has had a special relationship with the equestrian world. Today, its involvement in equestrianism includes show jumping, dressage, eventing and flat racing. The brand is a partner to the most prestigious international events, working hand in hand with the main players in the equestrian world.

Longines celebrated ten years of its successful partnership with the *Fédération Equestre Internationale* (FEI). Since 2013, the brand has been offering its expertise as timekeeper to the FEI around the world and working alongside it to develop equestrian sports. Longines has timed the Longines FEI Jumping World Cup™ series, the FEI World Championships in Herning (Denmark) and the Longines FEI Jumping Nations Cup™ Final in Barcelona (Spain). In its unflagging commitment to supporting young sporting talent, it presented the Longines FEI Rising Star award to English eventer Alice Casburn.

Longines and the Longines Global Champions Tour (LGCT) announced the extension of their partnership until 2027. As part of this agreement, Longines will continue to act as Official Partner, Official Timekeeper and Official Watch for this prestigious tour. Launched in Doha, and stopping in exceptional cities around the world, the LGCT in 2022 culminated with the Longines Global Champions Tour Super Grand Prix in Prague, won by German rider Daniel Deusser.

Longines has been present on the racecourses since the end of the 19th century and has also been Official Timekeeper for prestigious international events including, among others, Royal Ascot (United Kingdom), the Prix de Diane Longines (France), the Dubai World Cup (United Arab Emirates),



the Qatar Prix de l'Arc de Triomphe (France), the Longines Gran Premio Latinoamericano (Chile) and the Longines Queen Elizabeth Stakes (Australia).

Finally, the brand, in collaboration with the International Federation of Horseracing Authorities (IFHA), presented the 2021 Longines World Racing Awards at the beginning of the year. Knicks Go (USA) was crowned best racehorse, the Qatar Prix de l'Arc de Triomphe (France) the best race and Ryan Moore (UK) the best jockey.

Longines' passion for equestrian sports is also reflected in its choice of ambassadors. The brand is delighted to have welcomed dressage riders Semmieke Rothenberger (Germany) and Sabine Schut-Kery (USA) to its family.



ALPINE SKIING

As Partner and Official Timekeeper to the International Ski Federation, Longines timed the World Cup finals in Courchevel-Méribel (France), which saw Longines athletes Mikaela Shiffrin and Marco Odermatt win brilliantly in the overall classification.

The World Cup finals are also an opportunity to honor young sporting talent. The brand awarded the Longines Rising Ski Stars prize to Norwegian Lucas Braathen and for the third time in a row to Alice Robinson from New Zealand.

COMMONWEALTH GAMES

Longines took part in the XXII Commonwealth Games in Birmingham (United Kingdom) as Partner and Official Timekeeper. Throughout the Games, the brand hosted various events at Longines House, including the Longines Records Ceremonies to which athletes who broke a world or Commonwealth Games record were invited.

As a tribute to this multi-sport event, Longines created a special edition: the HydroConquest XXII Commonwealth Games watch.



www.longines.com

A YEAR OF LEGENDS



TRENDS

For Rado, 2022 was marked by the anniversaries of two products that paved the way for the company to become a material and design specialist 60 years ago. When Rado presented the DiaStar Original made of hard metal in 1962, it was considered to be the toughest watch in the world. Its debut marked the beginning of a passion that is still characteristic of Rado today: a search for innovative solutions for improved materials, creative shapes, new colors and greater wearer comfort.

With its unique shape, the DiaStar Original has been a constant bestseller and a true Rado design icon over the past six decades. To mark its 60th anniversary, the brand created a new, contemporary version in collaboration with Swiss designer Alfredo Häberli. The presentation of the anniversary edition to international media guests in Zurich set the stage for this product highlight to perfection.

Rado also introduced the first Captain Cook 60 years ago. The brand celebrated this anniversary in 2022 with several innovations in the eponymous product family, which, since its comeback in 2017, has become one of its most successful collections. Maritime features such as the rotating bezel and impressive water resistance emphasize its sporty character, which is not only very popular with water sports enthusiasts.

With such distinctive watches as the Captain Cook and the DiaStar Original, Rado is perfectly able to meet the demand for highly-individual products.



A high-profile collection and the brand's global strength, coupled with a focus on local enthusiasts, led to record results in many regions in 2022. Once again, Rado was able to consolidate its positioning as Master of Materials and gain significant market share. In particular, it performed extremely well in the established key markets of Central Europe, the Middle East and India. The brand also achieved very encouraging growth rates in the Americas, while Southeast Asia and Australia developed into new Rado strongholds as well.

CREATION

With contemporary reinterpretations of iconic models and some charismatic new additions, Rado once again showcased watches that are second to none.

DIASTAR ORIGINAL

Creating a precise watch of lasting beauty was Rado's stated goal when it introduced the DiaStar Original in 1962. With a case made of hard metal, combined with a sapphire crystal, it was the first scratch-resistant watch in the world. To mark its 60th anniversary, Rado collaborated with Swiss product designer Alfredo Häberli to create the Rado DiaStar Original 60-Year Anniversary Edition, a new version inspired by the legendary original while exuding a modern, timeless aesthetic. The anniversary version is accompanied by three new variants of the DiaStar Original with dials in gray, blue or green.

CAPTAIN COOK CHRONOGRAPH

With the Captain Cook Chronograph, the sought-after stop complication enters the versatile collection. Each of the three versions, including one in bronze and two stainless steel variants, is equipped with a bracelet that matches the case metal and delivered with fabric and leather straps so that the look can be varied according to the wearer's wish. Inside, the automatic R801 movement beats with an anti-magnetic Nivachron™ balance spring and a 59-hour power reserve.



CAPTAIN COOK HIGH-TECH CERAMIC LIMITED EDITION

For Rado, the materials artist of Swiss watch manufacturers, this watch is the ultimate: the Captain Cook High-Tech Ceramic Limited Edition is made almost entirely of ceramic. The caseback made of tinted sapphire crystal reveals a view of the new skeletonized automatic R808 movement with an 80-hour power reserve. In reference to the year in which Rado presented the first Captain Cook 60 years ago, this watch is limited to 1962 pieces.

CAPTAIN COOK OVER-POLE

How do you give a watch from a bygone era a modern update without sacrificing its original character? Limited to 1962 pieces, the Captain Cook Over-Pole is a classic example.

The Over-Pole Worldtimer from the 1960s served as the model. Characteristic design aspects were carefully modernized and further enhanced by a hand-wound movement with an 80-hour power reserve, while the typical retro style was retained with the classic 37-millimeter case diameter.

CAPTAIN COOK HIGH-TECH CERAMIC DIVER

The Captain Cook collection was also enhanced with the introduction of a striking Diver that leaves nothing to be desired in terms of materials and features. This modern version of

Rado's classic with its maritime look offers all the functions of a diver's watch, certified in compliance with the requirements of ISO standard 6425. A watch designed to meet all challenges.

CAPTAIN COOK X MARINA HOERMANSEDER HEARTBEAT

For her second watch design with Rado, the French-Austrian fashion designer once again used her trademarks as stylistic elements. Gemstones in rainbow colors and a seconds hand in the shape of her signature, which also resembles a visible heartbeat, exude a colorful flamboyance.

TRUE THINLINE X GREAT GARDENS OF THE WORLD

The magic of the seasons - captured in four timepieces that draw their inspiration from nature. With the True Thinline x Great Gardens of the World collection, Rado celebrates the perpetual interplay of shapes and colors in nature. Corresponding to the colors of the seasons, the four limited-edition watches are made of high-tech ceramics and feature a uniquely faceted watch crystal whose cut harmonizes with typical seasonal motifs - flower, sun, leaf and snowflake.





PRESENCE

Rado's high-tech materials represent the perfect combination of hardness with lightness and an incomparable wearing sensation. The brand's watches make these fascinating properties literally tangible. Thus, Rado's claim - *Feel it!* - is literally an invitation to feel this difference up close. This is made possible in Rado's brand boutiques, such as the Al Fahidi store in Dubai, where the new retail concept turns a visit into an impressive experience. The same can be said for the new pop-up store concept, which Rado implemented for the first time at an exhibition of the Captain Cook High-Tech Ceramic Diver in Zhengzhou, China.

Rado's passion for materials and design began with the DiaStar Original. Under the motto *The story of a Swiss watch that made history*, Rado celebrated the 60th anniversary of the icon in the architecturally impressive Willy G. S. Hirzel Auditorium of the National Museum in Zurich. Rado CEO Adrian Bosshard described the joint "Anniversary Edition" project to international media guests in an entertaining dialog with designer Alfredo Häberli.

Early in the year, Ash Barty (AUS), reigning Wimbledon champion and world's top-ranked women's tennis player at the time, fulfilled a dream by winning the Australian Open. Although this exceptional player ended her active tennis career after this highlight, she will continue to support Rado as a brand ambassador in the future. Fellow tennis star Cameron Norrie (UK) made it into the top ten of the world rankings for the first time in 2022. A comprehensive communications campaign with various TV formats, eye-catching billboards at London's Waterloo Station hub, and a public viewing of Rado at St. James Market spotlighted this tennis talent and his Captain Cook around Wimbledon before and during the Championships.

www.rado.com



A PASSION FOR SPORTY CLASSICS

TRENDS

Union Glashütte has always had a fascination for aesthetic design combined with complex technology, whether on the wrist or the open road. It shares this enthusiasm with everyone who participates in popular classic car rallies, whether as fans or competitors. In 2022, the brand sponsored the ADAC Deutschland Klassik, the Silvretta Classic in Austria, the Luxemburg Classic, and the highly-acclaimed Sachsen Classic, among others. The coveted limited editions for the events proved once again to be among the biggest hits of 2022.

CREATION

NORAMIS DATE

LIMITED EDITION DEUTSCHLAND CLASSIK 2022

To mark its partnership with the ADAC Deutschland Klassik 2022, Union Glashütte presented a limited edition of the Noramis Datum with an exceptional design. The dial celebrates all the details that delight car enthusiasts: it features a special finely punched plate that visually evokes a radiator grille and provides a glimpse of the watch's engine without revealing too much. The classic retro hands of this bezel-free watch appear on a highly polished cream-colored ring reminiscent of the chrome-lacquer combination of certain vintage cars. The watch is limited to 200 pieces.





NORAMIS CHRONOGRAPH LIMITED EDITION SACHSEN CLASSIC 2022

In the year under review, die-hard classic car fans in Saxony again vied with each other in their respective categories for several days. For this occasion, Union Glashütte designed the Noramis Chronograph Limited Edition Sachsen Classic 2022, which was issued in a 350-piece limited series and combines a sporty retro look with vintage details and an exquisite chronograph movement. The truly eye-catching feature of this timepiece is the exceptional dial design inspired by the retro speedometer display of vintage automobiles. The use of a separate ring for the hours and minutes indications as well as the chronograph display creates special depth in a vintage look. This effect is enhanced by various finishes of the individual parts, such as the chrome ring between the minutes circle and the gray sunburst dial interior.

BELISAR CHRONOGRAPH SPEEDSTER LIMITED EDITION

Union Glashütte presented another stunning timepiece with the extraordinary design of its sporty Belisar Chronograph. The inspiration for the new Belisar Chronograph Speedster is a striking one-of-a-kind piece: a vintage car, with two-thirds of the dial in a racy silver tone and the lower third dipped in a vibrant yellow. The stylish design of the watch combines perfectly with selected vintage elements such as the retro mushroom button, a slightly domed sapphire crystal and the distinctive railway-type minutes track. The timepiece is complemented by a bright yellow rubber strap and an additional reversible black nubuck leather strap with yellow topstitching. This sporty chronograph is limited to an exquisite 288 pieces.



PAUL PIETSCH SPECIAL EDITION

The Paul Pietsch Special Edition, which was launched as part of the popular rally through the Black Forest, was in particularly high demand in 2022. The four models – two three-handers with date and two chronographs – are a tribute to Paul Pietsch, one of the greatest and most successful racing drivers of the 1930s and 1950s at a time when car racing was pure adventure. Racing cars were difficult-to-control mechanical works of art on narrow tires. There were no safety devices such as roll bars or seat belts, and for head protection, drivers wore thin cloth or leather caps and short-sleeved shirts instead of fire-repellent overalls. The Paul Pietsch Special Edition recalls this thrilling time. The dials in silver or gray, with a fancy racing car rivet look, take their cue from classic vehicles. The 12, in vivid red, is reminiscent of the distinctive racing car numbering of the time. It is presented on a fancy bracelet.

www.union-glashuette.com



INNOVATORS BY TRADITION



TRENDS

Innovation touched many different areas at Tissot throughout 2022. It all started with the Tissot T-Touch Connect Solar (TTCS), which continued to amaze with the arrival of a host of new functions, including a GPS feature. The global plan for the TTCS remained on track, with the opening of several new markets.

The year saw a continuation of the brand's strong presence online and offline. Tissot opened another eight e-commerce websites in different countries around the globe and entered into new partnerships in key markets, while physical retail continued to grow. Its importance to the brand was underscored by the rollout of over 500 shop-in-shops featuring Tissot's new architectural identity.

In Asia, 134 new shop-in-shops and boutiques opened in China during the year, an impressive number made even more noteworthy given the challenging situation in 2022. The Japanese market experienced considerable development with large investments made to build the brand with a 360° campaign that included the opening of boutiques in prime locations as well as digital and outdoor activations.

Digitalization was impressive at Tissot in 2022, demonstrated by major projects in e-commerce, CRM, the digital activation of warranties, and more.

CREATION

TTCS NEW FUNCTIONS

The Tissot T-Touch Connect Solar introduced a range of new technologies and innovations in 2022, including real-time live score updates from the NBA and the world's leading cycling events, as well as upgraded cross-platform activity trackers. The timepiece also now comes with a 'bring me back' navigation function, allowing hikers and mountaineers to retrace their steps to a starting point if they get lost, even when there is no telephone signal.

PRX 35MM & CHRONO

New PRX timepieces, including a high-end automatic chronograph and several watches in a new 35 mm case size, were released during the year. These were promoted through a new cinematic campaign that tells the story of five aspirational characters depicted in a pop culture environment.

SEASTAR

Style and versatility were at the heart of the new Seastar models unveiled in 2022, showing how a watch can be ideally suited to multiple occasions and genders, whether an outdoor adventure or a night out on the town. New models were added to both the Tissot Seastar 1000 Quartz and Tissot Seastar 2000 Pro Powermatic 80 lines.

TELEMETER 1938

Reliving the early days of Tissot's timekeeping, the brand reissued a chronograph model used for its first steps as timekeeper, the Tissot Telemeter 1938. Two iterations were unveiled featuring the original design, but with a newly upgraded Valjoux automatic chronograph caliber.

T-RACE MOTOGP™

The year saw the unveiling of a new range of Tissot T-Race models. Designed and developed with inspiration from MotoGP™, they are crafted with the same attention to detail and expertise shared between watchmaker, motorbike mechanic, and world champion rider.





PRESENCE

Markets made the most of being able to meet again in person with worldwide events held for the PRX and Seastar launches across the world. There was a PRX '70s retro event in Kolkata, India, attended by digital creators, artists, media, and celebrities, including Miss India West Bengal 2022. In London, the PRX was also partying at The Scotch of St. James's Club with music by DJ Mary Charteris. For the Seastar, Tissot held a spectacular soirée at The Shard, location of the highest hotel pool in Western Europe, with entertainment provided by synchronized swimming finalists from *Britain's Got Talent*. This is just a sampling of the incredible events held throughout the year.

SPORTS PARTNERSHIPS

2022 was a year of celebration for Tissot in the sporting world thanks to its professionalism in the field of precision timekeeping and its reputation for excellence across numerous sporting disciplines.

UNION CYCLISTE INTERNATIONALE (UCI)

Continuing its long-term partnership with the UCI in 2022, Tissot signed an extension of its partnership with the organization, which began in 1995. Tissot was already the Federation's Official Timekeeper and the new partnership has been extended to the entire range of cycling disciplines for the Cycling World Championships 2023.

THE NATIONAL BASKETBALL ASSOCIATION (NBA) 75TH ANNIVERSARY SEASON

2022 marked the 75th Anniversary season of the NBA and the 7th year Tissot has been the sport's Official Timekeeper. To celebrate this longstanding partnership and the league's important anniversary, Tissot introduced new models to the SuperSport line as well as 23 vibrant new straps, including a must-have Wilson® Edition made from the same leather used to make the official game ball, along with straps inspired by the uniforms from 11 NBA teams.

THE TOUR DE FRANCE 2022 IN LAUSANNE, SWITZERLAND

The 2022 edition of the legendary Tour de France passed by Lausanne, Switzerland during the 8th stage of the cycling competition. To celebrate, Tissot invited selected guests to experience the race first-hand, both as riders and Official Timekeepers. They began their journey cycling the last kilometers of the official stage between Dole and Lausanne, and also had the opportunity to get a behind-the-scenes peek into the timekeeping cabin to discover Tissot's critical timekeeping role.

RETAIL

RENOVATIONS FOR BOUTIQUES IN PARIS AND SHANGHAI

Tissot's flagship boutique in Paris was one of the first to integrate the brand's new design. Created to elevate its appeal among customers, the boutiques are the perfect windows for the millions of visitors passing by each year, seducing them to step inside the welcoming interior. In addition to the updated design in Tissot's Champs-Élysée boutique, renovations were also carried out at the Shanghai People Mill.

NEW BOUTIQUES IN OSAKA AND ROME

In 2022, Tissot opened two new flagship boutiques in Osaka and Rome. The boutiques exhibit the full range of Tissot's timepieces and offer a new shopping experience that plays on interactivity and modern design with new showcases, modular walls, a "safe" showcase, new digital displays, rich video content, and "free access" areas that allow customers to discover the timepieces on their own.

NEW "SWISS PRIDE" SHOP-IN-SHOP CONCEPT

Tissot's new Shop-in-Shop "Swiss Pride" Concept has proven to be highly versatile and modular, allowing it to fit into all types of locations. Its design is inspired by the brand's codes and Swiss origins with a focus on the color red. Lighter structures and textured materials create a more modern and superior experience that appeals to younger customers. The new furniture elements, especially the new Safe and the News Podium, immerse customers into the brand story and enable sales associates to talk about Tissot and its products from a different angle.

www.tissotwatches.com



THE FLUIDITY OF FEMININE TIME



TRENDS

In 2022, Balmain maintained its position and continued to develop its distribution network, thanks to a stronger presence in its main markets. The opening of new countries such as the United States and Canada confirmed its growth potential. Through its heritage, combining watchmaking expertise, elegance and femininity, inspired by the codes of *Haute Couture*, and its inexhaustible spirit of design innovation, Balmain remains the indispensable brand in the mid-range segment of women's watches.

Between March and April, the brand's new timepieces were presented at exclusive events organized by the markets or online. Once again, women's hearts were captured by the new products, including notably the new Balmainia Bijou and the reinterpretation of the Haute Elégance launched in 1987.

CREATION

ON TREND WITH THE NEW BALMAINIA BIJOU

The four new creations from the Swiss watch brand are distinguished by their pure and graceful lines, embracing modernity while retaining the core identity of the Balmainia Bijou collection.

The central attachments, the engraved logo on the bezel, and the black cabochon crown enhance this piece of exceptional quality. These four new models feature a case set with nine diamonds. The brand has imagined a variety of finishes to satisfy every desire, and there is a perfect model for every wrist.

REINTERPRETATION OF THE HAUTE ELÉGANCE FLAGSHIP MODEL

Balmain has revived one of its iconic pieces, launched in 1987. Like the original, the new interpretation of the timeless Haute Elégance model proudly displays magnificent arabesques on its dial. Balmain's signature motif is inspired by the famous "Antonia" evening gown created by Balmain Paris for its Spring/Summer 1954 collection.

The silvered dial of the new Haute Elégance pieces comprises three distinct parts: the center decorated with arabesques, the indexes in Roman numerals elegantly presented in a semi-matte circle and a finely designed perimeter. These new 30 mm diameter creations are also characterized by their ultra-thin 4.82 mm case in yellow PVD or steel. A version with a black bezel and dial offers a more contemporary interpretation.

PRESENCE

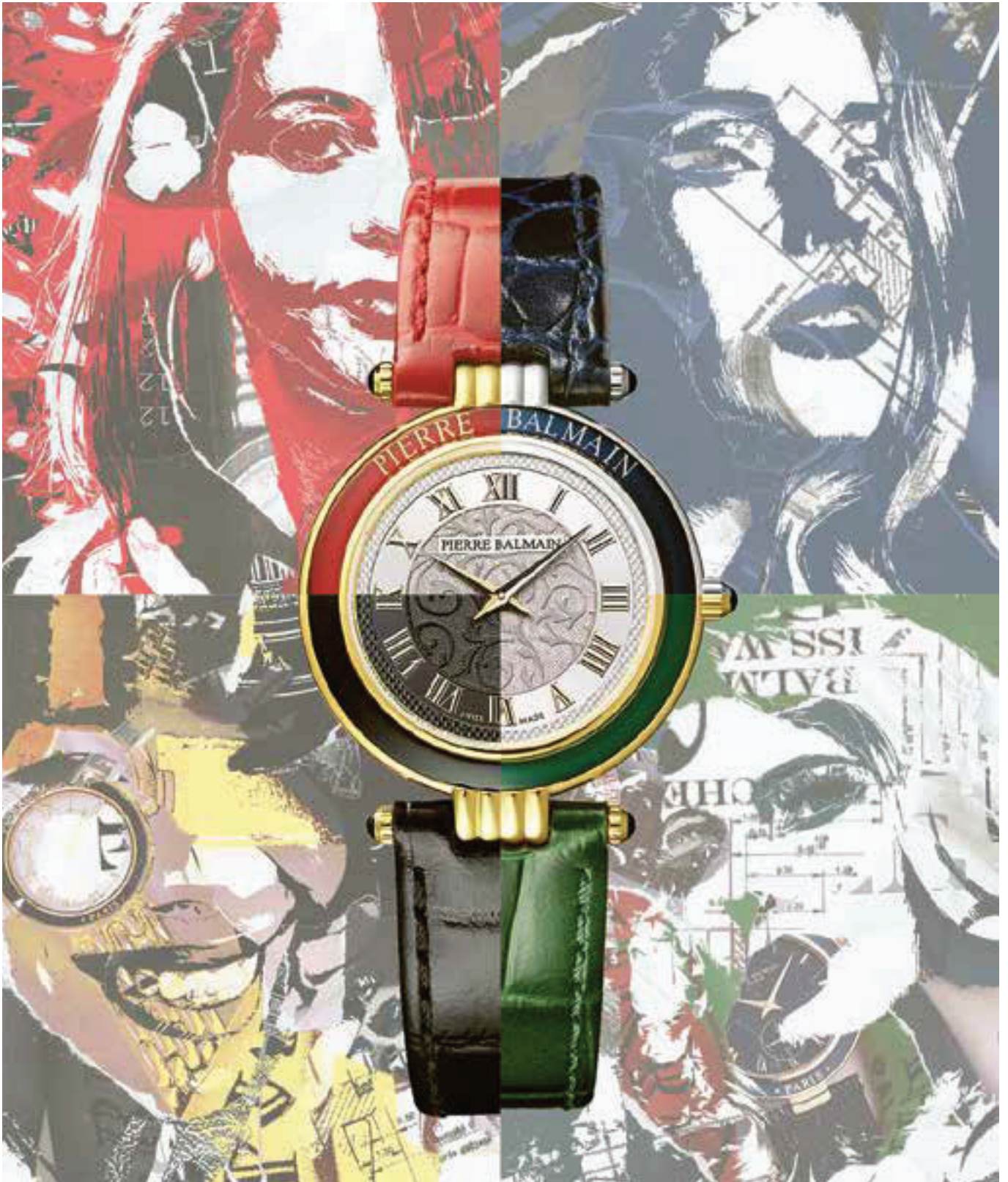
Belgium, France and the Netherlands reinforced their presence in their points of sale. In France, the brand is now available at the Printemps Haussmann shopping center in Paris. The various training programs conducted in 2022 strengthened the ties between the brand and its partners. The entire distribution network focused on the correct positioning of the image of Balmain watches, thus contributing significantly to increased brand awareness. Throughout the year, pieces from the various collections were also posted on Instagram. Special activities were implemented with the brand's various distributors.

E-COMMERCE

The unusual situation in recent years accelerated the development of digital tools. Balmain watches have naturally followed this trend. In India, Balmain entered into a partnership with the luxury.tatacliq.com platform, resulting in a buzz for the brand that increased sales and awareness.

Since November, the brand has also been present on the nordstrom.com website in the United States. Similarly, the various partners have increased their online presence and most now offer the possibility of ordering Balmain watches from their websites.

www.balmainwatches.com



MULTIPLY YOUR STYLE



TRENDS

In 2022, Certina caused a stir with a special premiere: In the new DS+ watch concept, the case, the head and the strap can be replaced without tools and combined in any way the wearer pleases. Certina also devoted itself to the modern mechanics sector with new launches around the Powermatic 80 caliber, as well as the creation of a new line of women's watches, true to the brand's slogan *Count on me*.

Sustainability remained one of the brand's central themes. Over the last few months of the year, new displays were delivered that were manufactured using 85% recycled plastic. In addition, strap versions based on plant-based raw materials and recycled PET were introduced and the use of environmentally friendly packaging was expanded: In addition to the standard boxes, the boxes for special models as well as those for customer service, are also now made of recycled and recyclable materials.

In terms of strategic partnerships, Certina increased its commitment to Padel tennis in 2022 through various national and international partnerships. The brand also continued its e-commerce journey successfully: new online shops were opened in the UK, the Netherlands and Spain. In addition, Certina was able to further expand its business across the pond.



CREATION

DS+

With the DS+, an innovative watch concept celebrated its premiere at Certina. Thanks to its three-part construction, the watch case, the watch head and the strap can be exchanged and combined without tools at any time. One watch – endless possibilities. All in accordance with the slogan: *Multiply your style.*

DS ACTION DIVER 43 MM

In 2022, a revised version of the popular diver's watch was launched with a redefined design of the bestseller. The new model has a unidirectional rotating bezel with a ceramic insert, water resistance up to 30 bar/300 meters and an automatic movement with an anti-magnetic balance spring.

DS SUPER PH500M SEA TURTLE CONSERVANCY

For the first time, the popular annual edition in support of the Sea Turtle Conservancy features a vintage design combined with bright colors. A portion of the revenues of every watch sold will be donated to the organization of the same name and contribute to its important work. In addition, both the strap and the packaging for this model are made from environmentally friendly materials.

DS-6 LADY

In the reporting year, Certina introduced a brand-new collection reserved exclusively for women's watches. The discreetly-proportioned models of the DS-6 Lady are available with various textures and colors, with COSC-certified quartz movements, scratch-proof ceramic and a wide range of straps.



PRESENCE

In the fall, the brand caused a sensation with the launch of its new DS+. The product premiere attracted around 100 international guests and media representatives to Zurich, where they had the opportunity to learn all about the concept and the new DS+ products in modern industrial surroundings.

Over the past year, the partnership with the trendy sport of Padel has proven to be the perfect match. This racquet sport, which incorporates the walls of the court in the game, is played in doubles over a central net. In 2022, Certina expanded its commitment and partnerships were forged with associations, players and companies in Spain, Belgium, the Netherlands, Sweden, Finland, Austria and Switzerland.

A new chapter in sports timekeeping began in November 2022:

As of the 2022/2023 season, Certina is the Official Timekeeper for the FIS Cross-Country Skiing World Cup. This four-year partnership will deepen Certina's commitment to a discipline with which it shares the core values of resistance, precision and excellence. Certina continued to work side-by-side with the Visma Ski Classics Pro Tour as its Official Timing Partner. The long-distance ski championship included a total of 15 events on 12 weekends in eight different countries across Europe.

www.certina.com



ADRENALINE AND HIGH PERFORMANCE

TRENDS

Since the 1930s, Mido has been renowned for the high performance of its water-resistance, which established the brand as “King of waterproof watches”. Dedicated to the marine world, its sporty and reliable Ocean Star collection is today the most powerful symbol of this expertise. Mido became the Official Performance Partner of the Red Bull Cliff Diving World Series in 2019, sharing the same passion and ambitions: to surpass itself and innovate continuously to achieve perfection. Since then, and especially during 2022, the competition has provided the most breathtaking scenarios around the world for Mido to launch some exceptional Ocean Star timepieces, which made it one of the brand’s most successful collections. During 2022, even as brick-and-mortar stores reopened, Mido observed an ongoing positive trend in online sales, leading to the continuous evolution of its e-commerce platforms.





CREATION

OCEAN STAR

The Ocean Star Tribute Gradient revives the legendary spirit of the diving watches of the 1960s. Its striking new red-to-black gradient color is paired with the Caliber 80, with a power reserve of up to 80 hours.

Perfect for those who dream of setting sail, the Ocean Star GMT Special Edition fascinates with its intense blue dial, accented by red touches.

The Ocean Star 600 Chronometer Black DLC Special Edition was the culmination of a solid launch streak. It reigns supreme in the ocean depths without yielding to pressure. Featuring a lacquered dial, technical ceramic on the rotating bezel, and a black DLC-treated case and bracelet, its dark and mysterious allure fascinates with alternating shiny and satin-finished surfaces. With its superior water-resistance, up to 60 bar (600 meters), and formidable COSC-certified movement, this model is designed for every aquatic feat.

MULTIFORT

In a true stylistic and technological achievement, the Swiss watchmaker displayed the heart of its automatic movement by revealing its finely skeletonized plate with Geneva stripes, a pattern that extends to the dial, adorning both its anthracite-colored face and oscillating weight. Inside its robust steel exterior, the ultra-resistant Caliber 80 – with a power reserve of up to 80 hours – is fitted with a Nivachron™ balance-spring. Three additional models are also available, one of which features the Mido colors, black and orange.

COMMANDER

The emblematic Commander collection was filled with colors for its latest Limited Edition: “Celebración”, a unique edition that emphasizes Mexican traditions. The Commander “Celebración” is an explosion of color represented on the figure of a skull whose entire face dazzles with captivating designs.

PRESENCE

In June, Paris hosted the Red Bull Cliff Diving competition for the first time, at the foot of the Eiffel Tower. This international event gave Mido the perfect opportunity to launch the Ocean Star 600 Chronometer Black DLC. In September, the Ocean Star Tribute Gradient was unveiled during the penultimate stage of the 2022 World Series in Polignano a Mare, Italy. Finally, to close an exciting year of high diving and amazing watches, Mido highlighted its Ocean Star GMT Special Edition at the final stop in October in Sydney, Australia.

In September, at the remarkable Mood Seoul in Solvit Island, South Korea, Mido presented the Ocean Star GMT Special Edition. For the first time, the Swiss watchmaker was honored to welcome, among its many Asian attendees, the renowned South Korean actor and Mido brand ambassador Kim Soo-Hyun. Mido also had the chance to be part of the famous Hainan Expo in Shanghai with an amazing roadshow dedicated to the marine world with the Ocean Star collection. A product launch ceremony was held at the IFS store in Changsha in the presence of Ryan Zheng, Mido’s brand ambassador in China, who wore the new Commander Gradient watch, displaying an elegant and extraordinary style.

In Mexico, Mido launched the Multifort Vertigo with an outstanding local campaign in collaboration with BMW Motorbikes and Cristeros Jewelry.

www.midowatches.com



EMBRACING OUR ROOTS, FORGING THE FUTURE AHEAD



TRENDS

2022 marks the 130th anniversary of Hamilton, an important milestone celebrated with a forward-looking approach to the brand's rich history: bringing to the forefront Hamilton's commemorative creations, relevant today more than ever.

Paying tribute to its reputation for keeping the early American railroad system running on time, Hamilton introduced the limited-edition Railroad Pocket Watch, a distillation of 130 years of horological ingenuity. In its desire to shine a light on its groundbreaking advancements, Hamilton brought back to life the world's first electric watch, the Ventura, in a solid 14K gold limited edition, just like the original one back in 1957. Committed to supporting the endeavors of those who think big, Hamilton continued to provide today's heroes with dependable watches to time their achievements: World Champion freediver Pierre Frolla, the technology startup Syroco, the world-renowned Air-Glaciers rescue team, just to name a few.

CREATION

PSR DIGITAL QUARTZ

Paying tribute to the Hamilton Pulsar of the 1970s, the PSR Digital Quartz collection was complemented by the two new versions boasting the same retro-futuristic aesthetic: an edgy all-black style with a hybrid red LCD & OLED display and a sleek stainless steel model with a display in vivid green.

KHAKI PILOT PIONEER MECHANICAL CHRONOGRAPH

The Khaki Pilot Pioneer Mechanical Chronograph brought back the form and function of the chronographs issued to British Royal Air Force pilots in the 1970s. True to its historic roots, this timepiece is a must-have for aviation enthusiasts and watch collectors.

KHAKI NAVY FROGMAN AUTO

Unveiled in collaboration with Hamilton's ambassador Pierre Frolla, the Khaki Navy Frogman Auto is the brand's most technically capable maritime-ready watch. Named after the fearless U.S. Navy "frogmen", these dependable timepieces are engineered for accuracy, legibility and endurance.

VENTURA XXL BRIGHT

Known as the world's first electric watch, the Ventura was reimagined in an oversized edition, featuring a quartz movement that illuminates the dial in red. Strong both in design and in the statement it conveys, the Ventura XXL Bright demonstrates Hamilton's avant-garde vision.

HAMILTON KHAKI

LIMITED EDITION COLLECTION FOR HODINKEE

Hamilton collaborated with *Hodinkee* to bring together the two brand's best-loved watches, the Khaki Field Mechanical and Khaki Pilot Pioneer Mechanical Chronograph, available individually and as a part of a special collector's set. Boasting a rich military and aviation heritage, the collection is engineered for all of life's adventures.



BLACK & GOLD CAPSULE COLLECTION

Celebrating Hamilton's decades-long ties to Hollywood, the Black & Gold Collection brought together five of the brand's classic timepieces dressed in black PVD cases with vibrant gold accents. Playing on the contrasts of the glitz and grit, the collection is a perfect definition of the big screen.

KHAKI FIELD MURPH 38 MM

Putting the community's needs and expectations at the heart of its approach, Hamilton unveiled the long-awaited Khaki Field Murph in a compact 38 mm case. True to the aesthetic codes of its predecessor known by fans as the "Murph", the timepiece is a versatile version of the big screen icon.

PRESENCE

12TH HAMILTON BEHIND THE CAMERA AWARDS IN HOLLYWOOD

Hamilton once again demonstrated its passion for cinematic storytelling at the 12th Hamilton Behind the Camera Awards in Hollywood. Hosted by Fortune Feimster, the red carpet ceremony celebrated the unsung heroes of every successful production – the film set crews – awarded by their A-list colleagues including Jaimie Alexander, Carey Mulligan and Paul Dano.

"BEHIND THE BREATH" WITH PIERRE FROLLA IN MONACO

Hosted in Monaco, a freediving session with record-breaking champion Pierre Frolla allowed the guests to discover what lies behind every breath. While being put to the test in the deep, the participants relied on the rugged and resilient Khaki Navy Frogman Auto.

www.hamiltonwatch.com



MAKING TIME FOR KIDS ALL OVER THE WORLD



Throughout 2022 Flik Flak made time for strategic collaborations, in-store activities and storytelling with products that inspired learning and dreaming in kids of all ages.

April saw a joint initiative with the Musée du Louvre in Paris to mark the 200th anniversary of Jean-François Champollion becoming the first person to be able to read Egyptian hieroglyphs since classical antiquity. A Flik Flak X Le Louvre pair of watches on the theme of ancient Egypt was launched with events at the Louvre Swatch store and museum. Pharaoh-inspired packaging, including a poster for learning hieroglyphs, made sure kids everywhere could team time-telling skills with the ability to write in this pictorial language.

In April, as the Year of the Tiger gained full momentum, the Flik Flak Chinese Zodiac collection presented 12 more reasons to celebrate. Each one of the dozen themed designs





was dedicated to a different zodiac animal. Fun storytelling highlighted the characteristics and typical personality traits associated with kids born in the years assigned to each creature. Flik Flak proudly turned the clock back 35 years in June, to remember 1987, when it produced its very first watches for kids. The commemorative 2022 Flik Flak Retro Collection was made up of four models that mirrored the style of the originals, keeping this up to the minute with bio-sourced plastic cases, buckles, pins and loops.

During the second half of 2022, Flik Flak opened up a captivating product storybook with two launches under the magical umbrella of the Tales from the World collection, containing 17 references. In August, attention was focused on the inspiration of occidental tales with the presence of magicians, unicorns and friendly monsters. Stories of Asian origin were in the spotlight in October with storytellers ranging from dragons to ninjas. A QR code on the special sleeve around the themed packaging acted as a direct route to a matching story on flikflak.com.

www.flikflak.com





DISCOVERING THE EXTRAORDINARY

2022 was an excellent year for Tourbillon Boutiques and each location benefited from higher traffic, with excellent results. The proximity to customers and the close collaboration with the brands led to memorable encounters. Clients were eager to meet the teams and the brands at the boutiques and also at numerous events highlighting Tourbillon's dedication to high-end watchmaking.

Some remarkable timepieces found new homes, including a Breguet Classique Tourbillon in platinum, a Harry Winston Premier Diamond in rose gold, a Blancpain Villeret Perpetual Calendar, the Glashütte Original A. Helwig Tourbillon and a Grande Seconde Tourbillon with a red pietersite stone dial by Jaquet Droz.

Several manufacture visits took place in 2022. The homes of Breguet and Blancpain offered unforgettable experiences to collectors and devotees while visits to the Omega and Swatch museums in Biel allowed clients and students to rediscover these brands.

An outstanding evening was hosted with Breguet at Tourbillon Lausanne in November where attendees obtained first-hand information from the Brand Manager and an expert watchmaker.

Also with Breguet, Tourbillon Amsterdam introduced the new Marine Hora Mundi to fascinated collectors.

In November, Glashütte Original and Tourbillon Lugano welcomed a select group of enthusiasts to an evening at an art gallery in Melano (SUI).

In March, thanks to Omega, Tourbillon invited guests to the SwissTech Convention Center in Lausanne for a fascinating Legend of Space event. Tourbillon Las Vegas welcomed newlywed Omega fans to discover the collection in April.

In June Tourbillon joined Omega's acclaimed Her Time campaign by inviting women to an afternoon tea and an evening at the boutiques in Amsterdam and Lausanne. Omega and Tourbillon Lugano showcased novelties and rarities at Moncucchetto, a winery built by Mario Botta. Omega also invited Tourbillon clients to golf tournaments in Switzerland, including the Omega European Masters in Crans Montana. The year was rounded out in style by a Christmas event at Tourbillon Las Vegas, in collaboration with all the brands, which created a festive atmosphere for attendees eager to discover their latest creations.

www.tourbillon.com



SEE YOU IN THE BOUTIQUE!



In 2022, Hour Passion, Swatch Group's multi-brand watch and jewelry retailer specializing in the entry-level to luxury segments, approached the post-crisis recovery calmly, with significantly improved performance.

As borders gradually reopened, airports saw travelers return, notably to the advantage of the brands in the premium segment. The boutiques in Zurich, Geneva and Nice particularly benefited from this trend.

In the fall, the Swatch boutiques managed by Hour Passion in the Paris Roissy-Charles de Gaulle and Berlin airports were entrusted with the exclusive sale of the watches from the Bioceramic MoonSwatch collection.

In terms of development, the brand dynamically deployed its concept in its outlets in 2022, which a fast-growing model in a mature market enriched with a new customer base.

With its thorough understanding of the codes of distribution in brand villages along with its experience as a specialist operator, Hour Passion has been able to adapt its assortment with the agility necessary to meet the demands of a market in transformation. Leveraging a new visual concept, the company optimized its global network by focusing on the added value of a physical sales space that offers an emotion-filled meeting place with a warm atmosphere between the customer and the brands. Five new stores were opened in Zweibrücken (Germany), Genting (Malaysia), Tainan (Taiwan Region), Dongbusan (South Korea) and Miramas (Provence, France).

The Madrid Las Rozas (Spain) and Piaseczno (Poland) sales outlets were relocated to larger areas and completely upgraded to meet the new standards.

Aware that the physical store is and will remain an essential part of the shopping experience, Hour Passion has continued to reinvent itself in order to better satisfy its customers and maintain its e-reputation: a sustained training program for sales consultants, online communication, numerous in-store activations, and the collection of customer reviews.

At the end of the year, the Hour Passion network consisted of 70 outlets and airports in 19 countries in Europe, Asia and North America.

www.hourpassion.com



SWATCH ART PEACE HOTEL



The Swatch Art Peace Hotel's focus on China-based artists continued to enjoy great success in 2022, with a full house throughout the year: many new artists joined the community, injecting their own energy and keeping the group extremely lively and determined to stand united even in the most challenging times. Consistent with the project's mission, artists committed themselves to carrying on the spirit of openness and inclusivity, exploring new territories and embracing new languages. With simple but effective safety protocols put in place, the community was able to stay put and maintain its signature energy, based on freedom, exchange and diversity.

After the 2021 10th anniversary year, communication activities and several exhibitions were initiated around the world, all aimed at raising interest in and awareness of this unique location and its residents. Within this framework, the Swatch Art Peace Hotel was the focus of a number of events with new partners, from the Cervantes Library to the Rockbund Art Museum in Shanghai. It was a truly cross-cultural experience, with the Swatch Art Peace Hotel doors opening to highlight an artist's work and to welcome new friends of the project. 2022 was the year of the 59th Biennale Arte in Venice – the most respected and anticipated art exhibition in the world attracted a record number of visitors: more than 800000 people visited it and had a chance to experience the presence of the main partner Swatch as well as the Swatch Art Peace Hotel. In particular, the Swatch Faces pavilion at Arsenale hosted the amazing works of former resident artists Tang Shu, Xue Fei and Landi from China, Hoyoon Shin from South Korea and Marcelot from Brazil. Marcelot's sculptural work, "Lion of Venice",

commissioned by Swatch, was acquired by the Biennale Historical Archive of Contemporary Arts – quite an extraordinary circumstance enhancing the artistic value of the project.

In Trieste, Italy and in front of thousands of viewers from across the globe, the Swatch Art Peace Hotel Award, offering the winner the possibility to become an artist-in-residence, was presented to Yudai and Anna Tanaka from Japan, for their fun and colorful project rich in creativity, innovation and extraordinary energy. During the year and in order to include selected artists who could not travel to China as well, the second edition of "Swatch Art Peace Hotel virtual residency" was developed. Mentored and coordinated by former artist in residence Alec Von Bargaen, four photographers from around the world experienced a new way to dialogue, exchange and experiment, with a constructive and creative attitude. The traces resulting from this experience are being added to the collection of traces left by artists in physical residence.





In the fall, the Swatch Art Peace Hotel project was presented to the artists participating in Arty Show in Biel, aiming at inspiring them to explore and expand their territories and languages. Also, Swiss artist Eva Borner presented her new book about her experience in several artist residencies, highlighting the one in Shanghai. The book was published with the support of the Swatch Art Peace Hotel.

In Shanghai, in keeping with the spirit of openness and hospitality that has been a signature of the Swatch Art Peace Hotel since its inception, and while respecting the safety measures of this special moment, whenever possible, open studio events took place, allowing artists to share their work and their experiences and to gain extra visibility.

Altogether, 36 artists were hosted in 2022, bringing the total number invited since its opening to 457 from 54 countries. Throughout the year, the Swatch Art Peace Hotel remained as inspiring, enriching, and inviting as it has been since it opened.

www.swatch-art-peace-hotel.com



CITÉ DU TEMPS



Images by Heritage Auctions, HA.com

THE OMEGA MUSEUM

It was another special year for the Omega Museum at its Cité du Temps location. Compelling showcases, immersive movies, and interactive displays continued to inspire and inform visitors from around the world, tracing Omega's history back to its very beginnings in the 19th century. The visitor numbers exceeded those of 2019, with August, September, and October being particularly popular months.

The Omega Museum is also home to the brand's heritage team, which not only curates the exhibits, but also keeps track of high-profile watch auctions and offers its support and expertise at Omega's key international events.

Several auctions around the world were of particularly high interest to collectors and fans in 2022.

At a Christie's auction for the 60th anniversary of James Bond, three Omega lots were sold, with a Seamaster Diver 300M worn by Daniel Craig becoming the second most expensive James Bond watch in history at £ 226 800.

For space enthusiasts, two important Omega watches went up for sale. These were the golden Speedmaster BA 145.022 models presented to astronauts in 1969 at a special NASA dinner. At two separate auctions, Michael Collins' numbered watch #19 sold for USD 765 000, while Walter "Wally" Schirra's model #8 sold for an incredible USD 1 907 000 – the second most expensive Omega watch ever sold at auction.

Elsewhere, the Omega heritage team was deeply involved in the Her Time events and exhibitions that were held in 2022. These included special occasions in Madrid, Japan, China, South Korea, and Thailand, where a range of vintage pieces were on display to highlight Omega's fascinating history of women's watchmaking. It's also worth noting the 10th anniversary of #SpeedyTuesday, which continues to play an important role for Speedmaster fans across the world. The Omega Museum is always proud to support these passionate events, and in 2022, three celebrations were held, including those in Biel and Milan, and a special launch for the Speedmaster X-33 Marstimer in the Netherlands.

Finally, a mention for the Omega *Lifetime* magazine, which published the year's Museum Edition: it was filled with pictures, stories, and opinions on the museum's most valuable and treasured pieces. Another great way to reach more Omega customers across the globe.



PLANET SWATCH

When visitors reach the second floor of Cité du Temps, they are met with a festival of color at PLANET SWATCH, the “non-museum” dedicated entirely to the history of the Swatch brand and its most iconic products. It welcomed visitors from all over the world in 2022 who, when they stepped off the elevator in the second half of the year, were greeted by the world’s most talked-about watches, the Bioceramic MoonSwatch Collection. This latest example of Swatch’s commitment to fun, joie de vivre, and positive provocation is just a hint of what’s on display inside PLANET SWATCH.

NO ORDINARY MUSEUM

In a cheery, playful setting, video, art and other visuals complement the over 6000 Swatch watches on display. The high-impact showcases celebrate the history of the brand often said to have saved the Swiss watch industry. Both a contemporary showroom and a historical archive, this nonconformist museum is a delightful way for historians and Swatch enthusiasts to learn more about the brand. Explorers can choose their own paths – literally – through the exhibits, following colorful lines on the floor to the Swatch worlds of art, sports, history, innovation and, especially for younger visitors, Flik Flak.

The Swatch models on display include the Art Specials designed by prominent artists from around the world, as well as historic prototypes and special editions tied to events like the Olympic Games, holidays, cinema and world destinations. Of course, center stage is reserved for the latest additions to the Swatch collections, but creativity and imagination are on full

display throughout the exhibit. In fact, by the end of the visit, many guests are inspired to design and purchase their very own Swatch right there at the Swatch X You interactive installation or at the nearby, one-of-a-kind Swatch Drive-Thru store.

PLANET SWATCH BY THE NUMBERS

Since its inauguration on June 1, 2019, PLANET SWATCH has welcomed 100 visitors a day, six days a week, including families, students of all ages, VIPs, lovers of design and Swatch collectors. More than 100000 fans and friends of the brand have landed on PLANET SWATCH, and the museum is proud to be a favorite destination for tourists from Switzerland and around the world, with international visitors accounting for 48% of the total.

www.citedutemps.com



PRODUCTION



ETA

For ETA, 2022 was distinguished by the worldwide success of the Bioceramic MoonSwatch Collection. The ETA teams, directly responsible for the production of the raw material, the movement, various components, approval and assembly of the finished product, were able to demonstrate their skills in the face of incredible market demand. Developed in 11 bright and original colors, the exclusive Bioceramic material required the adaptation of production resources at all levels. Massive investments in staff, infrastructure, injection machines and various measuring devices enabled ETA to take great strides forward with regard to its expertise, while the commitment and team spirit among its employees intensified and spread. Pleasant to the touch, light and resistant, Bioceramic is now an integral part of the development of the Swatch collection.

The Bioceramic MoonSwatch Collection was not ETA's only achievement in 2022. Among the new mechanical movement developments, the Omega caliber 8810/ETA A15.331 gave a new face to the De Ville Prestige Small Seconds collection with power reserve. For Longines, a chronometer-certified GMT movement with a non-magnetic silicon balance spring and a 72-hour power reserve was introduced in the Longines Spirit Zulu Time (Caliber L844.4/ETA A31.411). In addition, a 5 Hz high-frequency movement with ultra-chronometer certification, equipped with a non-magnetic silicon balance-spring and





featuring a 52-hour power reserve, enabled the launch of the Longines Ultra-Chron (Caliber L836.6/ETA C07.L11). Then the C07.901 movement, already appreciated for its assets such as the non-magnetic Nivachron™ balance-spring or the 80-hour power reserve, was transformed into a skeletonized movement and distinguished itself with various finishes. It gave life to three noteworthy watches: the Rado Captain Cook High-Tech Ceramic Limited Edition (Caliber R808 with exclusive 5-position adjustment), the Hamilton Ventura XXL Skeleton Auto (Caliber H10S), and the Tissot Gentleman Powermatic 80 Open Heart (Powermatic 80.601).

ETA has been working on new installations with the objective of constantly improving production performance. These include a new shock absorber assembly machine and a new black laser engraving facility for decorating oscillating weights. Both of these fully automated systems will help to improve quality and make significant savings. In addition, new automated pre-assembly machines with reduced energy consumption now complete ETA's installations (pre-assembly of ball bearings or gears). In addition to the acquisition of new machines, the overhaul of existing ones ensures constant precision and extends their service life by several years, as was started on the FlexPro blank machining installations.



*MoonSwatch:
injected bio-based plastic glass*



Among the quartz movements, an exclusive development for Omega offers a chronometric performance of plus or minus five seconds per year for 48 months (Omega De Ville Prestige, Omega Caliber 4061/ETA E61.051). The development of the Tissot T-Touch Connect Solar watch also continued and was adapted to new markets including Hong Kong, Singapore, Taiwan, Mexico and South Korea to name but a few. Also, new functions such as the activity tracker, the "Bring me back" function and the automatic calibration of the altimeter were made available to users.

Digitization was also at the center of many activities in 2022, both in terms of production resources and services, in order to implement it at all levels of the company. This has increased ETA's efficiency and agility.

Finally, ETA provided extensive support for the ongoing training of its employees and the development of their skills. Once again in 2022, 70 apprentices completed their apprenticeships and around two-thirds of them were hired after graduation. This effort did not go unnoticed, as ETA was awarded the prize for training company of the year by the canton of Solothurn.



LASCOR

In 2022, Lascor continued to invest both in new technology and equipment and in the technical skills of its employees. Market growth further strengthened the company's status as a leading manufacturer of steel and titanium bracelets and buckles.

Lascor continued its strategy of internalizing the production of semi-finished drawn steel products. This led to the development of its own profiles in nickel-free alloys and increasingly complex products as well as the ability to meet specific demands, even for small quantities and in particular materials.

On behalf of Omega, Lascor developed the bracelet for the Seamaster Planet Ocean 6000M Ultra Deep, a model that combines robustness and practicality. Resistant to pressures of over 600 bar, it has a folding clasp with a push-button closure and wetsuit extension. The bracelet is made by Lascor from a special stainless steel alloy, called O-Megasteel, which, distinguished by its brilliance and its exceptional mechanical resistance to wear and corrosion, is different from standard 316L steel. It has three rows of links that are securely joined together by a laser welding process developed in house. This complex machining allows the same finishes to be applied to the bracelet and clasp as to the case, thus guaranteeing geometric homogeneity.



MECO

A producer of large volumes of parts since its very beginnings, Mecco set up a specific line for Swatch Group Prestige and Luxury brands in 2022. This has made it possible to improve performance in terms of quality and logistics through flows that are increasingly better managed thanks to a dedicated framework.

A major project aimed at reducing cycle times and increasing tool life was also launched. This will continue throughout 2023 with the aim of further improving the competitiveness of the company's products.

Developments in automation took center stage in the MECO2025 project. These are particularly geared toward helping to limit the impact of structural cost increases due to inflation.

New methods for the production of stamped crowns and stamping punches were also added to the range of manufacturing processes, thus providing greater flexibility and responsiveness.

Finally, it should be noted that the shared creativity between Swatch Group brands and Mecco enabled the development of products that are both unique and original in the markets.

CHH MICROTECHNIQUE

In 2022, CHH Microtechnique was able to pursue its objectives despite a difficult economic and geopolitical year.

In order to meet the growing demand for complex and varied types of components, major investment projects were initiated in production tooling, principally in the Supplies line, including both the bar turning and CNC machining sectors, as well as the Assembly line. Several state-of-the-art production facilities were and will continue to be implemented in order to offer CHH Microtechnique's customers better responsiveness in terms of deliveries and integration of new calibers. This willingness to invest and expand will enable the company to increase the development and production capacities available to Swatch Group brands, and thus to continue the strategy of integration and verticalization of numerous skills linked to the achievement of its high-end products.

During 2022, the *haute horlogerie* component specialist successfully supported Swatch Group's Prestige and Luxury brands, notably Breguet and Blancpain; it also contributed to the achievement of the most complex caliber ever created by Omega: the Co-Axial Master Chronometer 1932, installed in the Olympic 1932 Chrono Chime.

For environmental health reasons, lead was eliminated from watchmaking raw materials; accordingly, CHH Microtechnique continued to develop new machining processes in 2022 to adapt its production to a lead-free brass alternative, conducting tests and trials in partnership with its sister companies, the Manufactures Breguet and Blancpain.



With a surface area of more than 15000 m² spread over six floors, the new CHH Microtechnique factory, whose construction began in 2019, is ready to accommodate the entire company. The workshops at the L'Orient site were the first to move into the building at the end of 2022. The relocation of all production and administrative services will continue during the first half of 2023. In accordance with the planned strategy, the integration of the company's production units into this building will enable the hosting of the training center for CHH Microtechnique, Breguet and Blancpain apprentices in one of the newly vacated sites.



UNIVERSO

In 2022, Universo was extremely active in all of its business areas. As a result, the company was able to successfully put to the test the numerous technical and administrative projects carried out in recent years.

The excellent communication between the different teams involved in continuous improvement made it possible to offset some of the cost increases that the world has been experiencing.

The enhancement of the fleet with new diamond machines means that Universo can approach 2023 confidently, while continuing to aim for significant improvements in productivity. In the year under review, Universo integrated new technologies for decoration and selective laser coloring, opening up new perspectives in the creation of appliques and hands.

The development of new varnish colors, now conducted in-house, has reduced the development time for varnished products, which, thanks to a recently introduced industrial process, now include appliques and dial indexes.





NIVAROX-FAR

For Nivarox-FAR, 2022 was marked by an adaptation of production resources in order to deal with geopolitical events along with the challenges of sustainability, savings and securing energy supplies.

In the course of the year, Nivarox-FAR worked to prepare for the future by adjusting its capacities and resources to meet increasing market needs and the prospects for 2023: industrial calibers, exclusive Co-Axial escapements, screw-cutting of watch components, machining of special materials for the Master Co-Axial range and capacities of the foundry dedicated to the recycling of precious materials.

The company also expanded its competencies by integrating the production of solar dials, dedicated to the Tissot connected watch models. At the same time, it increased its reserves of raw materials for the manufacture of its strategic components by setting up decentralized stocks and a central warehouse.

In keeping with its ongoing attention to securing its activities, Nivarox-FAR integrated its OSTRAL plan into its business processes from November 14, 2022. A specific strategy was established for each of the production sites to deal with possible quotas or distribution stoppages in the event of an energy shortage.

Despite a very complex recruitment context, Nivarox-FAR consolidated the skills of its teams by hiring several dozen new employees. In addition, in order to enhance its visibility and awareness of its activities, a state-of-the-art website was put online.

In June 2022, all Nivarox-FAR apprentices graduated and all apprenticeship positions were filled for the following academic year. In keeping with tradition, the company also offers continuing education for adults in collaboration with Swatch Group's training department and the various structures specialized in this field.



RUBATTEL ET WEYERMANN

The go-to watch-dial maker for the Swatch Group brands had an intense year in 2022. The company continued to optimize its production processes, thereby meeting the ever-growing demands of its increasingly complex products. Thanks to the tireless commitment of the employees and the collaborative work between the different departments, efficiency and, by extension, performance were significantly improved. This excellent team spirit enabled a smooth migration of the management system.

The brands enjoyed the benefit of the company's agile new work methods when it was supplying their dials, while customers, suppliers and subcontractors saw their relationships with Rubattel et Weyermann similarly strengthened. All these improvements led to outstanding results, particularly in the second half of the year.

In 2022, Rubattel et Weyermann once again demonstrated its creativity by developing the dials for the Bioceramic MoonSwatch Collection, the result of a partnership between the Swatch and Omega brands.



MoonSwatch: sun-brushed dial



MoonSwatch: bezel with tachymetric scale





MOM LE PRÉLET

The year under review strengthened MOM Le Prélet's role as a privileged partner for the production of dials for Swatch Group's Prestige brands. From single-edition models to medium-sized series, MOM Le Prélet is able to respond to the increasingly demanding creativity of its customers, by combining *métiers d'art* such as traditional enameling or *guilloché* with the most advanced technologies developed by the Group's partners. Expertise in the restoration of antique dials has been integrated in order to offer this service to Prestige brands. This is an interesting potential market that is perfectly in line with the artisanal nature of most of the company's activities. Over the past year, investments were made to increase and secure machining capacities. These measures will enable MOM Le Prélet to produce *tapisserie* decorations using the pounced ornament technique, which consists of removing material to model the relief of the dial, to increase the quality of gradient varnishes or to assist in the decoration of date indicators. At the same time, the company successfully optimized working conditions in its workshops, with an emphasis on safety and security. An analysis of MOM Le Prélet's logistical operations, carried out over the past year, has enabled the implementation of appropriate measures to improve service rates while keeping pace with the growth and evolution of the brands. The migration to a new resource management system (ERP) will be the culmination of a long process that started in 2022.



MANUFACTURE RUEDIN

The year under review ended with double-digit growth for Manufacture Ruedin, which successfully met the strong demand from Swatch Group brands. Major developments were carried out on behalf of Omega for the launch of a new Seamaster Aqua Terra model and a new De Ville Prestige collection with Master Chronometer certified calibers. In addition, a new model in the Constellation collection with a blue bezel and white enamel and a new Seamaster Planet Ocean Ultra Deep, water-resistant to 600 bar (6000 meters), were launched. These achievements were enabled by close collaboration between the various players. For Longines, the year was significantly marked by the HydroConquest, Spirit Zulu Time and Master 34 mm models, unveiled by new brand ambassador Jennifer Lawrence. On the occasion of the 60th anniversary of the iconic DiaStar Original model, a product first developed in 1962 with the support of Manufacture Ruedin, Rado presented the DiaStar 2 Original as well as the special edition DiaStar Original 60-Year Anniversary in Ceramos™ material. Various strategic industrial projects were launched with the objective of increasing productivity by working on process autonomy. Going forward, Manufacture Ruedin intends to reinforce continuous training of its employees, as well as training of its apprentices.





COMADUR

In 2022, Comadur continued to invest in almost all its production lines, which are required to support the growth of Swatch Group's brands. More specifically, the beginning of the year was marked by the relocation of the entire production and development line for its ceramic raw materials to the Boncourt site, as well as the pressing processes and part of its sintering capacities. On this same site, a laboratory was also created in order to validate all its basic materials. This strategy allowed the company to initiate the separation of the Prestige and Luxury segment production lines from those of the High Range segment by allocating them to the Boncourt and Col-des-Roches sites. Also in the context of brand growth, Comadur continued to develop its ceramic line, enabling Blancpain to launch a limited edition model in the Fifty Fathoms collection: the Bathyscaphe Golden Jubilee Edition, with a bezel combining ceramic and Ceragold®. The same goes for Omega and its Seamaster collection, with a model combining a green ceramic dial and a matching ceramic bezel, the latter enhanced by the integration of white enamel. Also worthy of mention are Longines and its new Spirit Zulu Time models equipped with ceramic bezels in multiple colors and Rado with the brand-new Captain Cook High-Tech Ceramic case. The company also focused on the development of other colored enamels that are ideal for ceramics, both in terms of their longevity and their aesthetic integration.

Also tremendously successful were the box and *chevé* sapphire crystals, which not only slim down but also highlight the heart of the watch, while giving it a vintage effect, in perfect harmony with the cases produced by Comadur's sister company Ruedin.

This production was boosted by the acquisition of dedicated machines, which today are destined not only for the Prestige and Luxury brands, but also for the High Range counterparts.

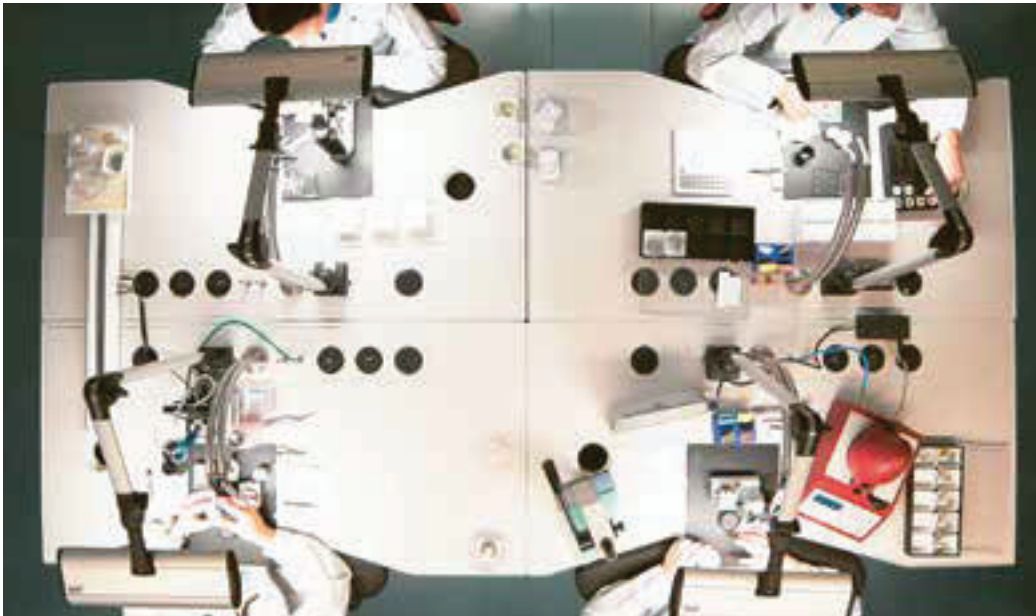
Finally, the Bioceramic MoonSwatch Collection's incredible success has to be mentioned. Comadur supported the project by manufacturing specific micro-components such as watch jewels and micro-magnets.



NOVI

As part of the Assembly Profit Center established in collaboration with The Swatch Group Assembly, Novi continues to focus on improving its competences in the T2 phase. The hub's mission is to specialize in Swatch Group's Prestige and Luxury Range brands, with a particular focus on Blancpain and Omega. The redefinition and reallocation of spaces within the hub is ongoing, with an emphasis on matters of security and safety, optimization of the logistics areas and energy savings.

In accordance with the Profit Center's core strategy – the development of on-site competences – Novi aims to offer the best possible services to the brands, enhancing their quality and precision. Production flows have been reviewed and expanded, thanks in part to The Swatch Group Assembly. For example, a joint study is underway to facilitate the implementation of lean production methods. Working as a team with The Swatch Group Assembly, Novi represents the main point of reference for Swatch Group's assembly activities in French-speaking Switzerland.



THE SWATCH GROUP ASSEMBLY

It is the mission of The Swatch Group Assembly (TSGA), Swatch Group's Ticino-based assembly company, to deliver high quality and maximum flexibility to the brands, pursuing innovation and continuous improvement both in processes and technology.

In 2022, it began to support Omega with the assembly of bracelets and watch heads. A customer service hub was also created for Tissot, Certina and Mido, offering a complete repair service, from disassembly to polishing, for both the Swiss and the international markets.

One of the year's most notable projects was the implementation of a new automatic stock system in TSGA's warehouse, which allows it to provide lean logistics services to the brands' supply chains in Ticino. Another major project consists of a substantial renewal of the Ticino hub, enabling TSGA to manage its current and new operations optimally. It will become operational in 2023.

TSGA has invested in developing technical and soft skills, ensuring that its people are equal to any new challenge. Finally, TSGA officially consolidated its synergies with Novi by creating an Assembly Profit Center, aimed at sharing competences and processes and offering the best service to the brands.



DRESS YOUR BODY (DYB)

In 2022, Dress Your Body (DYB) reinforced its activities in the manufacture of watch case components in precious metals, becoming a master craftsman for small series, notably for the Hamilton brand and its Ventura Quartz Gold model. This limited edition paid tribute to the 130th anniversary of the world's first electric watch. The company is now able to offer its customers new competences in the watchmaking field.

Although its main activity remains gem-setting, which DYB is constantly evolving, increasing its skill set and consolidating relationships of trust with its customers, it works with brands on their own various initiatives while placing its technical skills at their service. Its support for luxury brands such as Breguet, Harry Winston, Blancpain and Jaquet Droz continued throughout the year in various development projects and exceptional small series.

At the same time, DYB expanded its capacity in the field of *grand feu* enameling. Indeed, this know-how allowed it to enter into a collaboration with Longines and to contribute to the creation of the Flagship Heritage collection's caravel medallions with enamel. In the same vein, the company continued its partnership with Omega, as with, for example, the enameling of the Moon Phase medallions or with the different types of tachometer bezels for the Speedmaster models.

Métiers d'art are an integral part of the range of specialties, along with the beveling of various blanks for movements and engraving. DYB is also developing its casting skills with precious metals with, for example, the casting of platinum and gold alloys. The company continued to collaborate with Omega in the manufacture of jewelry, thus enhancing its watch collection while appealing to a broader customer base.

In 2022, DYB started a training plan for all its employees in charge of the finishing of its products. In the area of quality,

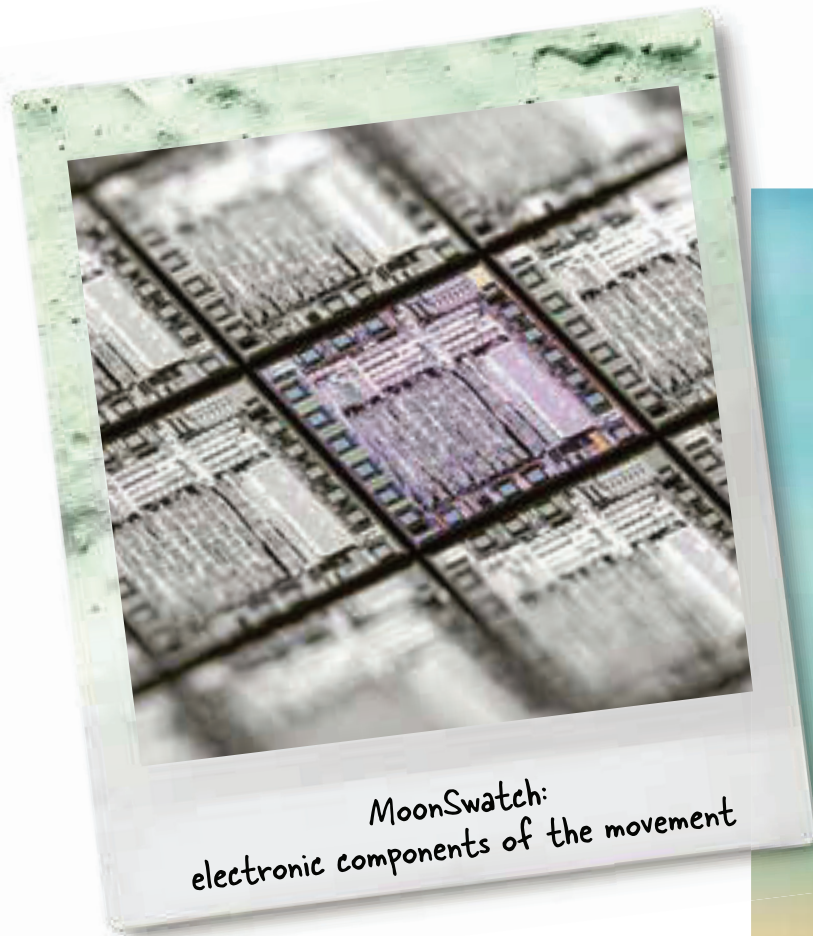
the company acquired new monitoring equipment, both dimensional and based on industrial imaging technology. DYB continued to invest in various areas of innovation, including micro-machines for machining and polishing. These developments are directly linked to the theme of energy saving, which is key to perpetuating and maintaining its standards in its fields of activity.





ELECTRONIC

SYSTEMS



EM MICROELECTRONIC

The situation in the semiconductor market remained very chaotic in 2022, with severe shortages at all levels: chip manufacturing capacity, equipment availability, raw material and human resources. In this challenging context, EM Microelectronic managed to maximize its business impact thanks to careful planning and solid execution focus, delivering solid year-on-year growth in line with its industry peers.

The production and supply chain planning rationalization continued throughout 2022. With a demand severely exceeding available supply at all levels, the year was particularly marked by significant cost increases across the board for the entire industry. While being forced to adapt its procurement setup and pricing policy to customers, EM Microelectronic delivered against its customer committed volumes, placing at the center of its efforts the avoidance of any significant shortages, consistent with its reputation for solidity and reliability. The Swatch Group-backed, Swiss-based manufacturing footprint once more proved its essential role as a key pillar in offering this stability. The front-end wafer fab again delivered outstanding performance, exceeding its nominal installed capacity for the second year in a row. EM Microelectronic's plans to expand its capacity were in part delayed due to increasing equipment lead times. Nevertheless, the company continued to expand its industrial footprint, with additional investments launched in 2022.

EM Microelectronic supported several Swatch Group programs with essential electronic parts, including the extremely successful MoonSwatch launch, contributing to its parent company's success by shielding its production from the semiconductor market turbulences.



For external customers, EM Microelectronic again experienced solid growth in the Medical and Human Interface Devices verticals. The company's Bluetooth Low Energy (BLE) IC has become the market standard for certain massively deployed health monitoring applications, while its customized sensor and ultra-low power processing ICs continue to grow due to the home office trend in the market. 2022 also marked the introduction of EM Microelectronic's new flagship BLE product, called em|bleu, the smallest and lowest power device of its kind.

In the RFID segment, EM Microelectronic's signature emlecho-V RAINFC technology reached its cruising altitude, with numerous design wins for smart packaging and product authentication applications. The growth was hampered by the production capacity constraints. Also in a context of extreme market turbulence, EM Microelectronic managed to secure deliveries across RFID product families at a consistent level and in line with its commitments to customers and partners.

The 2023 outlook is mixed, with disruption foreseen in several market segments. Some are expected to grow; others are likely to shrink significantly. While still heavily allocated in terms of production capacity for the next 18 months, EM Microelectronic addresses the future period with prudence. Its business is expected to follow the global semiconductor market trend, with a limited further year-on-year growth in a very volatile environment.

RENATA

The Swiss micro-battery specialist experienced a difficult but successful year in 2022, during which it celebrated its 70th anniversary. Thanks to excellent diversification of its product range and sales regions, Renata managed the global crises and challenges very well.

Following a record start in all segments, a number of material and transport bottlenecks occurred due to the war in Ukraine as well as the considerable ongoing restrictions caused by Covid-19 in China.

The development of silver oxide cells was therefore all the more gratifying, with a record year in this segment, particularly in the medical area. The watch replacement market also had another strong sales year, as did the lithium primary cells manufactured in Switzerland.

Renata experienced a veritable boom in the demand for its rechargeable micro-batteries. Customized sizes for the medical industry were particularly in demand. One of these new geometries was developed for the new generation Tissot T-Touch Connect Solar.

The company once again undertook several optimizations and enhancements in order to meet all these increased requests.

Notable among them were new hot runner injection technologies, as well as more efficient tableting equipment. Such technologies not only increase capacity and quality, but also contribute to resource-saving production through less waste and lower energy consumption.

Sustainability is a particularly important issue for Renata, which has been manufacturing in accordance with the DIN ISO 14001 environmental management system for many years. In 2022, the company had itself assessed by EcoVadis and achieved silver certification on the first attempt. This international quality seal underscores the company's commitment to environmental, social and ethical issues in its manufacturing and supply chains. In the area of marketing, Renata carried out some joint activities with its sister companies EM Microelectronic and Micro Crystal, including a shared website and trade fair appearances at Electronica in Munich, MD&M in Anaheim, Swiss Medtech Day, and Embedded World in Nuremberg. Great customer interest led to many valuable contacts and numerous newly-won projects.





MICRO CRYSTAL

The year under review was extremely successful for Micro Crystal. After the sharp rise in demand for quartz in 2021, there was a global shortage in 2022 and demand far exceeded Micro Crystal's production capacities. In this environment, the company ramped up production as much as possible and produced seven days a week around the clock. The goal was primarily to supply long-standing customers with sufficient quartz crystals. The shortage on the quartz market could also be used to win new customers with higher-value quartz products. Swatch Group's strategic advantage of manufacturing all important watch components in-house was once again demonstrated in this particular market situation. Micro Crystal is now the world's only non-Asian watch quartz manufacturer. For years, the company has generated the majority of its sales from applications outside the watchmaking sector. In this regard, Micro Crystal has been able to increase sales strongly, especially with its high-value products in the medical, automotive and industrial sectors. In addition to the pure quartz business, the sale of integrated real-time clock modules is becoming

increasingly important for the company. The fields of application of these modules, where the quartz and an IC (integrated circuit) are integrated in a miniature module, are very widespread, and include battery management systems in electric vehicles, outdoor cameras and implantable medical electronics. As a result of all these measures, Micro Crystal is now far less dependent on the highly cyclical consumer electronics markets and is therefore also less exposed to the sometimes-strong price pressure.

Thanks to high demand, large production volumes and the shift to higher-value quartz products, Micro Crystal not only increased sales massively in 2022, but also achieved exceptionally high profit margins.

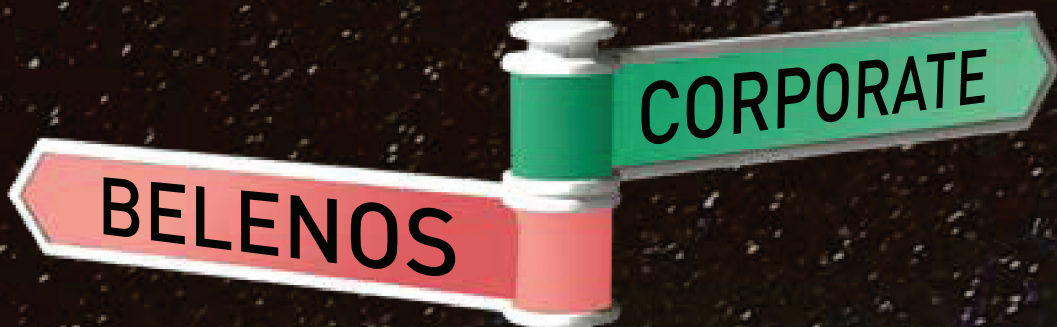


SWISS TIMING

In 2022, sports fans returned to competition venues in record numbers and Swiss Timing, working closely with the Swatch Group brands, was on hand to deliver its high-end timekeeping, data handling and results services at the world's most thrilling events. What a year for multi-sport enthusiasts! In February, Swiss Timing was with Omega at the Beijing Olympic Winter Games, delivering exemplary service in extraordinary circumstances. Cutting-edge innovations introduced at the Games included the first computer vision system in figure skating and motion sensors in ski jumping that delivered speed and angle analysis to TV viewers. The summer included the wildly successful Commonwealth Games with Longines in Birmingham (GBR) and the popular World Games with Tissot in another Birmingham (USA). The FINA Swimming World Championships in June and July were relocated at short notice from Fukuoka to Budapest and Swiss Timing adapted quickly to the venue change, making a splash with Omega. In the exciting FIS Alpine Ski World Cup campaign, Longines returned to the slopes for every sensational run. Tissot maintained its close link to basketball as Official Timekeeper both with the NBA and Germany's EuroBasket. Also with Tissot, Swiss Timing again delivered its timekeeping services to all three Grand Tour races in 2022: the Giro d'Italia, the Tour de France and the Vuelta a España as well as the UCI World Championships. Swiss Timing's high-profile year ended in Melbourne's pools, where Omega timed

the FINA World Short Course Championships. As 2022 came to a close, Swiss Timing was looking ahead to a pre-Olympic year and the test events leading up to the Paris 2024 Olympic Games. The timekeeping specialists already have their bags packed for another year full of sporting highlights.





SWATCH GROUP RESEARCH AND DEVELOPMENT

Founded in 2005, The Swatch Group Research and Development Ltd comprises the R&D divisions of Swatch Group and other divisions responsible for pilot production and special products. In addition to these activities, the company is also involved in the coordination of technological innovations for the various other Swatch Group companies.



ASULAB DIVISION

As Swatch Group's central research and development laboratory, Asulab's main mission is the design of technically innovative watch products, subsystems and components, as well as the development of the cutting-edge technologies and processes required for their manufacture. In 2022, brands and manufacturers were once again able to benefit from Asulab's know-how and high-performance equipment for the realization of original products presented at events, as well as for the industrialization of new processes and components. Asulab worked closely with the various Swatch Group companies, adapting its technical program to the product needs of the brands according to their priorities. The acquisition, renewal and implementation of skills and technologies are essential for Asulab to pave the way for new opportunities. These objectives have been achieved through partnerships with renowned research institutes in Switzerland and abroad.

In 2022, Asulab developed efficient technical solutions to bring original products for Hamilton and Certina to market. In cooperation with EM Microelectronic Marin and CDNP, these solutions were successfully validated and industrialized. The development of thin-film metal alloys now makes it possible to apply color shades to internal components according to the customers' specifications. Asulab succeeded in combining materials from esthetically unsuitable parts with a polymer material extracted from organic waste, as part of a project to recycle them. The resulting composite material is used to manufacture watchmaking accessories. Other innovations have been completed and will be industrialized for the brands and manufacturers. Significant developments in electro-optical displays were also pursued and will soon allow for future original products in line with public expectations.

MOEBIUS DIVISION

A division of The Swatch Group Research and Development Ltd., Moebius is dedicated to the production of lubricants and epilames used in the field of advanced microtechnology. Thanks to its close collaboration with production companies such as ETA and Nivarox-FAR and prestigious brands including Blancpain and Breguet, Moebius has developed new Fixodrop epilames that are even more effective in making movement lubrication more reliable. In 2022, the range of fluorescent products (FL) was extended. Under ultraviolet light (UV), these oils or greases emit a green light, making it easier to check lubrication points. Moebius also invested in environmentally-friendly recycled packaging.

CDNP DIVISION (CENTRE DE DÉVELOPPEMENT DES NOUVEAUX PRODUITS)

The CDNP specializes in the design and standards of watch decoration, machining and surface treatment of metal components for all Swatch Group manufacturing companies and brands.

In 2022, the CDNP strengthened its platform for the deployment of new industrial technologies and, in particular, for surface polishing, which is expanding and in a consolidation phase. Several production companies have already started to use this proprietary technology and the results are very promising. In addition, the company has further enhanced the sustainable and eco-responsible approach it applies to all the services it offers, including monitoring technological developments, design, new product development, prototyping and packaging.

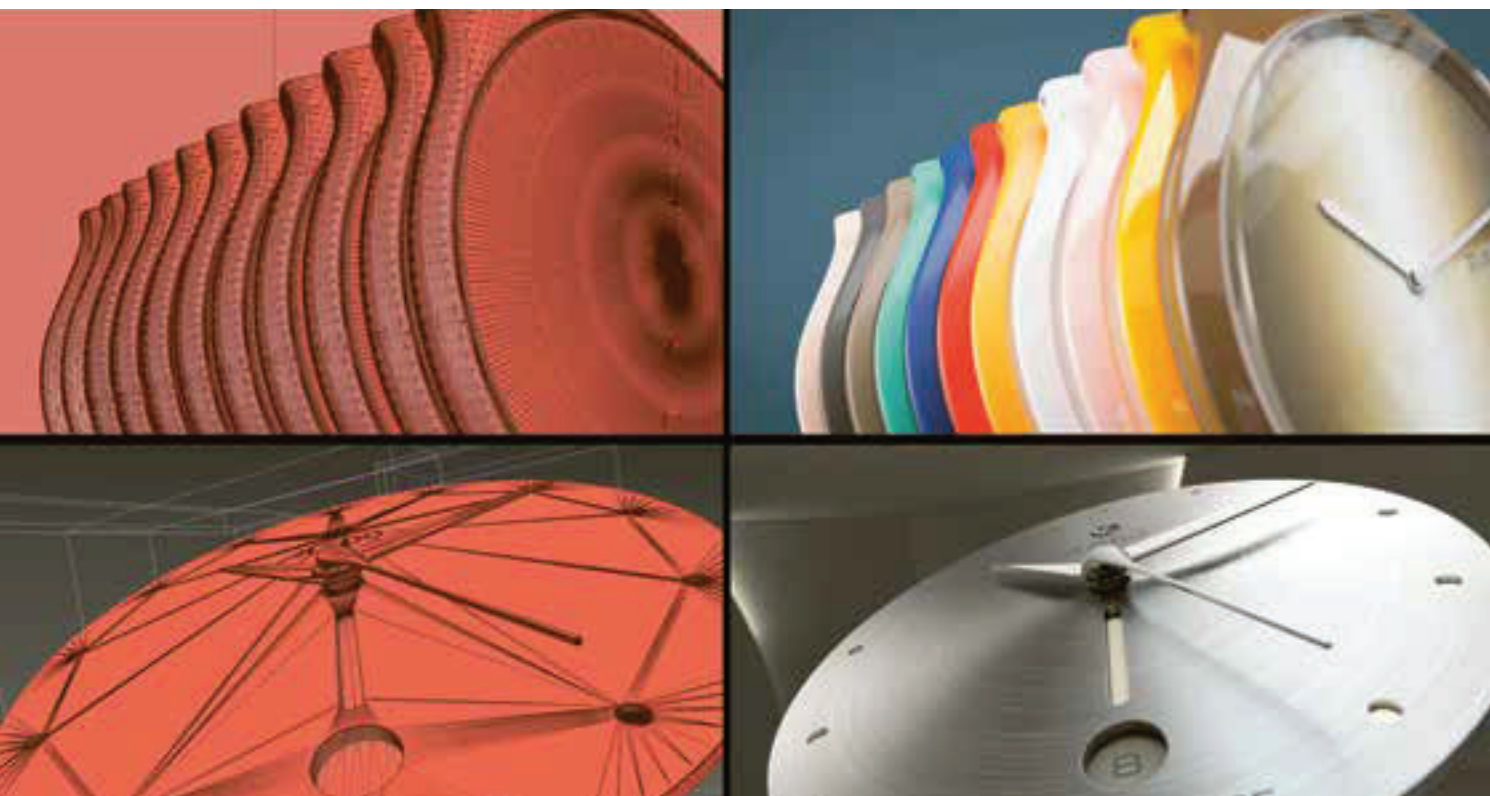
CDNP's extensive experience in trim design and machining has enabled it to meet multiple challenges, both technical and aesthetic. Its team of engineers and prototypists, in partnership with Asulab and other R&D companies, worked to find creative and ingenious solutions that have led to the successful market launch of new products.

The design department also conceptualized and produced digital animations for the e-commerce sites of the Swatch Group brands, thus contributing to the emotional content published on social networks and in stores.

Building on its technical skills and more than 20 years of experience in polymer 3D printing, CDNP is also a training



company, having developed a training program with ETA, as well as workshops for employees and apprentices. Its comprehensive services, fleet of 3D printers used for both aesthetic validation and technical applications, or for testing new materials, along with its ability to find solutions and innovate, are highly appreciated and in demand.



ICB INGÉNIEURS CONSEILS EN BREVETS

The key missions of ICB Ingénieurs Conseils en Brevets are protecting Swatch Group's technical innovations, enhancing the value of its technological assets, market surveillance and combating counterfeiting.


In 2022, ICB continued its efforts to identify technical innovations within the various Swatch Group companies and research and development divisions to ensure optimal protection of its technological assets. The filing of new patent applications to protect Swatch Group companies' innovations, as well as the related support activity, remained stable, at levels similar to those in previous years.

All those involved in research and development are continually made aware of the importance of patents in the strategy of an innovative company. The engineers and research teams from the various Swatch Group and ICB companies work in close collaboration with each other. This effective synergy was again particularly important in 2022 in both the watchmaking and non-watchmaking areas of the company.

Substantial efforts were made to support the brands' market penetration strategies. To this end, financial investments linked to obtaining patents in Switzerland and abroad for new products and developments were continued in a targeted manner, in order to cover the main markets and production sites.

In collaboration with Swatch Group's legal department, ICB continued to support the Group's companies and various departments in defending their rights, wherever and whenever necessary.

ICB's management continued its strategy of controlling its operating costs, particularly those related to the maintenance and acquisition of patent rights.



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 DEBAUD et al. Pub. Date: **Jun. 24, 2021**

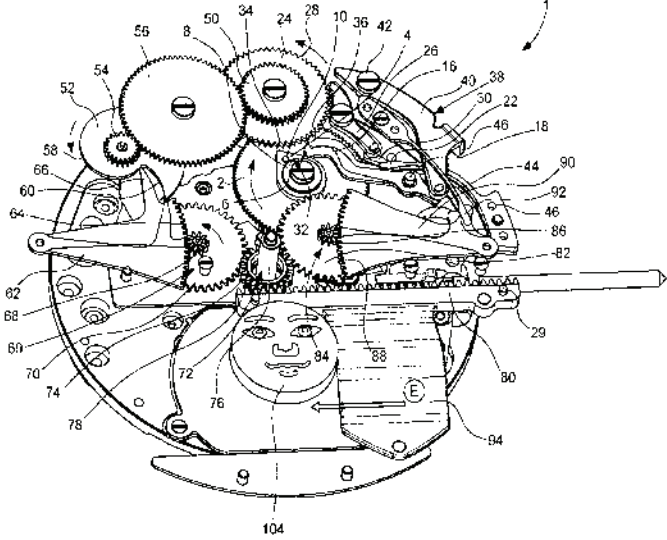
(52) **MOON PHASE DISPLAY MECHANISM** (52) **U.S. CL.**
 (71) Applicant: **Blancpain SA, Le Brassus (CH)** CPC: **G04B 19/268 (2013.01); G04B 708/66 (2013.01); G04B 19/266 (2013.01)**

(72) Inventors: **Nicolas DEBAUD, Blonay (CH);**
Bernard MONFERRIER, St-Pierre (CH);
Pierpasquale TORTORA, Nanchard (CH);
Gédric BLATTIER, Cerny (CH) (57) **ABSTRACT**

(73) Assignee: **Blancpain SA, Le Brassus (CH)**
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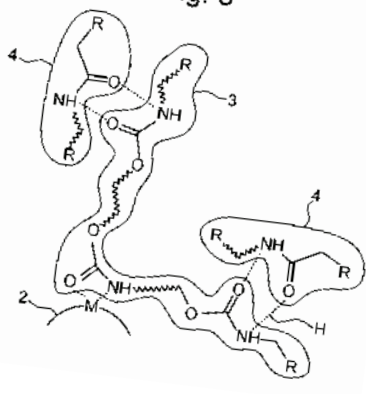
A moon phase display mechanism driven by a horological movement, this moon phase display mechanism including a transparent support provided with an upper face and a lower face which extends at a distance from the upper face, a representation of the Moon being transferred, for example by printing or by engraving, to one of the upper or lower faces of this transparent support, a substrate being disposed under the transparent support, at a distance therefrom, the moon phase display mechanism also including a shutter which is driven by drive means moved by the horological movement and which is arranged so as to displace between the transparent support and the substrate, the shutter and the substrate being display contrasts which are inverted relative to each other.



MATERIAU PLASTIQUE LOURD

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Fig. 3



**MoonSwatch:
 patent application for bioceramic material**



BELENOS

Belenos has intensified its efforts to enhance the competitiveness of its battery design, which the company improved significantly while maintaining the desired high energy density. The use of critical raw materials was further reduced through the optimization of battery components. The focus on research and development on the promising technology of batteries with lithium metal anodes and solid electrolytes proved to be an effective response to demand, paving the way for future market opportunities. A number of patents were filed to protect key innovation steps, and other equally important patents are pending or being prepared. Work on integrating the Belenos cell into a battery pack has focused on the new features of the Battery Management System. Various related innovations have already been patented and are awaiting technological validation. The integration of this battery pack into a vehicle is currently being carried out internally by Belenos in order to take measurements in an automotive environment.

Targeted cooperation with academic and industrial partners in Switzerland, the EU and beyond has already generated results and provided important momentum for development work. These, as well as investments in infrastructure and equipment in the field of solid-state battery technology and surface technology, have yielded important results and will play a major role in future projects.

Organizational modifications supported the company's development work and innovative strength and teams were selectively enhanced with new talent. This allowed development work to progress in an innovative and goal-oriented manner.

With partners in Switzerland, the EU and other countries, this already robust network was further expanded to achieve a competitive battery technology.

SWATCH GROUP IMMEUBLES

For Swatch Group Immeubles, 2022 was characterized by the energy transition. In close cooperation with the owners, the aim is to operate CO₂-neutral properties by 2050. To this end, important foundations for the reduction path were created in the year under review by analyzing the energy efficiency of most of the owners' properties in accordance with Cantonal Building Energy Certificate (GEAK) standards. The results of this analysis are incorporated into the owners' medium-term investment plans and policies. The energy-efficiency renovation policy that has been pursued for years will be continued; and in addition to insulation measures for the building envelopes, the focus will be on replacing fossil heating systems with alternatives such as district heating, heat pumps and other technologies.

The final implementation of a new property management system forms the basis for a consistent implementation of digital management processes without losing customer contact. Reporting systems are being further expanded not only for the owners, but also in the area of service charge billing for the tenants, which has become more pressing and in need of explanation in the wake of energy price increases and inflation.

SWATCH GROUP SERVICES

SWATCH GROUP LOGISTICS DIVISION (SGL) AND EUROPEAN DISTRIBUTION CENTER DIVISION (EDC)

Swatch Group Logistics continued to support the subsidiaries, brands and production companies worldwide with its activities in the field of supply chain management. Efforts were dedicated to offering forward-looking solutions that meet customers' expectations in terms of service level, quality, traceability and communication.



In 2022, production companies succeeded in continuously aligning their output to the needs of the brands by using a common platform and advanced planning tools. The subsidiaries activated major projects in their warehouses in order to further increase productivity and to deliver best-in-class service, paying special attention to e-commerce. Due to limited capacity and increased fuel prices, 2022 was a challenging year. By constantly monitoring the key figures and agile adaptation of transportation routes and means, negative impacts were largely avoided. The situation led to the exploration of new concepts such as collaborations with local carriers in the destination countries.

In the European Distribution Center (EuLog), a new tool was implemented that brings a complete overview of each e-commerce order for the customer care team in the European markets and the brands. Furthermore, a retrofit of the e-commerce activities was made with a dedicated working area for all value-added services. The process was adapted to the needs of each brand and fully integrated into the existing process flow. The outbound process of the parcels was automated in order to reduce bottlenecks and to ensure that all parcels left on the same day.

SWATCH GROUP INFORMATION SECURITY DIVISION

In 2022, the Information Security division successfully continued to maintain and improve Swatch Group's protection needs. Even in a year made challenging by increased risks, the division supported such business units as production, logistics, and human resources, to optimize the security postures of new and existing digitalization initiatives.

These capabilities are continuously adapted in line with the state of the art through the regular analysis of cyber threats and technological developments and by implementing any necessary remedial actions immediately. In addition, the improvement measures of the information security culture are implemented at all levels within the Group in various ways, including dedicated workshops and e-learning, which are available in different languages. The combined approach of user awareness training and technological measures consistently enhances and maintains the level of security.

The division remained involved in a number of strategic projects for the Group in 2022. It also engaged actively in relevant efforts in the areas of third-party risk management, application/digital security, cybersecurity monitoring and information security audits.

SWATCH GROUP INFORMATION TECHNOLOGIES DIVISION

For the Swatch Group Information Technologies division, 2022 was at once challenging and very positive. The Group Applications department was engaged in its support of the brands in the activation of e-commerce initiatives and in improving IT solutions for retail and customer service. Also, thanks to its close collaborations with Swatch Group brands and markets, it was active in enterprise resource planning (ERP) replacement work.

The IT Systems & Infrastructure department continued to renew the various IT infrastructures including, notably, the platforms supporting the main ERP and collaboration systems such as email, calendaring and instant messaging. In the area of security, a number of new technologies were implemented with the aim of making information systems more secure.

The adaptation of the organization, the upgrading of know-how, the automation of processes and the adoption of modern working methods are continuous tasks for the IT Division. These essential activities enable it to respond competently to any digitization and technological changes Swatch Group might encounter.



SWATCH GROUP CORPORATE CUSTOMER SERVICE

The Customer Service (CS) Task Force works closely with the customer service organizations in Swatch Group's subsidiaries, helping to ensure that their services meet or exceed customers' needs. In both the United Kingdom and Germany, where business requirements outgrew the premises' capacities, it was decided to relocate to new facilities. In Pforzheim, the customer service organization moved into a Swatch Group-owned building, which was previously occupied by a dial producer. This facility was repurposed to meet the customer service organization's operational needs. In Southampton (GB), a new building with an expanded floorplan and purpose-designed layout will replace the aging one, enabling the team to accommodate the increasing work volume. Both relocations allow the organizations, with the support of the CS Task Force, to review their processes while lean principles and best practices are used to optimize quality and lead times. The new operations will also focus on the well-being and comfort of staff, offering a modern and friendly working environment. Installation of photovoltaic systems and charging stations for electric mobility will contribute to an improved carbon footprint.

To make the best use of the customer service infrastructure, an initiative allows employees, with or without technical knowledge, to benefit from a training program that can give them access to technician positions specialized in diagnostics, quality control, polishing or other workshop tasks. For those who wish to become watchmakers, this is a first step toward achieving that goal while developing their key competencies within Swatch Group. In 2022, the CS Task Force reaffirmed its commitment to this initiative by introducing the latest technical innovations. It also launched a project to consolidate its network of trainers around the world to deliver a uniform level of excellence in the provided training. The resulting expertise ensures that the quality of services offered in the subsidiaries' centers consistently exceeds the level of excellence expected by their customers.



SWATCH GROUP GEMS DIVISION

As the diamond and gemstone purchasing center for Swatch Group brands, Swatch Group Gems Division (SG Gems) brings together experts in gemology, logistics and purchasing. Participating in the development of its customers' products, the division continued to advise them on selection and sourcing by drawing on its global knowledge of the market and gems. SG Gems provides Swatch Group brands with responsible sourcing at the best market conditions while maintaining strict quality standards. Constantly seeking to improve its services, SG Gems, the leader in the field, assures its customers of the integrity of diamond products at a state-of-the-art level. The year under review was marked by a sustained demand for diamonds and precious stones in a market made complex by geopolitical factors. Collaborations with the market's main players, close communication with suppliers, and careful monitoring of the supply chain enabled SG Gems to maintain high standards of product quality.



REAL ESTATE DEVELOPMENT DIVISION

The Real Estate Development division took steps to deal with the new challenges linked to the security of energy supply confronting it, both in Switzerland and abroad, with Swatch Group companies.

The process of modernization, renovations to the real estate portfolio and improvements to infrastructure continued, in particular at Blancpain in Le Sentier (VD), Comadur in Boncourt (JU), ETA in Grenchen (SO), Longines in Saint-Imier (BE), Manufacture Ruedin in Bassecourt and Boncourt (JU), MOM Le Prélet in Les Geneveys-sur-Coffrane (NE), Nivarox-FAR in Crêt-du-Loche and Fontaines (NE), Rado in Lengnau (BE), Tissot in Le Locle (NE), and The Swatch Group Assembly in Genestrerio (TI) as well as in Biel (BE) at Hamilton, Omega, and Swatch Group Services. This work, along with maintaining the Group's facilities, is part of a policy of constant reinforcement of the safety of people in the workplace and of the company's values. It also responds to a desire to optimize and verticalize production flows, and to improve infrastructure in pursuit of increased production quality. At the same time, they are a concrete expression of the Group's policy to reduce the consumption of water, fossil fuels and electricity drastically. The substitution of traditional energy sources by renewable alternatives remains a priority objective for Swatch Group's brands and production companies. The commissioning of photovoltaic production facilities will increase in the short to medium term.

The Real Estate Development division provided consultation, feasibility studies and design development for the Group's various subsidiaries and brands.

Finally, the division's specialists were very active in developing or renewing the vast network of boutiques for Swatch Group's most prestigious brands: the Harry Winston sales rooms in Chicago and Las Vegas, as well as the shop-in-shops for the same brand in key locations around the world. Omega enriched its sales network with the complete renovation of its boutiques in Saint-Moritz (GR) and Zermatt (VS).



SWATCH GROUP

IN

THE WORLD





SWISS MARKET

Swatch Group brands and retail chains enjoyed impressive growth in their home country, supported by a wide range of events, activities and partnerships. Here's a sampling of the year's highlights. Breguet underscored its support for creativity with its sponsorship of the gala European Culture Awards at the Tonhalle in Zurich in September. The brand presented its various collections at the event and invited its customers to enjoy this unique experience. In its role as global watch partner of the Michelin Guide 2022, Blancpain presented the Young Chef of the Year Award to Manuel Steigmeier at a ceremony at Lausanne's Hospitality Business School (EHL). A dedicated area allowed guests to observe a Blancpain watchmaker at work at his bench, alongside a chef who was also focused on his art. One of Omega's highlights was the Omega European Masters golf tournament, which took place in Crans-Montana for the 74th time. It marked the brand's 21st year as Title Sponsor. Omega also celebrated the last leg of the Wanda Diamond League at the Weltklasse Zurich in September.

Longines strengthened its presence in Switzerland through its numerous sports partnerships, including its roles as Title Partner and Official Timekeeper at the Longines CSIO St. Gallen, the Longines CSI Ascona and at Roggwil's Swiss Dressage Championships. The brand also put its expertise at the service of the FIS Alpine Skiing World Cup events in Adelboden, Wengen, Crans-Montana and Saint-Moritz. Rado, in collaboration with Hour Passion, invited passengers at Zurich Airport on a journey of discovery through its fascinating history. Current models and milestone watches were displayed impressively in the Airside Center. At the Swiss Indoors in Basel, Rado's invited partners mingled with the 56,000 spectators at the prestigious event.

In 2022, Lausanne welcomed stages of the Tour de Romandie and of the Tour de France, timed by Tissot. For the third consecutive edition, Tissot was the Official Partner of the Federal Wrestling and Alpine Festival in Pratteln in August. A special edition of the T-Touch Connect Solar watch celebrated the partnership. In 2022, Balmain reintroduced pieces with diamonds into its collection and this return to its roots was well received by its Swiss customers. Certina was involved in sport in its home market as a partner of the Swiss Padel Association. The year also saw the brand start working with the cross-country skiing association in French-speaking Switzerland.

Dizzying precision and sporty elegance in a breathtaking and incredibly picturesque setting: Mido presented its Ocean Star GMT Special Edition at the Swiss stop of the Red Bull Cliff Diving World Series in Sisikon. Hamilton strengthened its involvement in the field of aviation rescue with the announcement of its partnership with the Air-Glaciers helicopter rescue team. Together with a pop-up store and an 11-year collaboration with Air Zermatt, the news underscored Hamilton's long aviation heritage and renowned accuracy.

In April, the 30th edition of The Nines took place at 2800 meters on Crans-Montana's Plaine Morte Glacier. The action sport event, sponsored by Swatch, saw some of the world's top skiers and snowboarders taking part in six days of nail-biting action on specially built jumps that produced spectacular displays full of tricks and gravity-defying moves. And in March, the frenzied reaction to the biggest story in all of watchmaking – the Bioceramic MoonSwatch Collection – was kicked off with an announcement in Swatch's hometown of Biel.





Hofburg, Vienna

SWATCH GROUP AUSTRIA

Sales evolved extremely positively for Swatch Group Austria in 2022. This was reflected in all brands and price segments. Glashütte Original attracted many new customers – and locals in particular – through the relocation of its boutique. Omega showed a strong presence in all locations – particularly in the Vienna and Salzburg boutiques – and presented special exhibitions in Vienna on the Beijing 2022 Olympic Winter Games and on the theme of sustainability and social responsibility.

Longines held trade meetings for new products for Austria and the Central and Eastern European countries in the spring and was present at all major ski events, including the Ski Opening in Sölden. Rado organized an exclusive dinner with Swiss designer Alfredo Häberli to mark Vienna Design Week and showed sporting commitment as sponsor of the Erste Bank Open's Rado Day and the Rado Pro-Am. Meanwhile, Union Glashütte partnered with the Silvretta Classic vintage car rally. Certina appeared for the first time as sponsor of the Vienna Padel Open. Interest in Swatch reached new levels, and the incredible success of the Bioceramic MoonSwatch Collection led to long queues in front of stores. At the end of November, the brand opened a pop-up store with characteristic Art Nouveau elements at a prime location in downtown Vienna.



SWATCH GROUP IRELAND

2022 was a year of very strong growth for Swatch Group Ireland. Longines marked the year with two successful equestrian events. The brand hosted VIP clients and key Irish press at the Dublin Horse Show. The guests enjoyed five days of show jumping and fine hospitality. Longines continued its partnership with the Irish Champions Weekend, Ireland's most prestigious horse racing event. The brand was proud to host the Longines Young Designers Award for the second time. The winner, Rosemary O' Connor, was announced in the parade ring at The Curragh in Dublin. Following the sensational launch of the Bioceramic MoonSwatch Collection, a large crowd of enthusiastic customers greeted the arrival of the rolling planet in Dublin.



Carnaby Street, London

SWATCH GROUP UK

2022 was a record year across all brands for the UK. Breguet partnered with the famous London Frieze Art Fair with guests invited to a unique artistic experience in the Breguet Lounge. Blancpain hosted a press lunch with the underwater photographer and friend of the brand Laurent Ballesta to celebrate the Blancpain Ocean Commitment initiatives. An exhibition of Glashütte Original high complication timepieces took place in Edinburgh. Omega marked the opening of the Beijing Olympic Winter Games and its role as Official Timekeeper with a pop-up boutique, exhibition and members club at the Burlington Arcade in London. The brand was also delighted to celebrate the 60th Anniversary of James Bond at a secret London location in the presence of Daniel Craig. VIP guests enjoyed an unforgettable immersive theatre experience. Longines continued its prestigious partnership with Royal Ascot and resumed its role of Official Timekeeper at the Commonwealth Games in Birmingham, hosting guests from around the world. Rado was proud to become Official Timekeeper of the prestigious Hurlingham Club Tennis Tournament. The new Tissot Seastar 1000 and 2000 launch took place at the highest pool in Western Europe, at The Shard London. The success of the Tissot PRX collection was also celebrated with an exclusive party. Hamilton marked its 130th anniversary with an exclusive media dinner.

Swatch had an exceptional year with the Bioceramic MoonSwatch Collection launch as a highlight. Since launching, large queues gathered in front of the selected stores to secure one of the sought after 11 models. Starting in summer, the rolling planets visited prestigious locations across the UK to meet the very high demand. As a nod to the Queen's Platinum Jubilee, the brand launched the How Majestic watch, which became an instant hit. The Swatch X Dragon Ball Z collaboration was very successful, generating impressive results on social media. Four new Swatch stores opened during 2022.



SWATCH GROUP GERMANY

Breguet entered into a successful partnership with ART Düsseldorf at the brand's boutique in Germany. Blancpain supported a nature conservation project on the island of Sylt and presented a Fifty Fathoms Bathyscaphe Sylt Edition, available only in Germany, at the corresponding press event, while Jaquet Droz focused on the creation of exclusive one-off pieces as well as support for its authorized dealers. Omega hosted customer trips to Biel, and in October the brand's boutique in Berlin's KaDeWe department store relocated to a larger space. For the first time, Longines organized a roadshow – entirely dedicated to the Dolce Vita – which made stops on Sylt, at the Titisee, at Lake Starnberg, and in Wiesbaden. Rado, in turn, implemented television commercials, digital and print media activities, press lunches, and a design partnership. Union Glashütte showed its passion for retro automotive art and dedicated a special edition to former world-class driver Paul Pietsch, while Tissot presented its new Seastar collection to the media and retailers in Munich and Hamburg in May. Certina provided content creators with the press kits of its DS+ for video shoots, raising awareness in the process. Mido showed its new collection to customers in a cool pool atmosphere in the summer. In Munich and Hamburg, Hamilton shared some of the year's cutting-edge watch highlights with journalists and bloggers at press lunches. Swatch opened a store on the first floor of Berlin's KaDeWe based on the theme of its highly successful and original Bioceramic MoonSwatch Collection, with details such as half a MoonSwatch car, large screens and the unique Bioceramic to touch. Flik Flak scored points with a colorful Halloween blogger event at the Swatch Store Frankfurt.



KaDeWe, Berlin



SWATCH GROUP NETHERLANDS

The launch of the Omega Marstimer, developed with ESA, was celebrated at ESA's ESTEC facility in The Netherlands with VIP guests and press. Longines launched the DolceVita X YVY during CHIO Rotterdam with Dutch dressage rider Anne Meulendijks. Rado celebrated the DiaStar 60-Year Anniversary Edition at the Masters Expo in Amsterdam. In the summer, Tissot celebrated the start of the Vuelta in Utrecht with Olympic and world champions, Harrie Lavreysen (track cycling) and Niek Kimmann (BMX). Balmain successfully opened new POS throughout the year. Certina started a collaboration with the Dutch Padel Federation and also launched its DS+.

The opening of Hamilton's e-commerce platform was an instant success. The Netherlands was captivated by the Bioceramic MoonSwatch collection and in the summer, the Venus Mission and the pink rolling planet left happy customers clamoring for more.



Rijksmuseum, Amsterdam

SWATCH GROUP LUXEMBURG

Swatch Group Luxemburg's companies further assisted Swatch Group's international development throughout 2022 with their support activities by providing their services in the areas of operation financing, liquidity management and optimization of insured risk, this in a still challenging and volatile financial market environment. Located in the financial heart of Europe, Swatch Group Luxemburg benefits from the vast range of services provided by an internationally recognized and efficient banking and insurance system, which is regulated and supervised by national and European authorities.

SWATCH GROUP ITALY



As the main sponsor of the Forbes 30 under 30 event in Milan, Breguet focused on its links with young entrepreneurial talent. Blancpain welcomed guests to screenings of Laurent Ballesta's latest documentary and presented its Chef Mentor Award to Enrico Bartolini at Milan's Michelin Star Revelation. Glashütte Original introduced its chronograph SeaQ Panorama Date with a captivating digital campaign. Omega's new Italian friends included Olympic medalists Gianmarco Tamperi and Rossella Fiamingo, swimming legend Federica Pellegrini and actors Stefano Accorsi and Miriam Leone. Longines celebrated its 190th Anniversary partnering with Politecnico University Milano on a project dedicated to aviation, and also focused on new Ambassador of Elegance, Jennifer Lawrence and the GQ Man of the Year event.

SWATCH GROUP BELGIUM

Belgian customers and journalists were invited by the Maison Breguet to visit its partner, the Frieze contemporary art fair in London. Following the opening of the Omega boutique in Luxemburg, several shop-in-shops were set up with partner retailers, reinforcing the brand's image. Longines was distinguished by the breath of femininity with its new Ambassador of Elegance, Jennifer Lawrence, and thanks to the La Grande Classique and DolceVita XYVY collections. In addition, through its True Thinline x Great Gardens of the World collection, Rado highlighted the color of its high-tech ceramics by welcoming the press for a creative and poetic moment in the gardens of a château.

The press evening dedicated to the new Tissot PRX 35MM was a success! It afforded the brand great visibility and further enhanced its reputation. For its part, Balmain continued its expansion with its Eirini collections in natural stones or moon phase and *Haute Elegance* vintage. Certina, partner to the Belgian Padel Championship, organized eight remarkable events. Hamilton celebrated its 130th anniversary with its brand ambassador, pilot Nicolas Ivanoff. On the day of the launch of the Bioceramic MoonSwatch Collection, the result of a magnificent collaboration between Swatch and Omega, more than 2000 people queued up outside the Swatch boutique in Brussels, while rolling planets – cars in the colors of the various models – made stops in many Belgian cities.



Rado presented its collaboration with Grandi Giardini Italiani and introduced the True Thinline x Great Gardens of the World. Tissot celebrated its partnership with FIBA EuroBasket inviting enthusiasts to games and welcoming National Team captain Gigi Datome to the Milan Boutique. Mido was the Official Performance Partner of the Red Bull Cliff Diving World Series. Friend of the brand Alessandro De Rose medaled in the high dive event at the European Aquatics Championships. Hamilton awarded director Edoardo Leo and supported young filmmakers as it partnered with the 76th edition of Nastro D'Argento. The Bioceramic MoonSwatch Collection was a great success in Italy in 2022 and joy particularly broke out when the rolling planets arrived at key tourist destinations. The Biennale in Venice featured a high-profile exposition of work by Swatch Art Peace Hotel artists.



Pisa Tower



Benahadux, Almería

SWATCH GROUP SPAIN

If Swatch Group Spain's 2022 were defined by a single word, it would be "enthusiasm". Passion and motivation set the pace in all working areas; the pursuit of improvement was a constant in all teams; and thinking outside the box was a common thread. Breguet presented the new Hora Mundi, showing the two pieces in different environments with two time zones selected in each. Continuing its involvement with haute cuisine, Blancpain chose L'Atelier Robuchon as the venue for the presentation of its latest novelties in Madrid. Glashütte Original strengthened ties with new enthusiasts through its most iconic collections. Omega presented a Her Time tribute to its women's watches at Palacio de Liria, bringing together Spanish and international celebrities in the presence of Alessandra Ambrosio.

Longines presented the new Spirit Zulu Time watches at Real Observatorio de la Armada in Cádiz. Rado maintained its commitment to a closer approach to domestic business through Captain Cook, a family that reinforced the brand's status as Master of Materials. Tissot amazed with the launch of the new PRX at the legendary nightclub, Club Malasaña. Certina became Official Sponsor of the Spanish Padel Federation. Granada was selected by Hamilton as the location for aerobatic flights with Juan Velarde and the Patrulla Aspa helicopter display team. Swatch once again made history with the Bioceramic MoonSwatch Collection, a unique concept that left no one indifferent and which stirred the passion of the brand's existing fans and opened the doors to new ones.



SWATCH GROUP FRANCE

Breguet displayed the replica of the famous No. 160 "Marie-Antoinette" watch for the first time in France, in its Place Vendôme museum, impressing its clients. Blancpain and Christopher Coutanceau, the three Michelin-starred chef from La Rochelle and a member of Relais & Châteaux, hosted the spectacular Blancpain Ocean Commitment photography exhibition, including images by friend of the brand Laurent Ballesta.

An introduction to static apnea was conducted for the occasion by world record-holder Gianluca Genoni.

Omega proudly opened a new boutique in the heart of Galeries Lafayette Haussmann in Paris. Modeled on the brand's latest concept, this new showcase offers its customers an exclusive experience. The Longines Paris Eiffel Jumping, the French leg of the Longines Global Champions Tour (LGCT) and one of the most prestigious equestrian events, was the scene of the launch of the Longines DolceVita X YVY in the presence of Kate Winslet. Longines celebrated its 190th anniversary in front of the Eiffel Tower, whose architect, Gustave Eiffel, was also marking his 190th birthday!

As Official Timekeeper of cycling competitions including the Tour de France, Tissot invited its friends of the brand to enjoy some extraordinary moments. Mido participated in a stage of the Red Bull Cliff Diving World Series with a competition of magnificent dives featuring the Eiffel Tower as a backdrop.

The Swatch megastore on the Champs-Élysées was given a new interior design, creating an enchanting vision of Paris with its cobblestone streets and banks along the Seine.



In August, the brand moved into the heart of La Samaritaine with an exclusive pop-up. The Bioceramic MoonSwatch Collection attracted countless fans who had a chance to discover a rolling planet in the colors of the Mission on Earth model returning from an exciting MoonSwatch Tour. The brand also launched the Swatch X Centre Pompidou art collection at an international event. Six iconic masterpieces were on display, including works by Frida Kahlo, Modigliani, Delaunay, Kandinsky and Mondrian. To mark the 200th anniversary of the deciphering of hieroglyphics by J.F. Champollion, two Flik Flak models were presented at the Louvre as a tribute to ancient Egypt.



Mykonos

SWATCH GROUP GREECE

2022 was a remarkable year in which Swatch Group Greece's sales and general performance results recovered fully. Omega opened a new SIS in Mykonos, held a sell-in event for De Ville Prestige and hosted an impressive PR activation for the launch of Speedmaster '57. Longines assumed its Official Timekeeping role in the Longines EEF series in Athens, installed several clocks in Athens' central Metro station and sponsored two popular national ski resorts. It also successfully launched its official e-shop. Tissot focused on refreshing the image and functionality of its sales network and enjoyed an amazing sales performance that matched its record year. Hamilton launched its novelties through print and digital campaigns, POS window dressing, OOH advertising and bus shelter wraps in Athens. It also opened a new SIS at the Athens airport and one in Crete. Swatch celebrated the launch of the Swatch X Centre Pompidou Collection with an eye-catching department store window in the heart of Athens. It also launched the game-changing Bioceramic MoonSwatch, the year's most coveted collection.





Nordiska Museet, Stockholm

SWATCH GROUP **NORDIC COUNTRIES** (DENMARK, FINLAND, NORWAY, SWEDEN)

It was an exciting year for the Swatch Group affiliates in Denmark, Finland, Norway, and Sweden. Omega had a milestone year in the Nordics with the opening of two franchise boutiques in Copenhagen and Stockholm. These monobrand boutiques further enhanced the brand's position. Longines continued to mark its local presence and to underscore its close connection to the world of sports as the Official Timekeeper at the Longines Global Champions Tour in Stockholm and at the FEI World Championships in Denmark. Rado continued to build sales with a pop-up store in Stockholm's Westfield Mall of Scandinavia. In July, Denmark hosted The Tour de France Grand Départ in Copenhagen, as well as the first two stages of the Tour. Tissot's role as Official Timekeeper ensured strong brand visibility. For this unique event, it created a special limited-edition watch sold exclusively in Denmark. Padel tennis, a high-intensity fusion of tennis and squash, is a highly popular sport in the Nordic countries. Underlining its commitment and enthusiasm for sports, Certina entered into a new collaboration with the Swedish Padel Tennis association as well as the National Finnish Padel Federation. And one of the year's highlights took place at the end of the summer, when Swatch's rolling planets went on a Nordic mission, visiting Sweden and Denmark. Public interest in the Bioceramic MoonSwatch Collection was overwhelming, with watch aficionados tracking down the colorful cars and collaborating on social media to find out where to find the highly sought-after models.



SWATCH GROUP **POLAND**

The Diamond League visited Poland for the first time in 2022, with Omega as Official Timekeeper. Guests enjoyed the emotion of elite sport and had a chance to meet the brand's ambassadors, Mondo Duplantis and Femke Bol, at the Omega VIP Lounge in Chorzów's Silesian Stadium. Longines was again the Title Partner and Official Timekeeper of the CSI105* Sopot Horse Show and the Warsaw Jumping competition. At a fall event at Warsaw's racecourse, Longines presented new timepieces, including the event's Official Watch from the Ultra-Chron collection. Rado continued its support of Polish design as official partner of the Łódź Design Festival. The Tissot press launch for the new Seastar collection featured a Mediterranean ambiance and a campaign supported by a digital screen taking up an external wall of Warsaw's Galeria Mokotów. Certina's new point of sale in the heart of Warsaw's Powiśle district boasted its entire collection. Varsovians marveled at the new Certina DS Super PH500M STC featured in a July campaign. The Bioceramic MoonSwatch Collection was hugely successful in Poland; throughout August, it was promoted with a summer tour, where watches were sold in numerous Polish cities from the celebrated rolling planets. The Swatch X Dragon Ball Z collection, introduced in October, benefited from a successful press and media launch.



Royal Castle, Warsaw

SWATCH GROUP RUSSIA

All corporate stores have been closed since the beginning of March 2022.



Mall of Istanbul



SWATCH GROUP TURKEY

Omega raised brand awareness with targeted campaign events and media activations. Longines opened its first boutique in Istanbul in December and continued to increase its brand visibility in Turkey with off- and online campaigns and key events. Rado enhanced its presence, offering broadcast and OOH ads and with Captain Cook decorations at stores and new shop-in-shops at key locations in major cities. Tissot highlighted its involvement in sport by welcoming Melih Mahmutoğlu, captain of the national basketball team, as a friend of the brand. Hamilton introduced the new Khaki Navy Frogman Auto collection, which encouraged its audience to push their boundaries in deep blues.

Swatch continued to drive awareness for Bioceramic with a deep dive into the Colors of Nature: a striking outdoor campaign in key locations featured enormous photographs of Turkey's beautiful landscapes and documented the brand's passion for nature. The PR activation for Swatch X Centre Pompidou created a buzz within the strong art community. The launch of the Bioceramic MoonSwatch Collection in March led to enormous queues at Swatch Stores, which continue to this day. Flik Flak successfully drove customer traffic and sales with investments in influencer and store activations.



SWATCH GROUP MIDDLE EAST

In March, Breguet invited members of the Dubai Watch Club to an event at its Dubai Mall store where they discovered the brand's innovations, including the new Marine Hora Mundi 5557. In July, it opened a shop-in-shop in Qatar's Place Vendôme Mall. The Harry Winston Salon in Dubai witnessed an unprecedented post-pandemic turnout, a demonstration of the House's strong position in the Middle East. Visitors to Dubai enjoyed a captivating immersion into Blancpain's diver's watch collection and underwater universe thanks to a giant-size video clip projected onto the Burj Khalifa Tower, the world's tallest building. The Blancpain Fifty Fathoms highlight in Dubai Aquarium & Underwater Zoo at Dubai Mall continued to attract visitors from all over the world. Omega announced its partnership with the Mohammed Bin Rashid Space Centre in the UAE. It assumed its role as Official Timekeeper of the Doha Diamond League games held in Qatar, with its sporting ambassadors visiting its Doha boutique. It successfully unveiled its novelties to members of the press and influencers in Oman. Longines enjoyed outstanding growth and had a full equestrian season, with some of the most prestigious events in the region, including the Dubai World Cup, the Longines FEI Jumping Nations Cup™ of Abu Dhabi and the Saudi Cup. Rado celebrated the opening of its new boutiques in Dubai's Al Fahidi district and in Kuwait. The implementation of its latest retail concept, a targeted 360° marketing strategy and the new Captain Cook Hrithik Roshan Special Edition were key focuses. In a busy sporting year, Tissot promoted its partnership with the UAE Cycling Tour with an extensive OOH campaign.



Marina Mall, Dubai

Its partnership with the NBA was activated on a regional level in Jordan, Lebanon and UAE. Key regional partners and international influencers were invited to experience NBA Abu Dhabi Games, and they had the chance to meet and greet Tissot ambassador Clint Capela and NBA legend Dominique Wilkins at a road show in Abu Dhabi. Certina highlighted its innovativeness by launching the DS+ which allowed customers to multiply their styles in a single purchase. Also, it partnered with Rivoli to support Padel clubs in the region. Hamilton showcased its products with the launch of several limited and special editions. Highlights included the limited-edition Railroad Mechanical Pocket Watch, the Khaki Navy Scuba Auto Syroco Special Edition, the Black and Gold capsule collection and the Khaki Field Murph 38 mm. Hamilton increased brand awareness by implementing the launches through key POS activations. Swatch strengthened its presence through its effective distribution networks, continuous renovations and multiple relocations of its stores in the Middle East. In July, it opened a new store in Mall of the Emirates, Dubai, and emphasized sustainability by reusing furniture from the Swatch Pavilion at Expo 2020.

SWATCH GROUP INDIA

Swatch Group India registered record sales in 2022. Maison Breguet successfully launched its novelties, and the Marine Hora Mundi 5557 enjoyed a particularly overwhelming response, with many presold pieces. The Tradition Dame 7035 Limited Edition Masterpiece was very well received. Blancpain's highlight was its unique timepiece featuring a local deity in Shakudō dial work. In November, at a Sundowner event in Mumbai, Blancpain showcased Fifty Fathoms and grand complication watches to more than 120 VVIP guests, media, bloggers and influencers. Omega introduced its novelties to trade and media in Delhi. The brand reinforced its connection with the golfing community, partnering with tournaments across 18 cities. The association culminated in Delhi in December with the first edition of the Omega Trophy, involving over 100 enthusiastic participants, followed by a gala dinner. Omega also opened two new boutiques at the Emporio in Delhi and the Palladium in Mumbai.

The Longines Sales Salon was held in Delhi with key retailers. It highlighted its strong bond with sports timekeeping with an event launching the special edition Commonwealth Games watch. The brand celebrated its 190th anniversary with a Master Class in Mumbai on its exquisite timepieces for celebrities from different entertainment and professional fields. Friends of the brand supported the new launches with their social media posts throughout the year. Rado released a new campaign with brand ambassador Hrithik Roshan highlighting the new Captain Cook – Hrithik Roshan Special Edition across such platforms as TV, print media, including magazines and newspapers, over-the-top (OTT), YouTube, cinema, billboards, and social media. The Captain Cook High-Tech Ceramic Diver watches were presented to trade and media at a themed evening on a yacht. Rado added a boutique in Trivandrum and 11 SIS. Tissot showcased its novelties at its Brand Summit 2022 in Jaipur and launched the PRX 35MM at an event in Kolkata headlined by Miss India World 2022. With the participation of over 40 bloggers, it captured a youthful vibe. Tissot strengthened its online and physical presence, adding more than 50 new SIS and three boutiques. Balmain installed seven new SIS across the country and its e-commerce presence on a luxury portal helped the brand reach customers outside of the largest cities and increase sales. Swatch welcomed customers once again with the store opening in Mumbai's prestigious Palladium Mall in November. Long queues have been a regular feature since the launch of the store, highlighting the success of and the demand for the eagerly anticipated Bioceramic MoonSwatch Collection.



SWATCH GROUP CHINA

Facing unprecedented challenges resulting from covid-related measures in 2022, Swatch Group China optimized its distribution network, increased marketing efficiency and launched new projects in e-commerce and after-sales service.

Breguet's Marine Exhibitions showed the brand's deep relationship to the seas and featured the Marine Hora Mundi 5557 with its instant-change dual-time display, Harry Winston celebrated its extraordinary floral-inspired high jewelry and timepiece designs with Winston Maze themed events across the region. These events underscored the House's longstanding appreciation for nature and brought its beautiful jewelry creations to life through creative activations and seasonal décor.

Blancpain paid tribute to the fifth Blancpain-Imaginist Literary Prize, unveiling its "Literary Prize 2022", a Villeret limited-edition. The prize is among the most influential literary awards in China.

Glashütte Original expanded its presence in the Chinese market. It also attracted a strong response at the Expo in Hainan, implemented a successful series of events with Brompton, and organized joint bicycle tours. In line with its new Vision 8.0, Jaquet Droz dazzled customers with its Dragon Automaton and the unique pieces retracing the history of the Rolling Stones.

Omega was Official Timekeeper at the Beijing 2022 Olympic Winter Games. It also welcomed champion table tennis player Ma Long and Fan Kexin, a top short-track speed skater, to its family of sports ambassadors. The Her Time exhibition in Shanghai showcased the brand's history in women's watchmaking.

Celebrating its 190th anniversary, Longines' 190 Popup Bookstore in September offered an immersive guest experience and generated a huge buzz on social media. In 2022, Rado continuously focused on approaching and influencing young consumers by collaborating with brand ambassador Jin Chen and presenting its signature high-tech ceramic watches across omnichannel media.

Union Glashütte expanded distribution to 22 cities with 35 boutiques. The red Belisar Chronograph, limited to the Chinese market, sold out instantly. Tissot brand ambassadors Liu Yifei and Leo Luo, together with Zhu Zhengting, were involved in the Bellissima #It's time to shine campaign throughout the year.



SKP, Beijing



Liu Yifei also helped celebrate the grand opening of the first T-Heart concept store in SKP-S Beijing. Certina launched a campaign encouraging Generation Z to be themselves. The innovative DS+, which gives customers a chance to help design their own watches, was launched. At an event at its IFS store in Changsha, Mido brand ambassador Ryan Zheng wore the new Commander Gradient watch, showcasing its elegant texture and extraordinary style. In 2022, Hamilton was featured on the wrist of actress Sylvia Chang in *Before Next Spring*, nominated for Best Picture at the 11th Beijing International Film Festival. Hamilton was also featured in the popular streaming media reality show *Heartbeat Signal: Season 5*. The Bioceramic MoonSwatch Collection attracted several hundred thousand Swatch fans during launch week. The overwhelming reaction gave Swatch strong momentum and led to truly impressive sales growth.

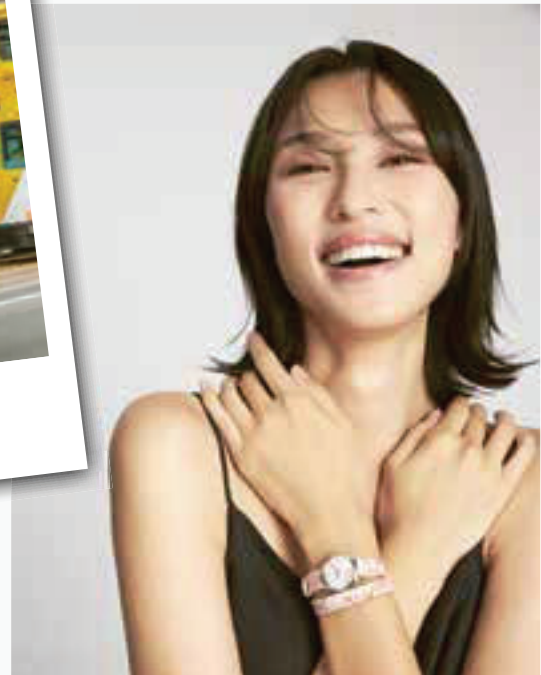


SWATCH GROUP MACAU

Swatch Group Macau continued its retail development with new boutique openings, relocations and events. Breguet launched its 2022 novelties in its Macau boutiques. Blancpain's third boutique in Macau, in The Venetian, further enhanced its retail footprint. Glashütte Original presented the Seventies Chronograph Date Panorama Limited Editions in Disco Blue and Vibing Orange. Omega strengthened its presence in the market, opening a new boutique at Wynn Macau. Longines strengthened its brand image, relocating its Longines Residence Flagship Boutique at the Venetian. It also partnered with three local entrepreneurs to celebrate the launch of the Spirit Macau Edition. Rado boutiques hosted special VIP and press events to celebrate product launches. Tissot invited VIPs and influencers to watch the NBA final and celebrated the launch of Tissot's interchangeable strap collection marking the NBA's 75th anniversary. Mido's corporate store activation effectively engaged customers and enhanced their brand appreciation by sharing the Mido story and introducing its watches. Swatch opened its newly renovated Macau Main Square store in the historic heart of the city with a design inspired by Macau's unique cultural heritage.



Central, Hong Kong



SWATCH GROUP HONG KONG

Swatch Group Hong Kong continued its development of the local market. All brands focused on maintaining and opening qualitative distribution, including new retail boutiques. Breguet launched its major novelties to domestic clients through online and CRM activations. The brand also participated with Rolls Royce at a private preview of the new Phantom. Blancpain showcased its 2022 novelties at a luncheon for media and a VIP dinner for top local clients. Glashütte Original held an event with Macallan at its Harbour City boutique to launch its new collections. Top clients enjoyed a whisky tasting while viewing new products. Jaquet Droz launched a unique collaboration with John Howe: a custom-made creation that brought the extraordinary to its clients.

Omega continued to reinforce its position in the market with strong marketing investment and streamlined distribution development. A new boutique was opened at Pacific Place, one of the most prestigious shopping malls in Hong Kong. To support its Women's campaign, two local celebrities, Ayla Sham and Louise Wong, were named friends of the brand. A VIP event was held for the launch of the Speedmaster '57 at the heritage restaurant, The Magistracy. CRM activities took place throughout the year in boutiques to showcase new products and watchmaking expertise. Longines continue to penetrate the local market by partnering with local celebrities and influencers at novelties events. To strengthen the brand's distribution, Longines opened two new boutiques in Central and Tsim Sha Tsui. Events were held with media to celebrate the brand's 190th anniversary. Longines also partnered with the Hong Kong Jockey Club and the Swiss Chamber of Commerce to offer its members exclusive previews. The Rado Captain Cook was a major launch of the year. The brand used digital activation, tramcars, and in-store events to promote the collection. A special design for the facade of its flagship boutique was created to support the campaign.

Tissot invited VIPs, media, and influencers to its Russell Street boutique for the new T-Touch Connect Solar launch event. Mido launched the Ocean Star GMT for local customers. Hamilton collaborated with retailers to unveil its PSR watch, which created local hype in the market. Swatch held events to celebrate the launch of Dragon Ball Z and Centre Pompidou. Following the incredible launch of the Bioceramic MoonSwatch, the brand brought the rolling planet tour to Asia, featuring the "Mission to Mars". Ten locations were selected, which saw thousands of the brand's fans enthusiastically following the tour. In December, eleven MoonSwatch tramcars landed in Hong Kong, colorfully taking over the city.



Mitsukoshi, Taipei City



SWATCH GROUP TAIWAN

Breguet raised brand awareness and enhanced sales through a variety of novelties and activations. Blancpain's visibility and innovation were showcased with the launch of a 3D Fifty Fathoms video. Glashütte Original opened a new POS and successfully launched the PanoMaticCalendar and the SeaQ Chronograph. Jaquet Droz launched its stunning new Dragon Automaton.

A top singer and an Olympic Weightlifting Gold Medalist created hype for Omega on social platforms. Ambassador Chi-Ling Lin helped Longines celebrate its 190th Anniversary at a gala party. With the launch of innovative novelties and new retail stores, Rado generated positive sales results. Tissot enjoyed its second year of cooperation with Friend of the Brand, Kunda, and opened a new SIS at FEDS Zhubei. A roadshow at Taipei 101 highlighted the T-Touch Connect Solar. Mido celebrated the 20th anniversary of Inspired by Architecture and enhanced brand awareness with brand ambassador Kim Soo-Hyun.

Hamilton presented its new pieces, including a pocket watch and the Khaki Aviation X-Wind GMT at a dedicated event. The Bioceramic MoonSwatch Collection caused a great sensation, drawing extensive media coverage. The Swatch X Dragon Ball Z also drove many DBZ fans to Swatch stores in Taiwan.



SWATCH GROUP SOUTH KOREA

Swatch Group South Korea enjoyed outstanding domestic growth and gained significant market share in the Prestige segment. Breguet attracted many art lovers by introducing a selection of timepieces as well as craftsmanship in watchmaking at the Frieze art fair at the Coex Convention & Exhibition Center in Seoul, where panoramic wallpaper by artist Pablo Bronstein was presented. Blancpain successfully hosted an "Art de vivre" event at Eatanic Garden, where an *haute cuisine* experience was prepared by a Michelin-starred chef. Glashütte Original celebrated the first anniversary of its official launch in the domestic market and strengthened its brand presence. Omega announced South Korean actress Han So-Hee as a global ambassador at its My Choice exhibition highlighting the brand's dedication to women's watchmaking. Longines announced actress and singer Suzy as a new global Ambassador of Elegance, and ambassador Jung Woo-Sung attended the event celebrating the brand's 190th anniversary. Rado opened an SIS in Shinsegae Gangnam, South Korea's leading department store, which will launch new and limited pieces exclusively. Tissot focused on a digital campaign with actor Lee Dong-Wook and also various e-commerce activities, including live commerce. Mido successfully introduced the Ocean Star GMT Special Edition at an Asian launch event in Seoul with the brand ambassador, Kim Soo-Hyun. Hamilton celebrated its cinema heritage with brand ambassador Daniel Henney. Swatch successfully launched its Bioceramic MoonSwatch Collection and held a rolling planets tour in South Korea, reaching thousands of Swatch and Omega fans at unexpected locations.



Hyundai, Pangyo





Lake Ashi, Hakone



SWATCH GROUP JAPAN

Swatch Group Japan had a year full of exciting events and new openings, which resulted in strong sales growth in all segments. Breguet showcased its Queen of Naples at Mitsukoshi Nihombashi, where the brand's VIP guests, in the spirit of early admirers like Marie Antoinette and Caroline Murat, enjoyed the gorgeous feminine environment in a modern setting. Blancpain attended the Michelin Star Revelation 2023 Kyoto Osaka and also presented Mentor Chef Awards to Eiichi Takahashi and Hideki Ishikawa, it also opened a pop-up store in Umeda Hankyu and recorded record sales. Glashütte Original built a strong distribution network and corporate boutique and enjoyed strong growth by investing energy in CRM to enhance local consumer loyalty. Jaquet Droz introduced its new "JD 8.0, A Disruptive Legacy" strategy, which redefined its distribution channel directly to end consumers.

Omega officially launched its Her Time exhibition in Harajuku with an event attended by a young female fashion audience. To celebrate the launch, Kiko Mizuhara, the brand's first Japanese global ambassador, helped celebrate the De Ville Mini Trésor.

The exhibition also highlighted Omega's historical pieces and created imaginative, unexpected experiences for the enthusiastic audience. Longines continued one of its successful stories, adapting the Japanese ambassador campaign concept from father and son to mother and daughter. Its 190th Anniversary Master Collection, presented along with local luminaries, highlighted the brand's strength. Rado reopened Fukuoka Mitsukoshi, reflecting the latest retail design concept and providing the ultimate Master of Materials customer experience. Tissot, the Official Timekeeper of the NBA, set up a brand booth for the first time and showcased the latest collection of NBA x Tissot, including its campaign with Klay Thompson. Its new boutique in the heart of Osaka caught the eyes of passersby with a large red wall extending to the second floor, where a strap wall was created and where L'Atelier, offering its expert service, is located.

In the most talked-about story of the year, the Nicolas G. Hayek Center in Ginza continuously attracted traffic thanks to the powerful launch of the Bioceramic MoonSwatch Collection. Thanks to its success, *Nikkei*, one of Japan's largest newspapers, awarded its Nikkei Advertising Award Grand Prize to three of Swatch's and Omega's global advertisements. Following the success of MoonSwatch, Swatch opened a Bioceramic popup store at Umeda Hankyu, the best-known department store in the Kansai region, drawing fans from around western Japan. The Swatch X Dragon Ball Z Limited collection was also presented to more than 100 members of media who enjoyed the venue decorated with Kamehameha spirits. DBZ was born in Japan in the 80s and has attracted millions of viewers and fans around the world.





Central Embassy, Bangkok

SWATCH GROUP THAILAND

Breguet celebrated the launch of the Classique 7337 Calendar, the Classique Dame 8068 and the Reine de Naples 8918 in its new Mandarin Oriental Bangkok Hotel SIS. Blancpain showcased its latest high-complication timepieces at an exclusive event at Waldorf Astoria Bangkok's 57th-floor Champagne Bar. Omega feted its Her Time exhibition Bangkok with an event at Bangkok's Parc Paragon attended by brand ambassador Han So-Hee. Longines celebrated its 190th anniversary with exclusive timepieces from its Master Collection. Friend of the brand Supassara Thanachart added a touch of elegance to an exhibition at the ICONSIAM River Cruise. Tissot's new MotoGP™ watches strengthened the partnership with the popular motorsport in Thailand. In January, the striking Mido Commander Colours Thailand Limited Edition sold out rapidly. Hamilton generated an enthusiastic response from invited press and celebrities at the presentation of the Khaki Field Murph 38 mm and the Black and Gold collection at the Kimpton Maa-Lai Bangkok. In October, the Swatch Bioceramic MoonSwatch Collection "Mission to Uranus" rolling planet landed in Thailand, the tour's final stop. Boutiques experienced impressive queues and massive interest in the year's biggest hit.



SWATCH GROUP SINGAPORE

Swatch Group Singapore's continuous marketing activities and the strengthening of its retail network increased the brands' local market share. Breguet reconnected with existing clients and launched its 2022 novelties at a number of successful events. Harry Winston took over the display areas of Malmaison to highlight its Avenue Collection. Blancpain celebrated World Oceans Day with an exhibition on ocean preservation in the Paragon shopping mall. Glashütte Original continued to expand its distribution, achieving record numbers and launching superb new watches. Omega's Speedmaster '57, taking inspiration from its vintage timepieces, was the heart and soul of an event attended by VIP guests and media.

Longines raised the shutters of its latest boutique at Bugis Junction located in the heart of Singapore's Civic and Cultural District. The Rado Adventure event allowed guests to feel the spirit of the Captain Cook watches while participating in outdoor activities. Tissot enjoyed successful window campaigns and the sell-out of its PRX collection with huge demand from retailers and consumers alike. The Hamilton Khaki Aviation Pilot Pioneer Mechanical Chronograph had a successful launch with key partners. Mido increased the openings of new POS and window promotions as Singapore reopened its borders to the world. The Swatch X Centre Pompidou collection was a bridge between the brand and some of the world's most iconic artwork.

The Bioceramic MoonSwatch Collection, created in collaboration with Omega, stormed the world in galactic proportions.



SWATCH GROUP MALAYSIA

Swatch Group Malaysia had a year filled with impressive events and successful product presentations. Omega launched a campaign featuring 20 influential Malaysian women, each a pioneer in her field. The brand also celebrated its pioneering spirit with the launch of the Speedmaster '57 at an event in JPM Museum, Malaysia's only private museum of vintage and super cars. It was a reminder of the Speedmaster's historic link to speed and racing. Longines celebrated 190 years of tradition, elegance and performance with an array of celebrities and members of the media at an exclusive event. The brand presented a special exhibition at the entrance of Starhill Gallery in Kuala Lumpur that narrated its rich history, starting with its founding in 1832 and taking visitors on a journey through the highlights of its evolution.

Tissot was the Official Timekeeper of MotoGP™ when the sport returned to Malaysia. The brand supported the race with a well-executed 360° marketing campaign built around limited-edition MotoGP™ models showcasing modernity, sophistication and precision timekeeping. The watches were embraced by motorcycle and racing enthusiasts across the country. The launch of the Bioceramic MoonSwatch Collection in March met with a fantastic response from customers, watch collectors, and aficionados. On the evening before the launch, some 800 people lined up outside the Pavilion Mall in Kuala Lumpur. Within two hours of the opening, the first batch had sold out.



Pavilion Mall, Kuala Lumpur





Century City, Los Angeles

SWATCH GROUP USA

Swatch Group USA reported substantial growth throughout 2022, continuing a trend established in the last quarter of the previous year. The greatest growth momentum was recorded in the first semester, with all brands contributing significantly to the results. Travel retail experienced dynamic activity in the second half of the year.

In retail, all the brands recorded solid sales, from the Prestige segment, with frequent and repeated high-ticket-item sales, to Swatch, which enjoyed phenomenal success thanks to the Bioceramic MoonSwatch Collection. In fact, retail sales grew in all regions, most notably in the flagship boutiques in large cities, where clients were excited to be back after months of working in their home offices. Online retail sales also continued to increase market share as the brands expanded their digital presence. On the wholesale side, there was also outstanding growth in all segments.

Turning to the brands, Breguet continued its support of the arts, celebrating its 11th season as the official timepiece of New York's famed Carnegie Hall, and announcing an exciting three-year partnership with Frieze Art Fair in NYC and LA. It also saw great success in the launches of the Marine Hora Mundi 5717 and beautiful new colorways of the Tradition Tourbillon 7047 and Tradition 7597. Honoring Blancpain's commitment to ocean

preservation and sustainability, *Hodinkee* editor James Stacy led a dynamic panel discussion at the Blancpain boutique which featured Ocean Photography Awards winner Renee Capozzola and Jon Frank, the Director of Global Corporate and Celebrity Partnerships at Oceana.

Omega celebrated the relocation of its Nashville boutique with a glamorous dinner in the company of brand ambassador Nicole Kidman. Rado unveiled its latest collaboration with Marina Hoermanseder at an event at Art Basel Miami Beach. Tissot kicked off the holiday season with a PRX popup boutique in New York City. In November, more than 200 guests helped Hamilton celebrate its 130th anniversary in Lancaster, Pennsylvania, where it was founded in 1892. The year's highlight was the release of the Bioceramic MoonSwatch Collection. Following the enormously successful launch in March, Swatch experienced a dramatic increase in its retail sales, which were further buoyed by the arrival of the rolling planets in California, Florida and Texas.

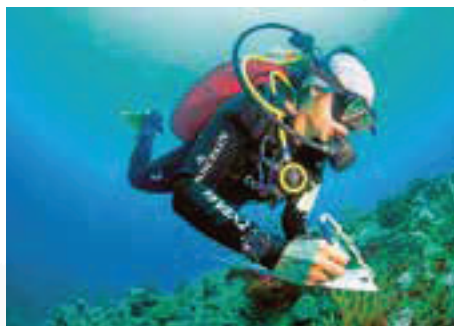
SWATCH GROUP CANADA

Swatch Group Canada enjoyed a record year in 2022. Breguet achieved great success in shop-in-shops, and key media covered brand partnerships and novelties. Blancpain enhanced its market presence with successful SIS launches. Omega maintained its leadership position, hosting the first post-pandemic event in its newly renovated boutique in Vancouver with brand ambassador Antoni Porowski. Longines celebrated 190 years of Elegance with its first trade show in Toronto, followed by the FEI Toronto Royal Agriculture Winter Fair. Rado partnered with media to support the 2022 Women of the Year panel and to unveil its latest collection. In a trailblazing year, Tissot recorded the highest sales growth in its history, continued to gain market share, and marked six years of partnership with the Toronto Raptors. With the Italian Contemporary Film Festival and IncluCity, Hamilton celebrated international cinema. The launch of the Bioceramic MoonSwatch collection was the highlight of Swatch's year, creating an unprecedented buzz and exceptional market share growth.



SWATCH GROUP MEXICO

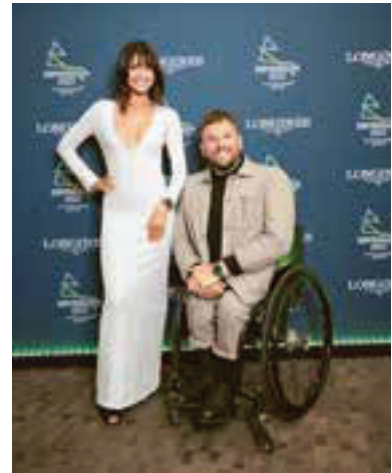
Breguet's new Tradition, Marine and Reine de Naples launches generated excellent results in Mexico. Blancpain joined Oceana Mexico and supported the expedition to Arrecife Alacranes in Yucatan to restore marine ecosystems. Omega strengthened its relationships with customers and collectors. Brand ambassador Alessandra Ambrosio visited the flagship boutique at the Artz Pedregal luxury mall. Longines celebrated 190 years in style with the launch of its Master Collection and Spirit Zulu Time. Rado remained the Master of Materials, boosting awareness with three key events in Mexico. Tissot raised its profile with an immersive PR event with key media, retailers and influencers. Mido launched the Multifort Skeleton Vertigo with an outstanding high-profile campaign. The brand also introduced the Commander Big Date Celebración, an explosion of colors celebrating Mexican traditions. Hamilton reinforced its Aviation pillar with a unique event in a hangar with top editors and pilots. Swatch created a buzz when it presented the Swatch X Dragon Ball Z collection to influencers and celebrities at the Asociación México Japonesa in the company of Mario Castañeda, who voices Goku for Latin America.



SWATCH GROUP AUSTRALIA

The post-pandemic year zeroed in on distribution evolution and subsidiary operations. Breguet reconnected with its clients through novelty events, highlighting the new Marine Hora Mundi. Blancpain focused on the Fifty Fathoms collection; its ocean commitment activations, including the partnership with Biopixel Oceans Foundation, contributed to the health of the Great Barrier Reef. Glashütte Original drove market share with targeted PR and an exhibition.

Omega increased share of voice with "always-on" advertising and 360° campaign bursts for the Olympic Winter Games, women's watches and Speedmaster '57. The flagship Martin Place Boutique in Sydney reopened with a VIP event. Longines' 190th anniversary year included the Sydney Autumn Racing Carnival, the Commonwealth Games, and the announcement of Ambassador of Elegance Jennifer Lawrence, along with new boutiques in Chadstone and Brisbane. Rado initiated the collaboration of its Brand Ambassador Ash Bartly and an Australian artist to create a one-of-a-kind artwork that raised AUD 60000 at auction, all for the benefit of the Make-A-Wish Foundation. Tissot strengthened its timekeeping partnerships in Australia with high-profile sponsorship events across the Tour de France in July, the FIBA Women's Basketball World Cup in September, and the Australian MotoGP in October. Mido increased its wholesale distribution and held its first Australian event, The Red Bull Cliff Diving finals, in Sydney. Hamilton successfully and dynamically entered the Australian market. Its first distribution point was Time+Tide online. Swatch commenced its Bioceramic MoonSwatch journey in Sydney and Melbourne, reinforcing its presence in the market.



Swatch Store, Sydney

SUSTAINABILITY



SUSTAINABILITY

Swatch Group has always been committed to responsible operations, responsible corporate governance and sustainability. These have been the hallmarks of our corporate culture and mindset for over 30 years. The sustainability report is a review of the targets and projects we have already achieved and implemented. As usual, it also provides a picture of the added value that sustainability measures are generating. The balance scorecard serves as a new benchmark and further incentive for us to continue investing and achieving even more in the area of sustainability. We have therefore set ourselves long-term objectives, such as a commitment to becoming climate neutral for Scope 1 and 2 emissions by 2050. However, we also know that we must continue to take smaller steps to, in time, eventually achieve our sustainability goals.





With passion, commitment and conviction we are pursuing this sustainability path every day and in all areas of our business and this also throughout the whole product life cycle, from product design and sourcing to customer service.

Since last year, Swatch Group publishes a separate sustainability report in line with the GRI Standards in order to increase the scope of reporting, transparency and comparability. Swatch Group is taking into account the UN's Sustainable Development Goals (SDGs) and reports how it contributes to the achievement of these goals as a responsible company.

Environmental, ethical and social criteria have always been an integral part of the Group's corporate culture. To further embed these and to ensure they are implemented at every level, an internal directive focusing specifically on sustainability was issued in 2022. In particular, it stipulates that all decisions made by the management and executive teams should be scrutinized in terms of their impact on the environment and corporate social responsibility. The supplier code of conduct was actualized in the year under review to ensure that suppliers also continue to abide by Swatch Group's updated values and more stringent standards. To guarantee the further implementation of the Swatch Group sustainability strategy, the above and other measures have been defined.

Swatch Group is also committed to sustainable sourcing and materials and applies a zero-tolerance policy on corruption, modern slavery and child labor, sets a positioning as an attractive and responsible employer and apprentice trainer, and runs a business model that is geared towards long-term, sustainable success.

Scan the QR code or visit www.swatchgroup.com
to read the sustainability report.



	DESCRIPTION	SWATCH GROUP'S COMMITMENTS
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Make the safety and health of employees the Group's highest priority
	Ensure inclusive and equitable high-quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> • Train specialists in house through watchmaking schools and an extensive range of apprenticeship programs • Promote employee training and education
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Conduct regular pay reviews • Increase the number of women in management roles
	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> • Optimize water consumption and waste water quality in buildings and processes • Take care to minimize water use in production and reuse water as much as possible
	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Develop products so that they can be operated with sustainable energy sources wherever possible and minimize energy consumption
	Promote sustained, inclusive economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • Commit to manufacturing in Switzerland and training employees to become specialists • Be an attractive and responsible employer
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> • Remain the leader for the number of new patents in the Swiss watch industry
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Offer durable products that can be repaired • Take into account sustainability in the supply chain • Use sustainable materials • Continue to increase the amount of recycled materials used • Switch to bio-based materials
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Become climate-neutral by 2050 (Scope 1 and 2) • Increase self-generated production of renewable energy • Continually increase the energy efficiency of Group facilities and processes • Develop products with a small carbon footprint
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none"> • Minimize water use • Audit suppliers on water management • Reduce the use of plastics to minimize the threat of microplastics
	Protect, restore and promote sustainable use of terrestrial ecosystems	<ul style="list-style-type: none"> • Only use certified timber • Do not use leather from protected or endangered species • Take steps to reduce emissions • Avoid waste • Use the Group's own forests sustainably and promote biodiversity
	Promote peaceful and inclusive societies, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> • Take a zero-tolerance approach to corruption, modern slavery and child labor • Comply with international sustainability standards (RJC, Kimberley Process, etc.) • Safeguard and promote human rights and sustainability in supply chains
	Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> • Swatch Group brands support specific actions taken on sustainability by third parties



CORPORATE

GOVERNANCE



CORPORATE GOVERNANCE

1. Group structure and shareholders**1.1 Group structure**

Swatch Group is active worldwide and represented in all market and price segments in the watch sector with 17 brands and in the jewelry sector. In addition, it holds an outstanding industrial position with a high degree of verticalization in the production sector as well as the strategically important sector of electronic systems. In the corporate sector, the operational units which provide services for the whole Group are centralized. Swatch Group has lean and efficient management structures at all levels. While the Board of Directors deals with the overall management, strategic and supervisory tasks, the operative executive duties are incumbent on the Executive Group Management Board, which is supported by the Extended Group Management Board. An overview of the operational and of the distribution organizations is given on pages 4 and 5. The fully consolidated companies, of which only The Swatch Group Ltd is listed on the Stock Exchange, are given on pages 205 to 208 with each company's name, domicile, share capital and the percentage of shares held. The shares of The Swatch Group Ltd are listed on the SIX Swiss Exchange AG and BX Swiss AG, the bearer shares are listed under ISIN number CH0012255151; and the registered shares are listed under ISIN number CH0012255144.

ISIN:	CH0012255144	registered shares
	CH0012255151	bearer shares
Reuters:	UHRN.S	registered shares
	UHR.VX	bearer shares

Further information concerning market capitalization and earnings per share is shown on page 229.

The corporation's registered office is located in Neuchâtel, Faubourg de l'Hôpital 3. The administrative headquarters are in Biel/Bienne, Seedorstadt 6.

1.2 Significant shareholders

As at 31 December 2022, the Hayek Pool, related parties, institutions and persons control 62 445 639 registered shares and 738 711 bearer shares, totalling 43.3% (previous year 43.3%) of all the votes.

The Hayek Pool comprises the following members per 31 December 2022 :

Name / Company	Location	Beneficial owners
Community of heirs of N.G. Hayek represented by Marianne Hayek	Meisterschwanden	Community of heirs of N. G. Hayek
Wat Holding AG	Meisterschwanden	Community of heirs of N. G. Hayek
Ammann Group Holding AG	c/o Walder Wyss AG, Bern	Descendants U. Ammann-Schellenberg sen.
Swatch Group Pension Fund	Neuchâtel	-

The companies, institutions and persons close to the Hayek Pool but which do not formally belong to the Hayek Pool and who hold shares of The Swatch Group Ltd per 31 December 2022 are:

Name / Company	Location	Beneficial owners
Hayek Holding AG	Meisterschwanden	Community of heirs of N. G. Hayek
Community of heirs of N. G. Hayek and family members		Community of heirs of N. G. Hayek
Personalfürsorgestiftung der Hayek Engineering AG	Meisterschwanden	-
Ammann families (pension funds, foundations and individuals, Madisa AG)	c/o Ammann Group Holding AG, Bern	Represented by Daniela Aeschlimann
Fondation d'Ébauches SA et des maisons affiliées	Neuchâtel	-
Various welfare foundations 1)	various	-

1) Wohlfahrtsstiftung der Renata AG, Fondation de Technocorp Holding S.A. and Caisse de pensions des cadres Swatch Group

CORPORATE GOVERNANCE

The community of heirs of N. G. Hayek controls directly, through related parties and institutions and in the context of the Pool, 42.7% (previous year 42.7%) of all the votes. Third party Pool members are represented therein; they comprise 3.3% of all the voting rights.

On 31 December 2022, no other individual shareholder or group of shareholders holding more than 5% was known to the Company. If a person subject to this obligation reaches, falls below or exceeds the threshold of voting rights according to Art. 120 FinMIA, this person is obliged to issue a corresponding notification. For the sake of simplicity, reference is made to the website of the Disclosure Office "<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>", where the current and updated disclosures of significant shareholders can be found.

1.3 Cross-shareholdings

Swatch Group holds no cross-shareholdings.

2. Capital structure

2.1 Capital

On 31 December 2022, the capital structure of The Swatch Group Ltd was as follows:

Share category	Quantity	Par value per share	Total par value in CHF
Registered shares	116 919 500	CHF 0.45	52 613 775.00
Bearer shares	28 936 000	CHF 2.25	65 106 000.00
Total share capital as at 31.12.2022			117 719 775.00

2.2 Authorized and conditional capital

No authorized and conditional capital exists as at 31 December 2022.

2.3 Changes in capital

Over the past three years, the share capital of The Swatch Group Ltd changed as follows:

Balance sheet date	Registered shares at CHF 0.45	Bearer shares at CHF 2.25	Share capital in CHF
31.12.2020	116 919 500	28 936 000	117 719 775.00
31.12.2021	116 919 500	28 936 000	117 719 775.00
31.12.2022	116 919 500	28 936 000	117 719 775.00

The detailed evolution of equity, reviewed by the auditors for the consolidated financial statements for the years 2021 and 2022, is published on page 177. For The Swatch Group Ltd, it is published for the years 2021 and 2022 in note 10 on page 220. With regard to the previous years, we refer to the Annual Reports of 2018, 2019 and 2020.

2.4 Shares and participation notes

The shares of the Company listed in point 2.1 are fully paid in. Each share carries one vote. Both categories of shares confer equal entitlement to dividends according to their nominal value. No participation notes have been issued.

2.5 Benefit certificates

No benefit certificates exist.

2.6 Limitations on transferability and nominee registrations

The Statutes of Swatch Group stipulate that the Board of Directors shall refuse the registration of new shares, if the new shareholder fails to give an express written declaration to the effect that he or she acquired the shares in his/her own name and for his/her own account. Furthermore, the Board of Directors refuses a registration if the purchaser, either alone or in conjunction with related persons, already holds 5% or more of the registered share capital (either directly or indirectly) at his/her disposal, or would exceed this threshold with the new acquisition (Art. 9 para. 3 of the Statutes). The Board of Directors may approve exceptions to this rule in special cases. No such exceptions were requested in the period under review.

CORPORATE GOVERNANCE

Insofar as an individual or a legal entity was already entered in the share register before the reporting date of 31 May 1997 with 5% or more of the registered share capital, the Board of Directors must approve the registration even though the percentage threshold has been exceeded. The same exception applies for related persons (spouse, descendant, brother, sister), transfers due to inheritance or matrimonial property rights as well as certain transfers between legal entities or individuals subject to the exception (Art. 9 para. 6 and 7 of the Statutes).

Where a share purchaser presents an application for recognition as a shareholder of the Company, he/she shall be regarded as a shareholder without voting rights until the company has recognized him/her as a shareholder with voting rights. If the Company fails to refuse the purchaser's application for recognition within 20 days, he/she shall be acknowledged as a shareholder with voting rights. A shareholder who has no voting right may exercise neither the voting right nor the other associated rights.

2.7 Convertible bonds

Swatch Group currently has no outstanding convertible bonds.

2.8 Options

In 2018, Swatch Group transferred shares from its share buyback program of 2008 into the share option plan. With regard to the content of this portfolio as at 31 December 2022, reference is made to Note 13 on page 189. In 2022, 189 782 registered shares were sold at a preferential price of CHF 4.– per registered share in accordance with the following details:

Year of issue	Number of registered shares	Number of beneficiaries	Year of subscription/payup
2020	60 396	180	2022
2021	63 857	189	2022
2022	65 529	192	2022
Total	189 782		

In addition, the Group gave participating managers the following options to subscribe in the future to further registered shares at preferential prices as follows:

Year of issue	Number of registered shares	Number of beneficiaries	Year of subscription/payup
2021	58 291	186	2023
2022	60 029	191	2023
2022	60 192	191	2024
Total	178 512		

The allocation results from personnel reviews and proposals for employees who stood out through special achievements in the past year and have performed with above-average commitment. The allocation is then approved by the Board of Directors / the Compensation Committee. It allows a first purchase of a third of the promised number of registered shares in the current year, which can be paid up and claimed immediately, and another third in one and two years respectively. The beneficiaries may choose to block their shares for a vesting period of 5 or 10 years. With the exception of Mrs Nayla Hayek and Mr Nick Hayek no members of the Board of Directors received options or shares under this plan.

CORPORATE GOVERNANCE

3. Board of Directors

3.1 Members of the Board of Directors

The Board of Directors on 31 December 2022 was composed as follows:

Nayla Hayek, Swiss citizen, Dr h.c. European University Montreux, has been Chairwoman of the Board of Directors of Swatch Group since 30 June 2010. She has been on the Board of Directors of Swatch Group since 1995. As a member of the World Arabian Horse Organization (WAHO), and as an international Arabian horse judge, Mrs Hayek's top-level contacts contribute to many of the business and promotional activities of Swatch Group and she is responsible for the local organization in Dubai (Swatch Group Middle East) on site. Mrs Hayek is Chairwoman of the Board of Directors of the Rivoli Group, Dubai and represents there the interests of Swatch Group. Following the acquisition of Harry Winston as per 26 March 2013, Mrs Hayek was appointed president and CEO of this new business entity. She is also a member of the Board of Directors of Belenos Clean Power Holding Ltd and of Wat Holding AG. As Board member of Hayek Holding AG, she is responsible for Hayek Engineering AG and Hayek Immobilien AG. She holds no official function or political office.

Ernst Tanner, Swiss citizen, has been on the Board of Directors of the Swatch Group since 1995. He has been Vice-Chairman of the Board of Directors since 29 June 2011. Since 2017, Mr Tanner has been the Executive Chairman of the Lindt & Sprüngli Group. From 1993 to 2016 he was the Group CEO and Chairman. Before his activity with Lindt & Sprüngli, he was for over 25 years, in leading management positions with the Johnson & Johnson Group in Europe and the USA, ending up as Company Group Chairman Europe. In addition, he is a member of the Board of Directors of the German Krombacher Brauerei GmbH & Co. KG and of the Advisory Board of the Austrian SIGMA Group. Otherwise, he exercises no other executive or advisory functions and holds no official function or political office.

Nick Hayek, Swiss citizen, pursued two years' study at the University of St. Gallen (HSG), then attended the Film Academy CLCF in Paris. He has been President of the Executive Group Management Board since 2003 and member of the Board of Directors since 2010. Mr Hayek has worked with Swatch Group since 1992, first as Swatch Ltd Marketing Manager, then as Swatch Ltd President and finally as Delegate of the Board of Directors of Swatch Ltd. In the mid-eighties, he founded his own production company, Sesame Films in Paris, and worked in Switzerland and abroad. His involvement in a number of film productions (e.g., a series of documentaries for Swiss television), then the production of a number of short films (e.g., 1st prize at the Thessaloniki Film Festival, an official contribution to the Cannes Film Festival, etc.) and his activity as producer and director of two feature films, «Das Land von Wilhelm Tell» and «Family Express» with Peter Fonda (a film that earned him the prize for the best Swiss comedy at the Charlie Chaplin Comedy Film Festival in Vevey) resulted in his being called upon to advise on various Swatch projects in the early '90s and to assume responsibility for several Swatch exhibitions (such as that of Lingotto in Turin). Mr Hayek is a member of the Board of Directors of the CSEM (Centre suisse d'électronique et de microtechnique) and Chairman of the Board of Directors of Belenos Clean Power Holding Ltd.

Prof. Dr h. c. Claude Nicollier, Swiss citizen, graduated in physics and astrophysics from the Universities of Lausanne and Geneva. Mr Nicollier has been a member of the Board of Directors since 2005. He resigned from his activities as an astronaut at the European Space Agency ESA in March 2007. As an astronaut, he was particularly active in the Atlantis 1992, Endeavour 1993, Columbia 1996 and Discovery 1999 space missions. The aim of the Endeavour and Discovery missions was the execution of repair work on the Hubble Space Telescope, which was a complete success. The Universities of Geneva and Basel and the École Polytechnique Fédérale de Lausanne, where Mr Nicollier teaches as an honorary professor at the school of engineering, have conferred honorary doctorates on him. Mr Nicollier was involved in the «Solar Impulse»-Project, responsible for the test flights. He is member of the Board of Directors of Belenos Clean Power Holding Ltd. and Chairman of the Board of Directors of CSEM in Neuchâtel. Mr Nicollier does not exercise any operative functions at Swatch Group, has no business relationship with Swatch Group and holds no political office.

Dr Jean-Pierre Roth, Swiss citizen, Dr oec. Graduate Institute (HEI) Geneva, has been a member of the Board of Directors since 2010. Following postgraduate studies at the Massachusetts Institute of Technology in the USA, Mr Roth taught at the University of Geneva and at the Graduate Institute (HEI). In 2009, the University of Neuchâtel conferred on him an honorary doctorate in economics. Jean-Pierre Roth joined the Swiss National Bank in 1979 where he was active in various areas in Zürich and Bern. On 1 May 1996 he was appointed Vice President of the Board and on 1 January 2001 he was elected President of the Board. Jean-Pierre Roth was Swiss governor of the International Monetary Fund (IMF) in Washington. From 1 March 2006 until end of February 2009 he was Chairman of the Board of Directors of the Bank of International Settlements (BIZ) in Basel. At the end of 2009, Mr Roth resigned as President of the Swiss National Bank. He was elected as President of the «Banque cantonale de Genève» and member of the Board of Swiss Re and of Nestlé Ltd in 2010. Over the past years, Mr Roth has retired from the aforementioned positions, due to advanced age. In 2014, he was elected as member of the Board of MKS (Switzerland) Ltd, followed by his election as Chairman of the Board in 2020. In December 2021, Mr Roth retired from that position to assume the chairmanship of MKS PAMP GROUP (UK). Since 1 July 2017, Mr Roth has acted as Vice President of the Arab Bank (Switzerland) Ltd.

CORPORATE GOVERNANCE

Daniela Aeschlimann, a Swiss national, has been a member of the Swatch Group Board of Directors since 2016. Ms Aeschlimann studied business economics and graduated with a Bachelor of Science in Business Administration from Lucerne University of Applied Sciences. In 2016, she successfully completed an Executive MBA at the University of St. Gallen. Since 2010, she has been a member of the Board of Directors of the Avesco Group and since 2013, has also served as the Board's Vice President. Ms Aeschlimann serves on several other boards of directors and trustees including, notably, a seat on the Board of Directors of Belenos Clean Power Holding SA that she has held since 2014.

Except where mentioned otherwise, none of the members of the Board of Directors exercises an executive function in Swatch Group, or was part of the management of a company of Swatch Group during the three years preceding the reporting period. Further, aside from their mandate as a member of the Board of Directors, the non-executive members of the Board of Directors do not entertain any material business relationship with Swatch Group.

3.2 Elections and terms of office

The members of the Board of Directors are elected at the Ordinary General Meeting of the shareholders for a term of one year. The period between two Ordinary General Meetings is regarded as one year. The members of the Board shall be eligible for re-election at any time. There is no limit on the age and/or term of office. According to Article 19 of the Swatch Group Statutes, the votes and elections take place openly, except where the Chairperson orders a written or electronic election or vote. One or more shareholders, who together dispose of not less than 10% of the represented votes, may require written votes or elections.

First-time election and remaining term of office of the members of the Board of Directors:

Name	First-time election	Term of office
Nayla Hayek	1995	up to 2023
Georges Nicolas Hayek	2010	up to 2023
Prof. Dr h.c. Claude Nicollier	2005	up to 2023
Dr Jean-Pierre Roth	2010	up to 2023
Ernst Tanner	1995	up to 2023
Daniela Aeschlimann	2016	up to 2023

On the occasion of the General Meeting 2022, the members of the board of directors were re-elected for another term of one year. Mr Jean-Pierre Roth was designated as the representative of the bearer shareholders and Mrs Nayla Hayek as representative of the registered shareholders.

3.3 Changes in the Board of Directors

In the year under review, there were no changes in the Board of Directors.

3.4 Number of permissible mandates

According to art. 40 of the Swatch Group Statutes, no member of the Board of Directors shall hold more than four additional directorships in listed companies and ten additional directorships in unlisted companies. The following are not covered by these restrictions (i) directorships in companies which are directly or indirectly controlled by the Company or which control the Company, (ii) directorships held by a member of the Board of Directors on behalf of or at the request of the Company or a company controlled by it, provided that no member of the Board of Directors shall hold more than 20 such directorships, and (iii) mandates in associations, charitable organizations, non-profit foundations and employee welfare foundations, as long as no member of the Board of Directors shall hold more than 30 such mandates. Directorships shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Directorships in different legal entities that are under joint control or same beneficial ownership are deemed one directorship.

3.5 Internal organizational structure of the Board of Directors

At the General Meeting 2022, the Chairwoman of the Board of Directors (Mrs Nayla Hayek) was elected by the shareholders (until the next General Meeting). Moreover, the Board of Directors is self-constituting. It appointed a Vice-Chairman (Mr Ernst Tanner) from its midst. The office of Secretary to the Board of Directors is held by Mrs Jennifer Meyer-Kluge. The Secretary to the Board of Directors is not a member of the Board. The term of office of the Chairman, the Vice-Chairman and the Secretary respectively is one year. They are all re-eligible for a further term of office. If an officer is replaced, the successor completes the remainder of the term of the predecessor. The Board of Directors has an Audit Committee and a Compensation Committee at its disposal. These committees, which sit separately (normally immediately following an ordinary meeting), because of the relatively small number of company directors, comprise all the members of the Board of Directors. The Audit Committee is chaired by Mrs Nayla Hayek. The office of Chair of the Compensation Committee is held by Mr Ernst Tanner, Vice-Chairman of the Board of Directors. The Chairwoman of the Audit Committee and the Chairman of the Compensation Committee were elected by the Board of Directors at their first meeting after the General Meeting 2022.

CORPORATE GOVERNANCE

The Audit Committee is mainly responsible for the supervision of the financial reporting and for the evaluation of the internal and external audit. The Audit Committee has particularly fulfilled the following functions:

- Review of the audit reports,
- Reinforcement of points which the auditing firm raised,
- Determination of the audit focal points,
- Discussions of the efficiency of the internal control system including risk management,
- Appraisal of the performance, remuneration and independence of the external auditors,
- Dealing with special questions of the financial statements (for further details see also point 8.3).

The Compensation Committee concerns itself with the compensation policy of the company. It supports the Board of Directors in determining the compensation systems and the principles of compensation as well as the preparation of proposals to the General Meeting with regard to the approval of compensation. The Compensation Committee can submit proposals and recommendations to the Board of Directors in all compensation matters.

The Compensation Committee deals with all questions in the field of compensation and proposes solutions for the attention of the Board of Directors. The Board of Directors is the decision-making body. It submits the required resolutions to the General Meeting for approval. Further details can be found in the separate Compensation Report for the business year 2022.

The Board of Directors does not have a Nomination Committee at its disposal. The tasks of the Nomination Committee (determination of the criteria for the selection of candidates for election as members of the Board of Directors, selection procedure, etc.) are carried out directly by the Board of Directors, in view of the small number of members.

In the year under review, the Board of Directors met six times. The meetings lasted approximately three to four hours. The Compensation Committee met twice and the Audit Committee met four times.

The members of the Executive Group Management Board regularly attend the ordinary meetings of the Board of Directors (second part). The President (CEO) of the Executive Group Management Board, the Chief Financial Officer (CFO) and, if necessary, any other members of the Executive Group Management Board, attend the meetings of the Audit Committee. The Chief Financial Officer (CFO) participates in the meetings of the Compensation Committee as he attends to the personnel issues of the members of the Executive Group Management Board and Extended Group Management Board. Where there are discussion points concerning a person present, that person withdraws from the meeting.

3.6 Definition of areas of responsibility

The Board of Directors is the highest executive body responsible for the overall administration of the Group. It adopts strategic decisions and defines the means necessary for attaining the long-term goals. It determines, inter alia, the participation and appointment of the members of the Executive Group Management Board, the Extended Group Management Board and the heads of the main Group companies. Moreover, the Board of Directors approves the annual budgets of the Group and its affiliated companies. The Board of Directors prepares the General Meeting and drafts the Annual Report as well as the Half-Year Report.

The Board of Directors has delegated the current operative business to the Executive Group Management Board, the Extended Group Management Board and to the management of The Swatch Group Ltd.

The Executive Group Management Board is responsible for implementing Group strategies. It sets strategies and objectives for the Group companies and supervises their management.

The Extended Group Management Board supports and advises the Executive Group Management Board in its operative tasks. It makes suggestions for the development of the Group strategy.

The individual members of the Executive and Extended Group Management Boards manage their allocated areas within the framework of Group policy and in accordance with guidelines set by the Executive Group Management Board. The management of The Swatch Group Ltd. is responsible for the current operative business of The Swatch Group Ltd.

CORPORATE GOVERNANCE

3.7 Information and control instruments

Each member of the Board of Directors can request to receive information on all issues concerning the Company and on important issues concerning the Group companies.

The members of the Executive Group Management Board report at the Board of Directors meetings on current business and important business issues. In particular, the members of the Board of Directors regularly receive detailed information regarding turnover and results and trends for the Group and Group Divisions. Furthermore, important business issues, new products and the Group's financial status are reported in detail. Moreover, extraordinary occurrences are immediately brought to the attention of the Board.

Outside of these meetings, each member of the Board of Directors may seek information on the general progress of business from authorized management (after informing the Chairwoman). With due authorization of the Chairwoman, they may also demand direct information on individual business transactions. Should the Chairwoman reject an application for information, a hearing or an inspection (which has never occurred so far), the entire Board of Directors shall decide at the request of the applicant.

The Chairwoman of the Board of Directors has an audit team available, which she may deploy in specific cases.

4. Group Management (Executive Group Management Board/Extended Group Management Board)

As of 31 December 2022

4.1 Members of the Executive Group Management Board

Nick Hayek, Swiss citizen, pursued two years' study at the University of St. Gallen (HSG), then attended the Film Academy CLCF in Paris. He has been President of the Executive Group Management Board since 2003 and a member of the Board of Directors since 2010, Mr Hayek has worked with Swatch Group since 1992, first as Swatch Ltd Marketing Manager, then as Swatch Ltd President and finally as Delegate of the Board of Directors of Swatch Ltd. In the mid-eighties, he founded his own production company, Sesame Films in Paris, and worked in Switzerland and abroad. His involvement in a number of film productions (e.g., a series of documentaries for Swiss television), then the production of a number of short films (e.g., 1st prize at the Thessaloniki Film Festival, an official contribution to the Cannes Film Festival, etc.) and his activity as producer and director of two feature films, «Das Land von Wilhelm Tell» and «Family Express» with Peter Fonda (a film that earned him the prize for the best Swiss comedy at the Charlie Chaplin Comedy Film Festival in Vevey) resulted in his being called upon to advise on various Swatch projects in the early '90s and to assume responsibility for several Swatch exhibitions (such as that of Lingotto in Turin). Mr Hayek is a member of the Board of Directors of the CSEM (Centre suisse d'électronique et de microtechnique) and of Belenos Clean Power Holding Ltd.

Florence Ollivier-Lamarque, French citizen, lawyer, has been a member of the Extended Group Management Board since 1992 and of the Executive Group Management Board since 2005. Ms Ollivier-Lamarque has been with the Group since 1988 when it took over the Société Inthor, Paris, which distributed some of the Group's watches in France. At that time, she worked as Swatch and Tissot Brand Manager. In 1990, she took over the management of Swatch Group France and in 2002 the management of Swatch Group France Les Boutiques. She was responsible for Swatch Group France and Swatch Group France Les Boutiques until end of 2018 as well as for Italy, Spain, Belgium and The Netherlands. Ms Ollivier-Lamarque is responsible for the watch brand Flik Flak, member of the Board of the Colbert Committee and Vice President of the Fédération de l'Horlogerie, Paris.

Raynald Aeschlimann, Swiss citizen, graduated with a degree in economics and an M.A. from the University of St. Gallen (HSG). He was appointed to the Swatch Group's Extended Group Management Board in 2013. Since 2020, Mr Aeschlimann has been a member of the Group Management Board. Since 2016, he has been President of Omega Ltd. Prior to that, he had been Vice President and International Director of Sales, Retail and Distribution at Omega Ltd. since 2001. He joined Omega in 1996 as Sales and Marketing Project Manager. He was also Brand Manager of Omega and Blancpain Spain in 2000 and has been the Group Coordinator for the Swatch Group's Indian subsidiary since 2010. Mr Aeschlimann is on the Executive Board of the Federation of the Swiss Watch Industry FH. He had previously worked at Longines and Complementa AG in St. Gallen from 1992 to 1996.

Pierre-André Bühler, Swiss citizen, technical education, has been a member of the Extended Group Management Board since 2008 and of the Executive Group Management Board since 2013. Mr Bühler started his career within the Group in 1977 as manager of the industrialisation division at Michel SA in Grenchen. Later he held executive functions at ETA (Technical Manager of the division Michel) and at Nivarox (Production Manager). Before taking over the general management of ETA, Mr Bühler worked as managing director of Nivarox-Far (Le Locle). Since September 2019, he has been CEO of DYB, responsible for new industrial technologies for the Group and responsible for Comadur and Mecos in the Executive Group Management Board. He represents Swatch Group on the Executive Board of the Federation of the Swiss Watch Industry FH and is a member of the Board of Directors of CSEM, as well as a member of the Foundation Board of FLRH (Fondation en faveur d'un Laboratoire de Recherches Horlogères).

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Marc Alexander Hayek, Swiss citizen, Dr h.c. European University Montreux, holds a bachelor's degree in economics and has undertaken further training in marketing and economics. He became a member of the Extended Group Management Board in 2002 and of the Executive Group Management Board in 2005 with responsibility for Blancpain, Breguet, Jaquet Droz and Glashütte Original as well as for CHH Microtechnique, Simon et Membréz, and Swatch Group Central and South America. Since August 2017, Mr Hayek has been a member of the Board of Directors of Belenos Clean Power Holding Ltd and since 2019, Vice President and Delegate. He joined Blancpain as Marketing Manager in 2001. Mr Hayek had previously worked as an independent entrepreneur (Restaurant Colors, Zurich) and had been employed by Swatch in the PR area and by Certina in marketing.

Dr Thierry Kenel, Swiss citizen, holds a doctorate in economics, a degree in mechanical engineering and a postgraduate degree in the management of technology. As a Member of the Extended Group Management Board since 2009 and of the Executive Group Management Board since 2012, he is responsible for Corporate Finance, Reporting, Investor Relations and Swatch Group Luxembourg. Mr Kenel has been with Swatch Group since 2003, first as Group Controller in the business segment Electronic Systems and subsequently as Head of Finance, IT and Administration at Montres Breguet SA. Prior to joining Swatch Group, Mr Kenel was a lecturer and researcher in the field of economics at the University of Lausanne; before that, he was a member of the Board of Directors and the management of the Flumroc-Spoerry group of companies. Mr Kenel represents Swatch Group in the Board of *economiesuisse*, the Convention Patronale and the Federation of the Swiss Watch Industry FH, where he presides over the Economic Commission. Mr Kenel continues to be a private lecturer on finance and financial reporting at the University of Lausanne (HEC) as well as at the Swiss Institute of Certified Accountants and Tax Consultants. He is also a member of the Liaison Committee University-Industry at the University of Lausanne (HEC).

Dr Peter Steiger, Swiss citizen, who has a doctorate in public economics, has been a member of the Extended Group Management Board since 2002 and a member of the Executive Group Management Board since 2019, with responsibility for Corporate Controlling and Logistics as well as Swatch Group Singapore, Swatch Group UK, Swatch Group Germany, Swatch Group Mexico and Swatch Group US. He started his career with the Group in 1989 as Head of Finance and Administration with PC Quartz. Later, Mr Steiger held leading finance and logistics positions within various Group companies (among others, Swatch and Longines). Before joining Swatch Group, he had worked with international groups in Switzerland and abroad (Shell, Philips).

François Thiébaud, French citizen, studied management at the ICG Institut Contrôle de Gestion, Paris and law at the University of Besançon. He has been a member of the Extended Group Management Board since 1998 and of the Executive Group Management Board since 2006, with responsibility for Mido, Certina, Union Glashütte as well as Swatch Group France and the Swiss market. He joined Swatch Group in 1996 as President of Tissot. Previously, he had been active as Delegate of the Board of Directors of Juvenia and General Manager of Breitling for 13 years. He represents the Group in the AMS Association des fournisseurs d'horlogerie, marché suisse (Chairman).

4.2 Members of the Extended Group Management Board

Matthias Breschan, Austrian citizen, graduated from the Vienna School of Economics and has been a member of the Extended Group Management Board since 2005. He is responsible for Longines, Swatch Group Taiwan, and Swatch Group Austria. Mr Breschan has been the President of Longines since July 2020. Previously, he was the President of Rado for nine years, managed Hamilton for seven years and worked as Area Sales Manager for three years at Swatch Telecom. Between his activities at Hamilton and Swatch Telecom he was Managing Director of Aldi in France (Aldi Marché Est). Before joining Swatch Group, Mr Breschan worked for Texas Instruments and Alcatel Mobile Phones in the product marketing, international marketing and sales areas.

Sylvain Dolla, French and Swiss citizen, holds a master's degree from Toulouse Business School. He has been a member of the Extended Group Management Board since 2020, with responsibility for Tissot, Swatch Group Belgium, Swatch Group Greece and Swatch Group Netherlands. Sylvain Dolla has been CEO of Tissot since July 2020. He joined Swatch Group in 2004, where he first held the position of Head of High-Tech & Access at Swatch. He then became Head of Sales International at Hamilton before serving as the brand's president for nine years. Before joining Swatch Group, Sylvain Dolla worked in various technology companies in Paris, London, Atlanta and Dubai.

Daniel Everts, Swiss citizen, lic. iur., attorney-at-law, MBA from INSEAD in Fontainebleau, France, has been a member of the Extended Group Management Board since 2019 and is responsible for Swiss Timing, Swatch Group Nordics (Sweden, Norway, Denmark, Finland), and Swatch Group Poland. He joined Swatch Group in 2010. Since 2016, he has held the position of Chief Legal Officer Corporate & Industry and is responsible for the legal support of the Group companies in the areas of production, electronic systems and corporate. Before joining Swatch Group, Daniel Everts worked as a lawyer in international commercial law firms. He represents Swatch Group as a delegate to the Swiss Watch Industry Employers' Association (Convention Patronale) and is a board member of the Swiss Employers' Association (SAV).

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Fadi Ghalayini, Lebanese citizen, holds a Bachelor of Science (major in business computing) as well as an MBA from the Lebanese-American University, and has been a member of the Extended Management Board since 2022. Mr Ghalayini joined Swatch Group in 2003 and successively took responsibility for Rado, Longines and then Blancpain for the Middle East, North Africa and Turkey. In 2009, he was appointed Vice President Sales of Tiffany Watch Co. Ltd. and later supported the management of Swatch Group India. Since 2013, Fadi Ghalayini has held the position of Global Vice President Sales Harry Winston. Prior to joining Swatch Group, he worked in various large companies active in the luxury goods and selective retail sectors.

Hans-Rudolf Gottier, Swiss citizen, holds an electrical engineering degree from the University of Applied Sciences (HES) in Biel and has been a member of Swatch Group's Extended Management Board since 2013, where he is responsible for the companies Renata and Micro Crystal. Mr Gottier began his career at Swatch Group in 1980 as head engineer of quartz production. Since 1990, he has been the CEO of Micro Crystal Ltd. During this period, Micro Crystal developed from its role as an internal quartz supplier for the watch business to its current status as a global quartz supplier. In recent years, Mr Gottier has led various companies within Swatch Group Electronic Systems and completed their restructuring. Prior to joining Swatch Group, Mr Gottier worked in South America, where he was responsible for the technical implementation in connection with the import of large machinery and installations.

Mireille Koenig, Swiss citizen, lic. iur., lawyer, LL.M. (Chinese Law) from Hong Kong University. A Member of the Extended Group Management Board since 2019, she is responsible for Swatch Group Russia and Swatch Group South Korea as well as the legal interests of the brands and international subsidiaries. Mireille Koenig joined the Swatch Group Legal Department in 2009 and has been Chief Legal Officer Brands & Countries since 2016. She represents Swatch Group as a delegate on the Legal Committee of the Swiss Watch Industry Association (FH). Prior to joining Swatch Group, Mireille Koenig worked for several years as a lawyer in an international business law firm and in a senior position at a Chinese management consultancy in Shanghai.

Lionel a Marca, Swiss citizen, has been a member of the Extended Group Management Board of the Swatch Group since 2019, responsible for Breguet and MOM Le Prélet. He completed a technical education as a qualified rhabilleur watchmaker at the EHMP (Ecole Horlogerie Mircrotechnique) in Porrentruy. Mr a Marca has been Vice President of Blancpain since 2004 and Vice President of Harry Winston as Head of Technical and Development Management since 2015. Previously, he was Head of Product at Blancpain for two years. He also served as consultant and project manager for Swatch Group Quality Management and as watchmaker for complications at ETA, as well as at Frédéric Piguet SA. Before joining Swatch Group, Lionel a Marca was a rhabilleur watchmaker in various watch companies in the Jura region.

Calogero Polizzi, Italian and Swiss citizen, holds a diploma in information technology from the Industrial Technical Institute L. Cobianchi in Verbania, Italy. He joined Swatch Group in 1999 and has been Head of Information Technology at the Swatch Group level since 2005. Mr Polizzi is a member of the management of Swatch Group Services, and has been President and CEO of Swatch Group Italy since 2019. He became a member of the Extended Group Management Board in 2013. At this level, he also has the responsibility for Information Technology, Swatch Group Italy, and Hamilton. In addition, he is responsible for connected watches and the software aspects of the new Swiss Operating System for IoT (Internet of Things). He worked as IT Manager at Swatch Group Italy and later as Head of IT at Swatch Group Distribution. Between these two assignments, he was Chief Information Officer at Tod's S.p.A. Before joining Swatch Group, Mr Polizzi worked at Whirlpool where he was engaged in various information technology positions at the international level.

Michel Willemin, Swiss citizen, holds a doctorate in natural sciences from the University of Zurich, a degree in physics from the University of Neuchâtel, and is a qualified ETS engineer in electronics and electrical engineering. Mr Willemin joined Swatch Group in 2001 as a designer of integrated circuits for sensor interfaces at EM Microelectronic-Marin SA. Since 2010, he has been CEO of Asulab and Moebius, divisions of The Swatch Group Research and Development Ltd. In addition, he has been CEO of EM Microelectronic-Marin SA since 2011. Before joining Swatch Group, Mr Willemin worked at the CSEM (Swiss Center for Electronics and Microtechnology) in optics and image sensor design. He is a member of the Swiss Academy of Engineering Sciences (SATW).

CORPORATE GOVERNANCE

4.3 Number of permissible mandates

According to art. 40 of the Statutes, no member of the Group Management Board shall hold any directorships in listed companies and more than four additional directorships in unlisted companies. The following are not covered by these restrictions (i) directorships in companies which are directly or indirectly controlled by the company or which control the company, (ii) directorships held by a member of the Group Management Board on behalf of or at the request of the company or a company controlled by it, provided that no member of the Group Management Board shall hold more than 20 such directorships, and (iii) mandates in associations, charitable organizations, non-profit foundations and employee welfare foundations, as long as no member of the Group Management Board shall hold more than 30 such mandates. Directorships shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Directorships in different legal entities that are under joint control or same beneficial ownership are deemed one directorship.

4.4 Employment Contracts

The contracts of employment with the members of the Executive and the Extended Group Management Board are entered into for an indefinite period of time and can be terminated by both parties with a six month notice period. In case of a termination, no termination payment will be due. No entry bonus is paid by Swatch Group when entering new contracts (Golden Hellos).

In case of an exit there are no other entitlements to any compensation.

4.5 Changes in the Executive Group Management Board resp. Extended Group Management Board

In March 2022, Mr Roger Juillet retired from the Extended Group Management Board. As of 1 April 2022, Mr Mougahed Darwish left the Executive Group Management Board. As of 1 November 2022, Mr Yann Gamard left the Extended Group Management Board. Mr Michel Willemin was newly appointed to the Extended Group Management Board as of 1 March 2022 and Mr Fadi Ghalayini was newly appointed to the Extended Group Management Board as of 1 September 2022. Otherwise, there were no changes in the Executive Group Management Board or the Extended Group Management Board during the year under review.

4.6 Management Contracts

Within the framework of a global contract, Hayek Engineering AG, Zurich, placed its management personnel in particular at the disposal of operational activities, as well as in the areas of real estate and logistics.

5. Compensation, shareholdings and loans / credits

5.1 Compensation

The material elements of the compensation principles, of the tasks and competences in the field of compensation, of the composition and function of the Compensation Committee and of the various compensation elements, etc. are exposed in a separate compensation report. Additionally, it is pointed out that according to Art. 32 para. 7 of the Statutes, the compensation may be awarded in the form of cash, shares, in kind or in the form of services; with regards to the executive members of the Board of Directors and the members of the Group Management Board, their compensation may in addition be awarded in the form of other participation rights, options, or similar instruments or units. The Board of Directors or, to the extent delegated to it, the compensation committee shall determine the applicable conditions relating to the grant, the exercise as well as the deadlines, possible blocking periods and forfeiture conditions.

The separate Compensation Report also covers the loans, credits and share programs and is thus referred to here.

5.2 Participation programs

The aims of the management stock option plan of the Swatch Group are to honor performances of the main Management members, strengthen the motivation and the sense of responsibility in the Group, further the loyalty to the firm as well as the stability of the managing employees and promote a favorable wealth increase. The allocation of shares results from an individual performance report. The voting rights of the shares in possession of the plan will not be exercised.

The share program is described in the Compensation Report.

An overview of the shares and options owned by the members of the Board of Directors, Executive Group Management Board and Extended Group Management Board and persons being closely related to them at 31 December 2022 may be consulted on page 223.

CORPORATE GOVERNANCE

5.3 Loans, credits

Loans and credits to members of corporate bodies are considered in the Compensation Report.

5.4 Approval by the General Meeting

Pursuant to Art. 31 of the Statutes, the General Meeting shall annually approve the motions of the Board of Directors in relation to the aggregate amounts of (i) the maximum fixed compensation of the members of the Board of Directors for the period until the next Ordinary General Meeting, (ii) the maximum fixed compensation of the members of the Group Management Board for the current business year, (iii) the variable compensation of the executive members of the Board of Directors for the completed business year and (iv) the variable compensation of the members of the Group Management Board for the completed business year. The Board of Directors may propose additional motions thereof to the General Meeting or motions which vary from those mentioned above, to the extent permitted by law.

The company or companies controlled by it shall be organized to pay to persons who become members of the Group Management Board or are being promoted within the Group Management Board after the General Meeting has approved the compensation of the Group Management Board for the relevant period a supplementary amount during the compensation period(s) already approved, if the maximum aggregate amount of compensation already reapproved by the General Meeting is not sufficient to cover their compensation. The supplementary amount shall not exceed 40% of the last approved aggregate amount of compensation of the Group Management Board.

In the event that the General Meeting does not approve a motion of the Board of Directors, the Board of Directors shall determine, taking into account all relevant factors, the respective (maximum) aggregate amount or (maximum) partial amounts. The Board of Directors shall submit the amount(s) so determined for approval by the same General Meeting, a subsequent Extraordinary General Meeting or the next Ordinary General Meeting.

The company or companies controlled by it may pay out compensation prior to the approval by the General Meeting subject to the subsequent approval by the General Meeting.

6. Shareholders' participation

6.1 Voting rights and representation restrictions

For the exercise of voting rights, no shareholder may combine, either directly or indirectly, more than 5% of the total shareholders' equity in respect of his/her own shares and those represented by him/her. This limitation does not apply to the shares which are excluded from the registration prohibition (point 2.6 above). Nor does this restriction apply to the exercise of voting rights by the independent voting-rights representative.

Furthermore, pursuant to Art. 16(4) of the Statutes, the Board of Directors is entitled to make exceptions to the limitations in special cases. No exceptions were requested or granted during the business year. A modification of the representation restrictions is only possible through a change of the provisions of the Statutes. For such modification, a decision of the General Meeting with a relative majority is required.

Shareholders who cannot attend the General Meeting in person may arrange to be represented by their legal representative, by another shareholder entitled to vote or by the independent voting-rights representative.

6.2 Statutory quorums

In addition to the special quorum regulations provided in Art. 704 CO, the Statutes also apply the same quorum regulation (two-thirds of the votes represented and an absolute majority of the par values of shares) for dismissing members of the Board of Directors.

6.3 Convocation of the General Meeting of Shareholders

The General Meeting is convened pursuant to Articles 13 and 14 of the Statutes. Shareholders who together own at least 10% of the share capital can, at any time, request in writing the convening of an extraordinary general meeting. Such an extraordinary general meeting shall be held within 40 days of the date of receipt of such a request.

6.4 Agenda

Shareholders who represent shares with a par value of one million Swiss francs may submit a written request for a meeting to be held to discuss a particular subject; the motions tabled shall likewise be indicated (see Article 14 (3) of the Statutes).

6.5 Entries in the share register

As a general rule, the share register is closed for entries 20 days before each General Meeting.

CORPORATE GOVERNANCE

7. Changes of control and defence measures

7.1 Duty to make an offer

Art. 10 of the Statutes provides that a shareholder who acquires shares either directly or indirectly or in agreement with third parties and by so doing exceeds the limit of 49 % of voting rights, including the shares that he/she already possesses, regardless of whether those rights can or cannot be exercised, shall be required to make an offer to purchase all the listed shareholding papers of the Company (Art. 10 of the Statutes in conjunction with Art. 135 FinMIA).

7.2 Clauses on changes of control

There are no agreements with members of the Board of Directors, the Executive Group Management Board or other managerial staff for the case of a change in the shareholder structure.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers Ltd has, since 1992, performed the function of external auditor of the Group. Before that, the predecessor organizations had already served as auditors for the Group and many of its companies.

Mr. Thomas Brüderlin, as head auditor (Engagement Partner), has been responsible for the audit and Group audit since the 2018 accounting year.

8.2 Auditing fees and additional fees

The following fees from audit companies were charged to the 2022 financial statements:

(CHF million)	Audit fees	Consultancy for taxes and duties	Other services	Total
PricewaterhouseCoopers	4.5	1.7	0.4	6.6
Other Auditing Companies	0.6	0.4	0.2	1.2
Total 2022	5.1	2.1	0.6	7.8
Total 2021	4.7	2.1	0.5	7.3

Audit fees relate to audit of the statutory financial statements of Group companies according to local standards, as well as internal financial statements according to Swiss GAAP FER. The position *Taxes and duties* includes consultancy fees in the areas of direct and indirect taxes, transfer prices, customs duties, control technology and reporting. Under *Other services*, all other fees from audit companies are disclosed, such as for IT support, risk management, bookkeeping services and others.

8.3 Supervisory and control instruments pertaining to the audit

The supervision and final verification of the external audit is exercised by the Audit Committee, and by the full Board of Directors, respectively (see also the duties and functions as described under 3.5). The Audit Committee evaluates together with the Group Management the performance of the auditors and recommends the independent external auditor to the Board of Directors for election by the General Assembly. As a general rule, the Audit Committee meets twice a year with the auditors. The auditors prepare a report for the Audit Committee regarding the findings of the audit, the financial statement and the internal control. Together with the auditors, the audit focus points for the following review period are determined and the audit related key risks established by the auditors are discussed. In collaboration with Group Management the independence of the auditors is evaluated annually. In particular and for this purpose, the worldwide fees of the audit are presented, discrepancies with the estimated costs analysed and explained and the budget for the following audit period determined. The appointment of the auditor is subject to an approval procedure.

CORPORATE GOVERNANCE

9. Information policy

Swatch Group plans to report on the business of the Group at the following times:

- 24 January 2023 Publication of key figures 2022
- 16 March 2023 Publication of the Annual Report 2022 and the Sustainability Report 2022 / Press conference
- 10 May 2023 General Meeting
- 28 July 2023 Publication of 2023 half-year results

The list may change during the year, if dates are adjusted or added. The information is always published in the Swiss and international press and also published in the publications of leading international banks.

This information can also be obtained from the Swatch Group website at www.swatchgroup.com, and in particular in the "Investor Relations" section. The Annual Report can also be viewed and downloaded using the link "<https://www.swatchgroup.com/en/investors-space/annual-report>". In addition, the swatchgroup.com homepage allows for the possibility of subscribing to the Push-and-Pull information service in order to receive ad-hoc financial announcements.

For queries, there is a contact form at www.swatchgroup.com/contactus. Queries may also be sent by post (The Swatch Group Ltd., Seedorfstrasse 6, CH-2501 Biel) or by fax to +41 32 343 69 11 or by telephone on +41 32 343 68 11.

Ahead of the publication of Swatch Group's annual results and half-year results, the members of the Board of Directors, the Group Management Board, and the Extended Group Management Board, as well as the persons who are involved in the closing or who have knowledge of the key figures are not permitted to make transactions with Swatch Group shares or their derivatives. The concerned individuals are informed personally about the beginning, the scope, and the end of the quiet periods. There are no exceptions to these quiet periods.

FINANCIAL
STATEMENTS 2022



FINANCIAL STATEMENTS 2022

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FINANCIAL REVIEW

1. Key figures Group

(CHF million)	2022	2021	Change in %		Total
			at constant rates	currency effect	
Net sales	7 499	7 313	4.6%	-2.1%	2.5%
Operating result	1 158	1 021			13.4%
- In % of net sales	15.4%	14.0%			
Net result	823	774			6.3%
- In % of net sales	11.0%	10.6%			
Equity	12 051	11 605			3.8%
- As a % of balance sheet total	86.7%	84.8%			
Dividend in CHF 1)	2022	2021			
- Per bearer share	6.00	5.50			
- Per registered share	1.20	1.10			

1) For the year under review: Board of Directors' proposal

With its 17 brands, the Swatch Group is present in all segments, and is a fully verticalized company, from production to distribution. The Group has an ideal set-up worldwide, with its own retail network including e-commerce and its own customer service. The Group continuously makes long-term investments, not only in research and development of innovative and unique products, but also in the close to 150 production facilities in Switzerland and in worldwide distribution. As a result, the Group occupies an unparalleled position in the Swiss as well as the worldwide watch industry.

FINANCIAL REVIEW

2. Environment / Financial year**Development net sales and operating result**

2022 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
Net sales	7 145	371	9	-26	7 499
Operating result	1 232	47	-121	0	1 158
- In % of net sales	17.2%	12.7%			15.4%
2021 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
Net sales	7 014	314	9	-24	7 313
Operating result	1 117	27	-123	0	1 021
- In % of net sales	15.9%	8.6%			14.0%

At constant exchange rates, Group net sales were 4.6% above the previous year. The negative currency impact was CHF 151 million or -2.1%. The Watches & Jewelry segment (including Production) reported an operating margin of 17.2% (previous year: 15.9%).

Consistent double-digit sales growth in Europe, America, the Middle East, and most of the Asian markets was severely dampened by the significant decline in sales in China. Year on year, the sales shortfall in this region amounted to more than CHF 700 million. The fourth quarter was particularly affected. First the lockdowns, and then the massive Covid wave, after the measures were lifted, led to shortfalls of over 30% in this quarter. The decline in the month of December alone was around minus 50%.

Retail business reported double-digit growth, not only for the Swatch brand, but also in particular for the Harry Winston, Breguet and Omega brands. The Group continues to invest very selectively in new retail stores. At the end of 2022, a building was acquired at a top business location on the P.C. Hooftstraat in Amsterdam.

Demand for the 11 Bioceramic MoonSwatch models also remains unbroken high nine months after their launch, and queues in front of Swatch stores are still the order of the day. Despite an additional 70 points of sale and greatly increased production, daily demand still far exceeds available product. The MoonSwatch is popular with an extremely broad spectrum of customers of all ages and origins. In the wake of the MoonSwatch hype, the entire Omega Speedmaster collection, for example, the Moonwatch models, also profited from greatly increased interest.

The production sector reported significantly higher sales and improved margins than in the previous year. Difficulties in procuring certain raw materials and components hindered an even better result and led to delivery delays, despite increased safety stock. Order books at the end of 2022 were 24% above the previous year.

Products of the highly specialized companies in the segment Electronic Systems continued to be in extraordinarily high demand. This was the case for extremely low power consumption semiconductors from EM Microelectronic-Marin, as well as high-tech products from Micro Crystal for market leaders for mobile devices and the automotive and medical industry. Sales for the segment, to which battery producer Renata and timekeeper Swiss Timing also belong, were CHF 371 million or 18.2% above the previous year. Operating profit was CHF 47 million, corresponding to a margin of 12.7% (previous year: CHF 27 million or 8.6%).

FINANCIAL REVIEW

Development net result

(CHF million)	2022	2021
Operating result	1 158	1 021
Net financial result	-62	-10
Ordinary result	1 096	1 011
Non-operating result	0	0
Result before income taxes	1 096	1 011
Income taxes	-273	-237
Net result	823	774
- In % of net sales	11.0%	10.6%
Basic earnings per share in CHF	2022	2021
- Registered shares	3.11	2.96
- Bearer shares	15.57	14.78

The net financial result for the year under review closed with a loss of CHF -62 million (previous year: loss of CHF -10 million), primarily influenced by a strongly negative net currency result and the derecognition of the historical goodwill of an associate in liquidation. Further details to the net financial result can be found in Note 18 of the consolidated financial statements.

Income tax expense in relation to net income before tax was 24.9% in the year under review or CHF -273 million (previous year: 23.4% or CHF -237 million). The effect of the different tax rates in the respective tax jurisdictions versus the Group's applicable tax rate as well as the relative weight of the result of each individual entity in the Group's result explain most of the increase in the effective tax rate of 1.5% compared to 2021. A detailed analysis of income tax expense is disclosed in Note 27 to the consolidated financial statements.

Net result totaled CHF 823 million or +6.3% compared to the previous year.

In the current year, basic earnings per share amounted to CHF 3.11 for registered shares (previous year: CHF 2.96) and CHF 15.57 for bearer shares (previous year: CHF 14.78). Detailed information can be found in Note 15 of the consolidated financial statements.

The Board of Directors of the Swatch Group will propose a dividend of CHF 1.20 per registered share and CHF 6.00 per bearer share at the Annual General Meeting on 10 May 2023 (previous year: CHF 1.10 per registered share and CHF 5.50 per bearer share).

FINANCIAL REVIEW

Development balance sheet structure

(CHF million)	2022	2021
Current assets	10 393	10 107
Current liabilities	1 126	1 377
Equity	12 051	11 605
– As a % of balance sheet total	86.7%	84.8%
Average return on equity 1)	7.0%	6.9%

1) Net income as a percentage of average equity (previous year plus year under review, divided by two)

Current liabilities were covered by current assets by a factor of 9.2 (previous year: 7.3). This factor indicates a very healthy structure of the short-term balance sheet positions.

At the end of the year under review, the equity amounted to CHF 12.1 billion (previous year: CHF 11.6 billion). The equity ratio was 86.7% of total assets (previous year: 84.8%).

Development liquidity

(CHF million)	2022	2021
Cash and cash equivalents at 1 January	1 887	1 540
Cash flow from operating activities	724	1 298
Cash flow from investing activities	-114	-727
Cash flow from financing activities (incl. foreign exchange rate differences on cash)	-321	-224
Cash and cash equivalents at 31 December	2 176	1 887

After-tax operating cash flow generated in 2022 was CHF 724 million, a decrease of -44.2% against the previous year, mainly due to precautionary increase in safety stock.

Across all segments, Swatch Group invested a total of CHF 399 million in non-current operating assets¹⁾ in 2022 (previous year: CHF 303 million). Free cash flow²⁾ amounted to CHF 342 million (previous year: CHF 1 033 million).

The dividend payment of CHF 285 million (previous year: CHF 181 million) was the main cash flow item from financing activities. The net liquidity³⁾ at the end of the year was CHF 2 540 million (previous year: CHF 2 558 million).

3. Outlook

Group Management anticipates strong sales growth in 2023 in all regions and segments. After the end of Covid measures, consumption quickly recovered, not only in China, but also in the surrounding markets of Hong Kong SAR and Macau. In addition, lifting of travel restrictions in China will revitalize sales in tourist destinations.

1) Investments in property, plant and equipment, in intangible assets and in other non-current assets according to statement of cash flows

2) Cash flow from operating activities minus cash flow from investing activities (without financial assets and securities)

3) Cash and cash equivalents as well as financial assets, securities and derivative financial instruments minus current financial debts and derivative financial liabilities

CONSOLIDATED INCOME STATEMENT

	Notes	2022 CHF million	%	2021 CHF million	%
Net sales	(4, 5a)	7 499	100.0	7 313	100.0
Other operating income	(5b)	244	3.2	281	3.8
Changes in inventories		538	7.2	19	0.3
Material purchases		-1 847	-24.6	-1 524	-20.8
Personnel expense	(11)	-2 363	-31.5	-2 206	-30.2
Depreciation and impairment on property, plant and equipment	(8)	-366	-4.9	-396	-5.4
Amortization and impairment on intangible assets	(9)	-41	-0.6	-42	-0.6
Other operating expenses	(6a)	-2 506	-33.4	-2 424	-33.1
Operating result		1 158	15.4	1 021	14.0
Other financial income and expense	(18)	-38	-0.5	4	0.0
Interest expense	(18)	-3	-0.0	-5	-0.1
Share of result from associates and joint ventures	(18, 33)	-21	-0.3	-9	-0.1
Ordinary result		1 096	14.6	1 011	13.8
Non-operating result	(5c)	0	0.0	0	0.0
Result before income taxes		1 096	14.6	1 011	13.8
Income taxes	(27b)	-273	-3.6	-237	-3.2
Net result		823	11.0	774	10.6
<i>Attributable to shareholders of The Swatch Group Ltd</i>		<i>807</i>		<i>765</i>	
<i>Attributable to non-controlling interests</i>		<i>16</i>		<i>9</i>	
Earnings per share in CHF	(15)				
Registered shares					
Basic earnings per share		3.11		2.96	
Diluted earnings per share		3.11		2.95	
Bearer shares					
Basic earnings per share		15.57		14.78	
Diluted earnings per share		15.56		14.77	

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2022		31.12.2021	
		CHF million	%	CHF million	%
Current assets					
Cash and cash equivalents	(19)	2 176	15.6	1 979	14.5
Financial assets, securities and derivative financial instruments	(20)	372	2.7	677	4.9
Trade receivables	(5d)	663	4.8	710	5.2
Other current assets	(22)	103	0.7	136	1.0
Inventories	(7)	6 873	49.5	6 389	46.7
Prepayments and accrued income	(23)	206	1.5	216	1.6
Total current assets		10 393	74.8	10 107	73.9
Non-current assets					
Property, plant and equipment	(8)	2 706	19.5	2 771	20.3
Intangible assets	(9)	146	1.1	144	1.0
Investments in associates and joint ventures	(33)	19	0.1	21	0.1
Other non-current assets	(26)	181	1.3	186	1.4
Deferred tax assets	(27d)	448	3.2	449	3.3
Total non-current assets		3 500	25.2	3 571	26.1
Total assets		13 893	100.0	13 678	100.0

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Equity and liabilities	Notes	31.12.2022 CHF million	%	31.12.2021	%
				CHF million	
Current liabilities					
Financial debts and derivative financial instruments	(21)	8	0.1	98	0.7
Trade payables		298	2.1	313	2.3
Other liabilities	(24)	193	1.4	258	1.9
Provisions	(10)	94	0.7	112	0.8
Accrued expenses	(25)	533	3.8	596	4.4
Total current liabilities		1 126	8.1	1 377	10.1
Non-current liabilities					
Financial debts	(21)	2	0.0	2	0.0
Deferred tax liabilities	(27d)	459	3.3	430	3.2
Retirement benefit obligations	(12)	43	0.3	42	0.3
Provisions	(10)	61	0.5	68	0.5
Accrued expenses	(25)	151	1.1	154	1.1
Total non-current liabilities		716	5.2	696	5.1
Total liabilities		1 842	13.3	2 073	15.2
Equity					
Share capital	(14a)	118		118	
Capital reserves	(14b)	-971		-971	
Treasury shares	(14d)	-123		-131	
Goodwill recognized		-1 350		-1 370	
Translation differences		-547		-442	
Retained earnings		14 858		14 336	
Equity of The Swatch Group Ltd shareholders		11 985	86.2	11 540	84.4
Non-controlling interests		66	0.5	65	0.4
Total equity		12 051	86.7	11 605	84.8
Total equity and liabilities		13 893	100.0	13 678	100.0

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(CHF million)	Notes	2022	2021
Operating activities			
Net result		823	774
Share of result from associated companies and joint ventures	(33)	21	9
Income taxes	(27b)	273	237
Depreciation on non-current assets	(8, 9)	406	437
Impairment	(8, 9)	1	1
Changes in provisions and retirement benefit obligations		-23	54
Gains/losses on sale of non-current assets		-9	2
Fair value gains/losses on marketable securities		37	-11
Expenses for employee stock option plan	(13)	9	9
Other non-cash items		30	1
Changes in net working capital:			
– Trade receivables		33	-19
– Inventories		-548	-19
– Other current assets, prepayments and accrued income		38	0
– Trade payables		-3	27
– Other liabilities and accrued expenses		-88	51
Dividends from associated companies and joint ventures	(33)	1	1
Income tax paid	(27c)	-277	-256
Cash flow from operating activities		724	1 298
Investing activities			
Investments in property, plant and equipment		-339	-251
Proceeds from sale of property, plant and equipment		5	10
Investments in intangible assets		-48	-44
Proceeds from sale of intangible assets		2	1
Investments in other non-current assets		-12	-8
Proceeds from other non-current assets		10	27
Investments in associated companies and joint ventures		0	0
Investments in current financial assets and securities		-1 655	-527
Proceeds from current financial assets and securities		1 923	65
Cash flow from investing activities		-114	-727
Financing activities			
Dividends paid to shareholders	(16)	-285	-181
Dividends paid to non-controlling interests		-15	-15
Purchase of treasury shares		-2	-12
Sale of treasury shares		1	12
Change in non-current financial debts		0	-1
Change in current financial debts		1	-37
Repurchase of non-controlling interests	(31c)	0	0
Cash flow from financing activities		-300	-234
Net impact of foreign exchange rate differences on cash		-21	10
Change in cash and cash equivalents		289	347
Change in cash and cash equivalents			
– Balance at beginning of year		1 887	1 540
– Balance at end of year	(19)	2 176	1 887

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to The Swatch Group Ltd shareholders								
(CHF million)	Share capital (Note 14a)	Capital reserves (Note 14b)	Treasury shares (Note 14d)	Goodwill recognized	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2020	118	-970	-141	-1 372	-490	13 752	10 897	68	10 965
Net result						765	765	9	774
Currency translation of foreign entities					48		48	3	51
Change in goodwill (Note 32)				2			2		2
Dividends paid						-181	-181	-15	-196
Employee stock option plan (Note 13)		0	9				9		9
Purchase of treasury shares		0	-12				-12		-12
Sale of treasury shares		-1	13				12		12
Balance at 31 December 2021	118	-971	-131	-1 370	-442	14 336	11 540	65	11 605
Net result						807	807	16	823
Currency translation of foreign entities					-105		-105	0	-105
Change in goodwill (Note 32)				20			20		20
Dividends paid						-285	-285	-15	-300
Employee stock option plan (Note 13)		0	10				10		10
Purchase of treasury shares		0	-2				-2		-2
Transactions with non-controlling interests		0	0				0	-0	-0
Balance at 31 December 2022	118	-971	-123	-1 350	-547	14 858	11 985	66	12 051

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

1. General information

The Swatch Group Ltd and its subsidiaries (collectively the Group) is active worldwide and represented in the finished watches and jewelry sector with 17 brands in all market and price segments. In addition, it holds an outstanding industrial position with a high degree of vertical integration in the sector of watch movements and components as well as in the electronic systems sector.

The Swatch Group Ltd is a limited company incorporated and domiciled in Switzerland. Its registered office is located in Neuchâtel, Faubourg de l'Hôpital 3. The administrative headquarters are in Biel, Seedorstadt 6.

The shares of The Swatch Group Ltd are listed in Switzerland in the Swiss Reporting Standard of the SIX Swiss Exchange, under the ISIN numbers CH0012255144 (registered shares) and CH0012255151 (bearer shares). Bearer shares are included in the indices SLI, SMIM, SPI (M), SPI Extra and UBS 100, registered shares in the indices SPI (M), SPI Extra, SPI ex SLI and UBS 100. In addition, Swatch Group shares are also listed on the BX Berne eXchange.

These consolidated financial statements were approved for issue by the Board of Directors on 2 March 2023 and will be submitted to the Annual General Meeting of Shareholders for approval on 10 May 2023.

2. Basis of preparation

a. Basic accounting policies

These financial statements provide a true and fair view of the Swatch Group's assets, financial position and earnings, and have been drawn up in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The financial statements of the Group are based upon the financial statements of the Group companies as at 31 December and are established in accordance with the standardized reporting and accounting policies. The financial statements are based on the principle of historical acquisition costs (except for securities and derivative financial instruments recognized at fair value) and on the going concern principle. The statements are presented in Swiss francs (CHF). Unless otherwise indicated, all amounts have been rounded to the next million.

b. Changes in accounting policies

It is expected that the new standard *FER 28 Government Grants (implementation 2024)* will have no significant impact on the consolidated financial statements. The Group is currently analyzing the revised standard *FER 30 Consolidated Financial Statements (implementation 2024)* which will impact the recording of future acquisitions and disposals as well as liquidations and closures of companies. No further changes to the Standards have been published.

c. Accounting estimates and judgments

The preparation of consolidated financial statements in conformity with Swiss GAAP FER requires the use of certain accounting estimates and judgments which have an impact on the assets and liabilities, income and expenses reported, as well as the disclosure of contingent liabilities. These estimates and judgments are

continuously evaluated and are based on historical experience and other factors, including expectations and assessments of future events that are assumed to be reasonable under the given circumstances. Real results may differ from these estimates. Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Any changes are recognized in the period in which the estimate is revised.

Significant estimates, judgements and assumptions are made mainly in the following areas:

Inventories. [Note 7] Inventories subject to market risk or with risk of obsolescence are regularly evaluated by the individual subsidiaries, based on Group guidelines, and when necessary, written down to their net realizable value. In doing so, historical experience, anticipated future requirements, and the life cycle of the individual products are taken into account.

Provisions. [Note 10] Provisions for anticipated warranty services are calculated individually by company, based on regularly updated empirical values for repair and return volumes. Provisions for contractual or legal dismantling obligations are regularly adjusted to current estimates. Restructuring provisions are recognized when a management decision exists and as a result, legitimate third-party expectations are raised that a restructuring will be carried out. Subsequently, they are regularly adjusted on the basis of current estimates.

Income taxes. [Note 27] The Group operates worldwide and is subject to taxation in 37 countries. The Group is fully compliant with tax laws without exception and pays taxes where economic value is generated. Group-internal transactions are conducted on an arm's length basis. The Group discloses the amount of tax paid and key tax figures annually in the "Country-by-Country Reporting". Calculation of current and deferred tax positions is based on the applicable tax laws. New circumstances such as changes in tax rates, tax systems, offsetting of carryforward tax losses, or estimates of the effect of ongoing tax audits can have a significant impact on the existing tax obligations or tax claims of Group companies. The Group proactively and systematically clarifies tax positions with tax experts to prevent tax eventualities and is committed to transparent cooperation with tax authorities.

3. Events after the balance sheet date

There were no significant events after the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

4. Segment information

a. Operating segment information

Operating segments are reported consistent with the internal reporting provided to the Management Board. Although the Group's operations are worldwide, the main entrepreneurial focus remains on the product portfolio. This is reflected by the Group's divisional management and organizational structure and the Group's internal financial reporting systems.

The Group's activities are organized into numerous individual business units (Profit Centers) which are aggregated in the following reportable operating segments:

- Watches & Jewelry Design, production and commercialization of watches and jewelry
- Electronic Systems Design, production and commercialization of electronic components, Sports timing activities

The reportable operating segments generate their revenue mainly from the manufacture and sale of products to third parties or to other Group segments.

Corporate does not qualify as a segment but is shown separately. It includes the activities of the Group's holding, finance, research and development, real estate and several other companies. Elimination of inter-segment sales is shown in the elimination column.

Internal Group sales are recognized at arm's length. Segment expenses are those that can be directly attributed to the segment. Centralized costs relating to Group Management, Corporate Communication, Group Human Resources, Corporate Finance, Treasury, Tax and Legal Services are not reallocated to the operating segments and remain under the heading Corporate.

2022 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
– Third parties	7 141	353	5		7 499
– Group	4	18	4	-26	0
Net sales	7 145	371	9	-26	7 499
Operating result	1 232	47	-121	0	1 158
– In % of net sales	17.2%	12.7%			15.4%
2021 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
– Third parties	7 011	297	5		7 313
– Group	3	17	4	-24	0
Net sales	7 014	314	9	-24	7 313
Operating result	1 117	27	-123	0	1 021
– In % of net sales	15.9%	8.6%			14.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

b. Net sales by geographical region

(CHF million)	2022	2021
Switzerland	472	386
Other Europe	1 544	1 297
Total Europe	2 016	1 683
Greater China	2 370	3 080
Other Asia	1 833	1 535
Total Asia	4 203	4 615
Total America	1 140	901
Total Oceania	102	74
Total Africa	38	40
Total	7 499	7 313

For the geographical presentation, sales are reported according to the destinations that appear on the invoices.

5. Revenues and trade receivables

a. Net sales

Net sales include the inflow of economic benefits from the sale of goods and services within the scope of ordinary business during the period under review. Sales reductions such as discounts, rebates and other concessions as well as payments to third parties such as commissions and any value added tax are deducted from net sales reported. All intercompany sales are eliminated during consolidation.

Revenues are reported if a Group company has transferred the significant risks and rewards of ownership of products sold to the client, and the collectability of the related receivables is reasonably secured. Revenue from services is recognized in the accounting period in which the service is rendered. Accruals for discounts granted to clients are established during the same period as the sales which gave rise to the discounts under the terms of the contract. In the case of agency transactions, only the value of own services is recognized. In the event of business transactions involving identifiable multiple elements, these are to be recognized and valued separately. This type of transaction occurs only rarely within the Group.

(CHF million)	2022	2021
Sale of goods	7 474	7 286
Rendering of services	25	27
Total net sales	7 499	7 313

b. Other operating income

In the year under review, other operating income amounted to CHF 244 million (previous year: CHF 281 million) and also include time-keeping services for the Olympic Games among other items.

c. Non-operating result

Only net result from investment property was included in the non-operating result position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

d. Trade receivables

Trade receivables are recognized and carried at the original net invoice amount less an allowance for any specifically impaired receivables.

Impairment is charged on receivables which are either more than 12 months overdue or for which specific risks have been identified. Since no independent rating is available for most customers, their creditworthiness is assessed by the local credit control departments. In doing so, their asset and financial positions, previous experience and other factors are taken into consideration.

Bad debts are definitely written off when there is objective evidence that the Group will not be able to collect the receivables. Allowances for impaired receivables as well as losses on trade receivables are recognized as other operating expenses.

(CHF million)	31.12.2022	31.12.2021
Trade receivables – gross	671	721
Allowance for impaired receivables	-8	-11
Total trade receivables – net	663	710

The evolution of the allowance for impaired trade receivables can be summarized as follows:

(CHF million)	2022	2021
Balance at 1 January	-11	-13
Translation differences	0	0
Utilization	2	3
Reversal	2	1
Creation	-1	-2
Balance at 31 December	-8	-11

6. Expenses

a. Other operating expenses

(CHF million)	2022	2021
Marketing, sales and administration	-1 082	-1 006
Subcontracting and other direct costs of sales	-320	-270
Maintenance, rents and energy	-988	-899
Other operating expenses	-116	-249
Total other operating expenses	-2 506	-2 424

b. Research and development costs

Costs for research and development activities amounted to CHF 246 million in the year under review, representing 3.3% of net sales (previous year: CHF 245 million or 3.4% of net sales).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

7. Inventories

Inventories are valued at the lower of acquisition or production cost and fair value less cost to sell. Any discounts received are treated as cost reductions. Manufacturing costs comprise all costs directly attributable to material and production, as well as overhead costs incurred in building up the inventory at its current location and/or to its current condition.

Acquisition costs are determined according to the weighted average method. Some production companies value their own produced inventories using the standard cost method. As these costs are regularly reviewed and updated, this method approximates the result of the weighted average method. Inventories with unsatisfactory inventory turnover are revalued accordingly.

(CHF million)	31.12.2022	31.12.2021
Raw materials, auxiliary material and supplies	609	492
Goods in progress	533	433
Semi-finished goods	1 863	1 678
Finished goods	3 499	3 441
Spare parts for customer service	369	345
Total inventories	6 873	6 389

Inventories with risk of obsolescence have been adjusted to their net realizable value as follows:

(CHF million)	2022	2021
Additional write-downs	-50	-55
Reversal of write-downs	7	5
Net impact in the income statement	-43	-50

8. Property, plant and equipment

Property, plant and equipment (including investment property) are recorded in the balance sheet at historical cost less accumulated depreciation and any impairments. Acquisition costs comprise the purchase price as well as the costs directly attributable to the utilization of the property, plant and equipment. Investments in existing property, plant and equipment are only capitalized if their value in use is sustainably increased or their useful life is extended considerably. Self-constructed assets are only capitalized if they are clearly identifiable and the costs can be reliably determined, and if the assets generate measurable benefits for the Group over a period of several years. Maintenance and repair costs that do not add value are charged directly to the result for the period.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The maximum depreciation periods are as follows:

- Land	no depreciation
- Production plants	30 years
- Administrative buildings	40 years
- Investment properties	50 years
- Technical equipment and machinery	15 years
- Other equipment and fixtures	8 years

Investment property mainly comprises commercial premises and residential buildings rented to third parties. The position *Advances and construction in progress* includes buildings under construction and non-refundable down payments on land and buildings. The Group does not capitalize any interest expenses incurred during the construction period.

Impairment

The recoverable value and the remaining useful life of non-current assets are verified on every balance sheet date. If there are indications of a sustained impairment, the recoverable amount of the respective assets will be determined. The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the smallest group of assets to which the individual asset belongs. If the book value of an asset exceeds the recoverable amount, an impairment loss is recognized separately in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

(CHF million)	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	Advances and construction in progress	Total
Historical cost, 31 December 2021	2 666	4 150	824	56	7 696
Translation differences	-26	-24	-25	-1	-76
Additions	23	203	80	34	340
Disposals	-15	-101	-47	0	-163
Transfers	9	-9	6	-6	0
Historical cost, 31 December 2022	2 657	4 219	838	83	7 797
Accumulated amortization, 31 December 2021	-1 068	-3 275	-582	0	-4 925
Translation differences	8	19	19	0	46
Annual depreciation	-76	-212	-77	0	-365
Impairment	0	0	0	-1	-1
Depreciation on disposals	10	98	46	0	154
Transfers	-3	0	3	0	0
Accumulated amortization, 31 December 2022	-1 129	-3 370	-591	-1	-5 091
Net book values					
Balance at 31 December 2021	1 598	875	242	56	2 771
Balance at 31 December 2022	1 528	849	247	82	2 706
<i>of which investment properties at 31.12.2022</i>	421				
<i>of which undeveloped properties at 31.12.2022</i>	31				

(CHF million)	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	Advances and construction in progress	Total
Historical cost, 31 December 2020	2 661	4 172	800	47	7 680
Translation differences	-17	-2	1	0	-18
Additions	17	147	76	22	262
Disposals	-3	-166	-59	0	-228
Transfers	8	-1	6	-13	0
Historical cost, 31 December 2021	2 666	4 150	824	56	7 696
Accumulated amortization, 31 December 2020	-998	-3 204	-549	0	-4 751
Translation differences	3	3	-1	0	5
Annual depreciation	-75	-237	-84	0	-396
Impairment	0	0	0	0	0
Depreciation on disposals	0	162	55	0	217
Transfers	2	1	-3	0	0
Accumulated amortization, 31 December 2021	-1 068	-3 275	-582	0	-4 925
Net book values					
Balance at 31 December 2020	1 663	968	251	47	2 929
Balance at 31 December 2021	1 598	875	242	56	2 771
<i>of which investment properties at 31.12.2021</i>	418				
<i>of which undeveloped properties at 31.12.2021</i>	31				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

9. Intangible assets

Capitalized development costs

Research costs are expensed when incurred. Development costs are only capitalized if they can be identified as intangible assets that will generate economic benefits in the future and the costs can be measured reliably. Other development costs are expensed when incurred. Once a product enters commercial production, the capitalized development costs are amortized on a straight-line basis over the estimated useful life (maximum five years).

Software

This heading includes in particular the following positions:

- Licenses purchased granting rights to use new technologies and software. They are amortized over their useful life (maximum five years).
- Internally developed software. These costs are recognized as intangible assets if it is likely that they will generate future economic benefits. The costs include software development employee costs and the direct portion of related overhead costs. The capitalized costs are amortized on a straight-line basis over the estimated useful life (maximum five years).

Other intangible assets

This heading includes in particular the following positions:

- Key money for strategically located retail stores. If it can be demonstrated by the existence of a market, it is capitalized as an intangible asset and amortized on a straight-line basis over the location's useful life of maximum 20 years. In contrast, key money that is not refundable or only refundable under specific circumstances is treated as prepaid rent and recorded under Other non-current assets (see Note 26).
- Patents and rights of use
- Development and software projects in progress. These are transferred into their respective categories after project completion.

Goodwill

Goodwill from acquisitions is recognized in Group equity at the time of acquisition. The notes to the consolidated financial statements disclose the effects of a theoretical capitalization and amortization of goodwill (see Note 32).

Impairment

The principle for recognition of impairment on non-current assets is described in Note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

	Capitalized development costs	Software	Other intangible assets	Total
(CHF million)				
Historical cost, 31 December 2021	228	224	121	573
Translation differences	0	-2	-2	-4
Additions	2	14	32	48
Disposals	-4	-5	-3	-12
Transfers	17	5	-22	0
Historical cost, 31 December 2022	243	236	126	605
Accumulated amortization, 31 December 2021	-189	-195	-45	-429
Translation differences	0	2	2	4
Annual amortization	-19	-16	-6	-41
Impairment	0	0	0	0
Amortization on disposals	0	5	2	7
Transfers	0	0	0	0
Accumulated amortization, 31 December 2022	-208	-204	-47	-459
Net book values				
Balance at 31 December 2021	39	29	76	144
Balance at 31 December 2022	35	32	79	146

	Capitalized development costs	Software	Other intangible assets	Total
(CHF million)				
Historical cost, 31 December 2020	222	222	101	545
Translation differences	0	-1	-2	-3
Additions	6	9	29	44
Disposals	-5	-5	-3	-13
Transfers	5	-1	-4	0
Historical cost, 31 December 2021	228	224	121	573
Accumulated amortization, 31 December 2020	-173	-185	-43	-401
Translation differences	0	1	2	3
Annual amortization	-20	-17	-4	-41
Impairment	0	-1	0	-1
Amortization on disposals	4	5	2	11
Transfers	0	2	-2	0
Accumulated amortization, 31 December 2021	-189	-195	-45	-429
Net book values				
Balance at 31 December 2020	49	37	58	144
Balance at 31 December 2021	39	29	76	144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

10. Provisions

Provisions are recognized:

- when the Group has a present legal or constructive obligation as a result of past events,
- when it is probable that an outflow of resources will be required to settle the obligation, and
- when a reliable estimate of the amount of the obligation can be made.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate receivable, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement, net of any reimbursement. No discounting effects are taken into account on non-current provisions, as these are considered to be immaterial.

(CHF million)	Warranty	Legal risks	Dismantling	Other	Total
Balance at 31 December 2020	61	3	29	27	120
Translation differences	1	0	0	0	1
Additional provisions	104	1	8	31	144
Reversal of provisions	-2	-1	-1	-3	-7
Provisions used during the year	-63	0	-2	-13	-78
Balance at 31 December 2021	101	3	34	42	180
<i>thereof current provisions</i>	<i>70</i>	<i>2</i>	<i>5</i>	<i>35</i>	<i>112</i>
<i>thereof non-current provisions</i>	<i>31</i>	<i>1</i>	<i>29</i>	<i>7</i>	<i>68</i>
Translation differences	-2	0	-1	0	-3
Additional provisions	68	2	5	3	78
Reversal of provisions	-15	-1	-1	-6	-23
Provisions used during the year	-62	0	-3	-12	-77
Balance at 31 December 2022	90	4	34	27	155
<i>thereof current provisions</i>	<i>60</i>	<i>3</i>	<i>6</i>	<i>25</i>	<i>94</i>
<i>thereof non-current provisions</i>	<i>30</i>	<i>1</i>	<i>28</i>	<i>2</i>	<i>61</i>

a. Warranty

Products that do not perform to customers' satisfaction are repaired or replaced by the Group under warranties of one or more years. The provision made at year-end to cover anticipated warranty costs is based on past experience with respect to the volume of repairs and returns.

b. Legal risks

Some Group companies are involved in litigation arising from the ordinary course of their business. Management estimated the outcome of these lawsuits on the basis of currently available information and recorded adequate provisions. However, there are inherent risks within legal claims depending on court and adversary party behavior and opinion that may cause a significant outflow of economic benefits.

c. Dismantling / restoration

Various Group companies have contractual or legal obligations to return objects to their original state at the end of the term of the contract. At the beginning of the contract term, dismantling and restoration costs are estimated on the basis of contractual elements and/or empirical values and provisions are recorded. These obligations arise primarily from contracts for rental premises.

d. Other

Other provisions relate to various present legal or constructive obligations of the Group companies toward third parties. This category contained also restructuring provisions in the amount of CHF 17 million (previous year: CHF 19 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERSONNEL

11. Personnel expense

(CHF million)	2022	2021
Wages and salaries	-1 888	-1 802
Short-time work allowances	1	61
Social security costs	-330	-322
Employee stock option plan (Note 13)	-9	-9
Pension costs (Note 12)	-137	-134
Total personnel expense	-2 363	-2 206

The development of the headcount, expressed as the number of employment contracts, is summarized in the following table:

(unaudited)	2022	2021
Average annual headcount	31 379	31 503
Total headcount at 31 December	32 061	31 444
<i>Men</i>	15 924	15 647
<i>Women</i>	16 137	15 797
<i>Swiss contracts</i>	16 244	16 082
<i>Non-Swiss contracts</i>	15 817	15 362

12. Retirement benefit obligations

Pension obligations

Group companies operate various pension schemes, which conform to the legal regulations and provisions in force in the respective countries. The actual economic effects of pension schemes on the Group are calculated at balance sheet date. An economic obligation is recognized as a liability if the requirements for the recognition of a liability are met. An economic benefit is capitalized provided that it is permitted and intended to be used for future Group pension contributions. Freely available employer contribution reserves are capitalized.

Employees of Swiss Group companies are insured as part of the "Swatch Group Pension Fund", which is a separate legal entity and financed by contributions from both employers and employees. Surpluses or deficits are calculated based on the preliminary Pension Fund's financial statements, which have been drawn up in accordance with Swiss GAAP FER 26. The Group's pension costs include the employer contributions accrued in the period as well as any economic effects from the excess/shortfall and the change in employer contribution reserves.

Some foreign companies operate fully financed pension funds. These funds are treated in the same way as the Swiss plan in terms of accounting, i.e. paid contributions are basically recorded as expenses. In some countries, there are also pension plans that do not have their own assets, whereby the corresponding benefit provisions are recognized directly in the balance sheet and any changes are recognized in the income statement.

Other post-employment benefits

A small number of Group companies provide post-retirement medical care benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Termination benefits

Termination benefits are payable when employment is terminated (in normal employment conditions) in advance of the terms of the contract, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes such benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing benefits as a result of an offer made for a voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. The company does not make severance payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERSONNEL

a. Economic benefit / obligation and pension costs

2022	Surplus / deficit	Group's economic share	Change from previous year		Contributions concerning the business period	Total pension costs
			no income statement impact 1)	income statement impact		
(CHF million)						
Patronage funds / patronage pension plans	373	0	0	0	10	10
Pension plans without surplus / deficit	0	0	0	0	-5	-5
Pension plans with surplus	3	0	0	0	-5	-5
Pension plans with deficit	-299	-1	0	0	-131	-131
Pension plans without own assets	0	-42	5	-6	0	-6
Total	77	-43	5	-6	-131	-137

2021	Surplus / deficit	Group's economic share	Change from previous year		Contributions concerning the business period	Total pension costs
			no income statement impact 1)	income statement impact		
(CHF million)						
Patronage funds / patronage pension plans	411	0	0	0	10	10
Pension plans without surplus / deficit	0	0	0	0	-125	-125
Pension plans with surplus	6	0	0	0	-5	-5
Pension plans with deficit	-4	-1	0	0	-10	-10
Pension plans without own assets	0	-41	5	-4	0	-4
Total	413	-42	5	-4	-130	-134

1) The amounts without an income statement impact refer to exchange rate differences and disbursements.

b. Summary of pension costs

	2022			2021		
	Switzerland	Abroad	Total	Switzerland	Abroad	Total
(CHF million)						
Contributions to pension plans	-121	-10	-131	-120	-10	-130
Total contributions	-121	-10	-131	-120	-10	-130
Change of economic benefits from surpluses	0	0	0	0	0	0
Change of economic obligations from deficits	0	-6	-6	0	-4	-4
Total changes of economic effects from surpluses / deficits	0	-6	-6	0	-4	-4
Total pension costs	-121	-16	-137	-120	-14	-134

c. Shares held by pension institutions

Number of shares of The Swatch Group Ltd	31.12.2022	31.12.2021
Registered shares	3 258 600	3 258 600
Bearer shares	775	775

d. Employer contributions reserve

At the end of the year under review, and at the end of the previous year, there was no employer contributions reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERSONNEL

13. Employee stock option plan

The Group operates a share-based employee stock option plan. Under the terms of this plan, a specified number of options to purchase registered shares are granted to managers and employees who have distinguished themselves by a particularly strong commitment to the company or an above-average performance. One-third of the options granted can be exercised immediately, one-third after 12 months, and the remaining third after 24 months. Options are conditional on the employee being employed by the company on the date of exercise. Options are not transferable and only exercisable by the employee. The exercised options can optionally be subject to a blocking period of either 5 or 10 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of the employee services received in exchange for the granting of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted (day value at grant date, respectively the last trading day before the grant date). At each balance sheet date, the Group revises its calculation of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original calculations, if any, in the income statement, with a corresponding adjustment to equity.

Registered shares from existing treasury stock have been specifically reserved for this plan. No new shares were issued for the employee stock option plan. The proceeds received are recognized in Group equity when the options are exercised.

The dilutive effect of outstanding options on earnings per registered share is disclosed in Note 15b.

	2022	2021
Balance of registered shares in the employee stock option plan		
Balance at 1 January	2 342 932	2 529 896
Exercised shares	-189 782	-186 964
Balance at 31 December	2 153 150	2 342 932
Options outstanding		
Options outstanding at 1 January	184 154	184 925
Granted	185 750	186 560
Forfeited or lapsed	-1 610	-367
Exercised	-189 782	-186 964
Options outstanding at 31 December	178 512	184 154
Expiry date of outstanding options		
2022		31.12.2021
2023	118 320	122 485
2024	60 192	61 669
Total	178 512	184 154

The personnel expense recorded in the year under review amounted to CHF 9 million (previous year: CHF 9 million).

		2022		2021	
		Portion exercisable in 1 year	Portion exercisable in 2 years	Portion exercisable in 1 year	Portion exercisable in 2 years
Valuation of options					
Grant date		31.05.2022	31.05.2022	31.05.2021	31.05.2021
Expiry date		31.05.2023	31.05.2024	31.05.2022	31.05.2023
Share price on grant date	CHF	46.60	46.60	62.35	62.35
Exercise price	CHF	4.00	4.00	4.00	4.00
Day value on grant date	CHF	42.60	42.60	58.35	58.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL AND TREASURY

14. Share capital and reserves

Shares issued by The Swatch Group Ltd are recognized in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share capital consists of registered shares, each with a nominal value of CHF 0.45, and bearer shares, each with a nominal value of CHF 2.25. Each share carries one vote. Both categories of shares confer equal entitlement to dividends according to their nominal value.

Treasury shares that are reacquired are deducted from equity at historical cost. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of treasury shares. In the event of a resale at a later point in time, a gain or loss is recognized as an addition to or reduction of capital reserves.

a. Share capital

Over the past three years, the share capital of The Swatch Group Ltd has developed as follows:

Balance sheet date	Registered shares at CHF 0.45	Bearer shares at CHF 2.25	Share capital in CHF
31.12.2020	116 919 500	28 936 000	117 719 775.00
31.12.2021	116 919 500	28 936 000	117 719 775.00
31.12.2022	116 919 500	28 936 000	117 719 775.00

At the end of the year under review, as well as at the end of the previous year, there was no authorized or conditional capital. All issued shares are fully paid. No benefit or participation certificates exist. In accordance with the articles of incorporation of the Swatch Group, the Board of Directors shall refuse a registered share ownership of more than 5% per shareholder. In exceptional cases, the Board of Directors may consent to an exception to this rule.

b. Capital reserves

Capital reserves include the result from the sale of treasury shares and transactions with non-controlling interests as well as effects of capital reductions.

c. Non-distributable reserves

At the end of the year under review, the reserves of the holding company, The Swatch Group Ltd, included a non-distributable amount of CHF 147 million (previous year: CHF 155 million). This amount consisted of CHF 123 million related to treasury shares held (previous year: CHF 131 million) and non-distributable legal reserves of CHF 24 million (previous year: CHF 24 million).

d. Treasury shares

Changes in shares of The Swatch Group Ltd held by the Group are presented in the following table:

	Registered shares		Bearer shares		Total CHF million
	Quantity	CHF million	Quantity	CHF million	
Balance at 31 December 2020	2 544 421	127	40 000	14	141
Acquisitions 1)	0	0	40 000	12	12
Disposals 2)	-186 964	-9	-40 000	-13	-22
Balance at 31 December 2021	2 357 457	118	40 000	13	131
Acquisitions 1)	0	0	10 000	2	2
Disposals 2)	-189 807	-10	0	0	-10
Balance at 31 December 2022	2 167 650	108	50 000	15	123

1) In the year under review, 10 000 bearer shares were acquired at an average price of CHF 225.72 (previous year: 40 000 shares at an average price of CHF 302.20).

2) In the year under review, 25 shares were sold (previous year: none). As part of the employee stock option plan (see Note 13), 189 782 registered shares were exercised (previous year: 186 964). In the year under review, no bearer shares were sold (previous year: 40 000 at CHF 288.65).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL AND TREASURY

15. Earnings per share

a. Basic

	2022	2021
Net result attributable to shareholders of The Swatch Group Ltd (CHF million)	807	765
Percentage of registered shares outstanding in comparison with the share capital outstanding	44.3%	44.2%
Percentage of bearer shares outstanding in comparison with the share capital outstanding	55.7%	55.8%
Registered shares	2022	2021
Net result attributable to registered shareholders (CHF million)	357	338
Average number of shares outstanding	114 658 893	114 471 966
Basic earnings per share (CHF)	3.11	2.96
Bearer shares	2022	2021
Net result attributable to bearer shareholders (CHF million)	450	427
Average number of shares outstanding	28 888 308	28 883 462
Basic earnings per share (CHF)	15.57	14.78

b. Diluted

	2022	2021
Registered shares	2022	2021
Net result attributable to registered shareholders (CHF million)	357	338
Average number of shares outstanding – basic (as above)	114 658 893	114 471 966
Potential number of shares from options outstanding	163 264	170 424
Average potential number of shares outstanding – diluted	114 822 157	114 642 390
Diluted earnings per share (CHF)	3.11	2.95
Bearer shares	2022	2021
Net result attributable to bearer shareholders (CHF million)	450	427
Average potential number of shares outstanding	28 888 308	28 883 462
Diluted earnings per share (CHF)	15.56	14.77

16. Dividends paid and proposed

Dividend payments to shareholders are recognized in the Group's financial statements in the period in which the Annual General Meeting of The Swatch Group Ltd has given its approval.

On 24 May 2022, the Annual General Meeting approved the distribution of the following dividend:

	Dividend per share CHF	Total dividend CHF million
Dividend paid		
Registered shares	1.10	129
Bearer shares	5.50	159
Total dividend		288
Dividend not paid out on own shares		-3
Total dividend paid		285

At the Annual General Meeting on 10 May 2023, the payment of the following dividend for the year under review will be proposed and treated as an appropriation of available earnings during the financial year 2023:

	Dividend per share CHF	Total dividend CHF million
Proposed dividend		
Registered shares	1.20	140
Bearer shares	6.00	174
Total dividend		314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL UND TREASURY

17. Financial risk management

a. Financial risk factors

In view of the global and varied nature of its activities, the Group is exposed to different financial risks, including foreign currency, market, credit and liquidity risks. The Group's financial risk management is essentially focused on identifying and analyzing exchange rate risk, mainly against the US Dollar, the Chinese Renminbi, the Euro and the Japanese Yen, with the aim of minimizing its impact on the net result of the Group. In order to hedge exchange rate risk, the Group may use derivative financial instruments such as forward currency contracts or currency options.

Risk management is conducted by the central treasury department (Group Treasury), which follows the directives issued by the Group's management bodies. Risks are assessed in collaboration with the operating units and the hedging methods are decided and implemented under the regular supervision of the Group's top management.

Credit risk. Credit risks in respect of customers arise when they may not be able to settle their obligations as agreed. The credit standing of commercial partners defined in the Group's client credit policy is periodically reviewed at Group level. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

In the context of securities trading, the Group guards against the risk of default by implementing directives that impose minimum credit ratings for investments in tradable securities. Exposure to this type of risk is closely monitored by Group management and is contained within strict and predetermined limits. Given the very high standards of creditworthiness applied to the commercial and financial partners, the default risks to which the Group is exposed are estimated to be limited.

Liquidity risk. Liquidity risk is defined as the risk that the Group could not be able to meet its financial obligations on time. The close monitoring of liquidity at Group level and of the asset allocation allows the Group's treasury department to maintain adequate levels of liquidity at all times. In order to meet any exceptional liquidity requirements, the Group maintains lines of credit with a number of financial institutions.

At the balance sheet date, the available liquidity is summarized as follows:

(CHF million)	31.12.2022	31.12.2021
Cash and cash equivalents (Note 19)	2 176	1 979
Financial assets, securities and derivative financial instruments (Note 20)	372	677
Short-term accessible liquidity reserves	2 548	2 656
Committed credit facilities	804	816
./. Utilized credit facilities	-6	-98
Total short-term accessible liquidity reserves and undrawn credit facilities	3 346	3 374

b. Capital management

The primary objective of the Group with regard to capital management is to preserve a strong equity base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's top management reviews the capital structure of the Group and the equity of its subsidiaries on a regular basis.

To preserve or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new debt or redeem existing debt. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL AND TREASURY

18. Net financial result

(CHF million)	2022	2021
Interest income	26	15
Result from marketable securities at fair value	-23	12
Net currency result	-37	-19
Other financial expense	-4	-4
Other financial income and expense	-38	4
Interest expense	-3	-5
Share of result from associates and joint ventures	-21	-9
Net financial result	-62	-10

19. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise petty cash, cash at banks and short-term deposits with an original maturity of three months or less. They are recorded at their nominal value. The average yield on short-term bank deposits corresponds to the average interest rate on an investment on the money markets with a term of up to three months. In the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, less current account overdrafts (funds "net cash").

(CHF million)	31.12.2022	31.12.2021
Current accounts and liquid assets	1 020	1 414
Short-term deposits with financial institutions	1 156	565
Total cash and cash equivalents - balance sheet	2 176	1 979

(CHF million)	31.12.2022	31.12.2021
Cash and cash equivalents	2 176	1 979
Current account overdrafts (Note 21)	0	-92
Total funds net cash - statement of cash flows	2 176	1 887

20. Financial assets, securities and derivative financial instruments

Financial assets

Financial assets comprise short-term bank deposits with a residual maturity of more than three months. They are recorded at their nominal value.

Marketable securities

Purchases and sales of securities are recognized in accordance with the settlement date principle. The securities are initially measured at cost, and the transaction costs are charged to the income statement. Subsequently, the listed securities are recorded in the balance sheet at market value on the balance sheet date. Private equity investments are adjusted to the current net asset value on the balance sheet date. All realized and unrealized gains and losses resulting from variations in market values and foreign currencies are recorded in the income statement. In general, issuer risk is minimized by only buying securities which are investment grade rated.

Derivative financial instruments

The Group did not designate derivative financial instruments as cash flows hedges, either in the year under review or in the previous year. All such instruments are booked at fair value. Fair value changes are recognized immediately in the financial result. Counterparty risk is also minimized by ensuring that all derivative financial instruments, money market investments and current account deposits are placed with financial institutions whose credit ratings are usually at least investment grade.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL UND TREASURY

(CHF million)	31.12.2022	31.12.2021
Equity securities	124	106
Bond securities	241	175
Investment funds and other investments	4	3
Total marketable securities at fair value	369	284
Current financial assets	0	388
Derivative financial instruments	3	5
Total financial assets, securities and derivative financial instruments	372	677

At the end of the year under review, there was no option contract outstanding (none in the previous year). The table below gives an overview of the contract values and fair values of open forward contracts.

(CHF million)	31.12.2022			31.12.2021		
	Contract value	Positive fair value	Negative fair value	Contract value	Positive fair value	Negative fair value
Forward contracts in						
CNY	72	0	0	60	1	0
EUR	184	0	-1	231	1	0
GBP	24	0	0	57	0	-1
HKD	44	0	0	264	2	0
JPY	74	2	0	5	0	0
USD	403	1	0	273	1	0
Other currencies	46	0	-1	68	0	0
Total	847	3	-2	958	5	-1

21. Financial debts and derivative financial instruments

Financial debts

Financial debts are recognized as nominal values. Any transaction costs incurred are posted in the income statement. Financial debts are shown on the balance sheet as current liabilities, unless the Group has an unconditional right to postpone the settlement of the debt until at least 12 months after the balance sheet date.

Derivative financial instruments

The accounting principles for derivative financial instruments are explained in Note 20.

(CHF million)	31.12.2022	31.12.2021
Current account overdrafts	0	92
Short-term bank debts	6	5
Derivative financial instruments	2	1
Total current financial debts and derivative financial instruments	8	98
Total non-current financial debts	2	2
Total financial debts	10	100

The contractual repricing dates at the balance sheet date were as follows:

(CHF million)	< 1 year	1-5 years	> 5 years	Total
At 31 December 2022	8	2	0	10
At 31 December 2021	98	0	2	100

The carrying amounts of the Swatch Group's financial debts were denominated in the following currencies:

(CHF million)	31.12.2022	31.12.2021
CHF	1	93
Other currencies	9	7
Total	10	100

The Swatch Group had no listed debenture bonds or convertible bonds outstanding in the years under review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED BALANCE SHEET

22. Other current assets

(CHF million)	31.12.2022	31.12.2021
VAT to be refunded	55	62
Other receivables	48	74
Total other current assets	103	136

23. Prepayments and accrued income

(CHF million)	31.12.2022	31.12.2021
Prepaid sales, marketing and administration costs	64	65
Income tax assets	12	17
Prepaid leasing costs	25	28
Other prepayments and accrued income	105	106
Total prepayments and accrued income	206	216

24. Other liabilities

(CHF million)	31.12.2022	31.12.2021
Advance payments received	85	105
Income tax liabilities	11	19
VAT liabilities	22	57
Other tax liabilities	10	17
Social benefits liabilities	34	32
Other liabilities	31	28
Total other liabilities	193	258

25. Accrued expenses

(CHF million)	31.12.2022	31.12.2021
Accrued salaries and social benefits	143	139
Accrued sales, marketing and administration costs	127	145
Accrued income taxes	108	128
Accrued sales reductions	39	54
Accrued leasing costs	167	172
Other accrued expenses	100	112
Total accrued expenses	684	750
<i>thereof current</i>	533	596
<i>thereof non-current</i>	151	154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED BALANCE SHEET

26. Other non-current assets

Non-current accruals

This position contains the non-current portion of prepayments and accrued income, particularly prepaid marketing and leasing cost. Key money paid when renting stores in strategic locations is recognized as prepaid rent when recovery at the end of the contract is not certain, and booked to rent expense on a straight-line basis over the contract period. The current portion is transferred to *Prepayments and accrued income*.

	Non-current accruals	Security deposits	Other financial assets	Total
(CHF million)				
Balance at 31 December 2021	22	65	99	186
Translation differences	-1	-2	1	-2
Additions	1	11	0	12
Disposals	0	-6	-1	-7
Balance sheet transfer	-3	-4	-1	-8
Balance at 31 December 2022	19	64	98	181

	Non-current accruals	Security deposits	Other financial assets	Total
(CHF million)				
Balance at 31 December 2020	28	71	7	106
Translation differences	0	1	0	1
Additions	1	6	1	8
Disposals	0	-5	-15	-20
Balance sheet transfer	-7	-8	106	91
Balance at 31 December 2021	22	65	99	186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

27. Income taxes

The tax expense for the period comprises current income taxes and deferred taxes. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

Current income tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognized in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax regulations and rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply.

Deferred tax assets are recognized for all deductible temporary differences, carryforward tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is not intended that the temporary difference will reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

a. Reconciliation of the Group's effective tax rate

The Group's applicable tax rate is presented as the domestic tax rate of Biel, where the Headquarters of Swatch Group are located.

(CHF million)	2022	2021
Result before income taxes	1 096	1 011
Group's applicable tax rate	21.4%	21.4%
Income taxes at applicable tax rate	-235	-216
Effect of:		
- Differences in tax rates 1)	-45	-29
- Tax rate changes on deferred taxes	1	-5
- Recognition and offset of tax loss carry-forwards not recognized in prior years	26	30
- Non-recognition of tax loss carry-forwards	-16	-20
- Non-taxable income	3	3
- Non-tax-deductible expenses	-9	-11
- Income taxes of prior periods	3	9
- Other items	-1	2
Total income taxes	-273	-237
Group's effective tax rate	24.9%	23.4%

1) The Group operates worldwide and is subject to income taxes in many different tax jurisdictions. The effect of the different tax rates in the respective tax jurisdictions versus the Group's applicable tax rate as well as the relative weight of the result of each individual entity in the Group's result may change from year to year.

The effective tax rate based on the ordinary result in the year under review was 24.9 % (previous year: 23.4 %).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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b. Income tax expenses

(CHF million)	2022	2021
Current income taxes	-261	-275
Income tax of prior periods	3	9
Deferred taxes	-15	29
Total income taxes	-273	-237

c. Current income tax

Net current income tax liability (CHF million)	2022	2021
Balance at 1 January	-130	-115
Recognized in income statement	-258	-266
Recognized in equity	0	0
Income taxes paid	277	256
Translation differences	4	-5
Balance at 31 December	-107	-130
Current income tax assets	12	17
Current income tax liabilities	-119	-147

d. Deferred tax

The deferred tax assets and liabilities relate to the following balance sheet items:

(CHF million)	31.12.2022			31.12.2021		
	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
Inventories	327	-348	-21	320	-319	1
Trade and other receivables	1	-13	-12	1	-14	-13
Property, plant and equipment	25	-80	-55	21	-88	-67
Intangible assets	9	-6	3	9	-6	3
Provisions	14	-42	-28	20	-40	-20
Retirement benefit obligations	6	0	6	6	0	6
Accrued expenses	61	-37	24	65	-29	36
Tax losses	67	0	67	69	0	69
Other	14	-9	5	12	-8	4
Total deferred tax assets / liabilities	524	-535	-11	523	-504	19
Deferred tax assets			448			449
Deferred tax liabilities			-459			-430

The gross value of unused carryforward tax losses which have, or have not, been recognized as deferred tax assets, with their expiry dates is as follows:

(CHF million)	2022			2021		
	Not recognized	Recognized	Total	Not recognized	Recognized	Total
Up to five years	369	112	481	213	1	214
More than five years	151	163	314	363	279	642
No expiry date	94	17	111	107	28	135
Total at 31 December	614	292	906	683	308	991

The potential tax effect resulting from the utilization of previously unrecognized carryforward tax losses amounted to CHF 121 million in the year under review (previous year: CHF 139 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

28. Commitments and contingencies

Operating leases

An operating lease is where a significant portion of the risks and rewards of ownership are retained by the lessor. Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term. On the other hand, temporary rent adjustments are recorded as expense reductions in the corresponding months, and are not distributed over the remaining term of the lease.

Finance leases

A finance lease is where the lessor transfers to the lessee the significant risks and rewards associated with the ownership of the leased item. At the beginning of the term of the lease contract, the lower of fair value of the leased item or net present value of the future lease payments is shown in the balance sheet as assets and liabilities. Each lease payment is apportioned between the finance charges and the reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recorded directly in the income statement as expenditure. Capitalized leased assets are depreciated over the lower of estimated economic useful life of the asset or contract period.

Property, plant and equipment are only leased exceptionally. At the end of the year under review and the previous year, the Group had no property, plant and equipment under finance lease contracts.

a. Guarantees and sureties

At the end of the year under review, guarantees to third parties as security for commitments of Group companies amounted to CHF 23 million (previous year: CHF 23 million).

Total assets pledged by Group companies to guarantee their commitments amounted to CHF 82 million at the end of the year under review (previous year: CHF 79 million), of which less than CHF 1 million served to secure financial debts (previous year: less than CHF 1 million).

b. Leasing and other commitments

The Group's fixed operating leasing commitments that cannot be cancelled within 12 months and which are not recognized in the balance sheet are due as follows (non-discounted):

(CHF million)	31.12.2022	31.12.2021
Less than 1 year	352	377
Between 1 and 5 years	964	964
Over 5 years	652	696
Total	1 968	2 037

The figures in the preceding table include all rental contracts for buildings, a major part of which relate to the Group's retail business, and to all other rental contracts existing at the end of the year under review. Leasing costs amounting to CHF 555 million were recognized in the income statement of the year under review, compared to CHF 538 million in the previous year.

At the end of the year under review, other open long-term and irrevocable payment obligations entered into by the Group, which cannot be cancelled within 12 months, had a non-discounted value of CHF 592 million (previous year: CHF 502 million). They mainly relate to marketing and sponsoring commitments, as well as investments in tangible fixed assets.

c. Contingent assets and liabilities

Some Group companies have contingent liabilities in respect of legal claims arising from the ordinary course of business and they may be liable to pay compensation. It is not expected that any material liabilities will arise from these contingent liabilities other than those provided for (see Note 10b).

In some cases, the Group is defending its rights where there is also an inherent possibility of inflows of economic benefits if the cases are successful.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

29. Related party transactions

a. Principal shareholders

At the end of the year under review, the Hayek Pool and its related companies, institutions and individuals held 62 445 639 registered shares and 738 711 bearer shares, equivalent to 43.3% of all voting rights (previous year: 43.3%) of The Swatch Group Ltd, which is the parent company of the Group. In the context of the pool, the group of the community of heirs of N. G. Hayek and related parties controlled in total 42.7% of all voting rights (previous year: 42.7%).

b. Key management personnel

In addition to the members of the Board of Directors, the members of the Group Management Board and of the Extended Management Board are considered as key management personnel. Total compensation for key management personnel was as follows:

(CHF million)	2022	2021
Short-term employee benefits	24.9	23.6
– of which in salaries	8.4	8.2
– of which in bonus	15.8	14.8
– of which in expense allowances	0.5	0.6
– of which in other benefits	0.2	0.0
Share-based compensation	5.7	7.7
Contributions to pension plans	0.7	0.8
Other social benefits	2.5	2.6
Total	33.8	34.7

In the year under review and in the previous year, no termination benefits were paid to members of the Board of Directors, the Management Board or the Extended Management Board. The employment contracts of members of management bodies do not provide for this type of benefit. In the year under review and in the previous year, no payments were made to former members of the Group's governing bodies for their past functions.

c. Share ownership

At the end of the year under review, the executive members of the Board of Directors and the members of the Management Board of the company as well as the persons close to them held directly or indirectly a total of 58 032 102 registered shares and 737 936 bearer shares, representing 40.3% of all voting rights (previous year: 40.3%). In addition, at the end of the year under review, all the non-executive members of the Board of Directors as well as the persons close to them held 100 registered shares and 2 010 bearer shares, representing 0.0% of all voting rights (previous year: 0.0%).

d. Loans to members of the governing bodies

The employees of the company may take out a mortgage loan with the Swiss Pension Fund of the Swatch Group for the construction or acquisition of property in Switzerland. The conditions for these mortgage loans are set by the Foundation Board of the Swiss Pension Fund of the Swatch Group. These conditions are applied in the same manner to all Swatch Group employees. In the year under review and the previous year, no loans were granted to current or former members of the Board of Directors, the Management Board or the Extended Management Board. Also, in the year under review and the previous year, no such loans were outstanding.

e. Associated companies and other related parties

The following table summarizes transactions, receivables and payables with associated companies, joint ventures (see Note 34b) and other related parties. Consulting services invoiced by the Hayek Group are recognized in *Other related parties*. At the end of the year under review and the previous year, there were no other balances outstanding with other related parties.

(CHF million)	2022		2021	
	Associates and joint ventures	Other related parties	Associates and joint ventures	Other related parties
Purchases	64	10	59	9
Sales	5	0	4	0
Receivables	1	0	1	0
Payables	4	0	4	0
Guarantees received	0	0	0	0
Loans granted	1	0	1	0
Interest rate on loans granted	4.0%	0	4.0%	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

30. Consolidation

Consolidation policies

The Group companies include all companies that are directly or indirectly controlled by The Swatch Group Ltd. In this respect, control is defined as the power to control the financial and operating activities of the respective company, so as to obtain benefits from its operations. This control is normally evidenced by the holding of more than half of the voting rights on share capital of an entity. Group companies are consolidated from the date on which control is transferred to the Group until the date on which control ceases.

Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of acquisition. Goodwill from acquisitions is recognized in Group equity at acquisition date. The Notes to the financial statements disclose the effects that a theoretical capitalization and amortization of the acquired goodwill would have to the equity and the net result (see Note 32). In the event that shares of Group or associated companies are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognized as a gain or loss in the income statement.

Non-controlling interests in equity and in net result are disclosed separately in the consolidated balance sheet and the consolidated income statement. Changes in ownership interests in subsidiaries are recognized as equity transactions, provided that control continues. Intercompany transactions, balances and unrealized gains and losses from transactions between Group companies are eliminated in full.

Associates are all companies on which the Group exerts significant influence, but does not control. This is generally evidenced when the Group holds voting rights of 20% to 50% of the voting rights on share capital of an entity. Representation on the board of directors or access to the current financial information of a company are also indicators of significant influence. Investments in associated companies are accounted for using the equity method and are initially recognized at cost. Unrealized gains and losses from transactions with associated companies are eliminated to the extent of the Group's participation in the associated company. The accounting policies of associated companies are adjusted where necessary in order to ensure consistency with the policies observed by the Group. Participations in joint ventures are also reported using the equity method.

Foreign currency translation

Translation in the financial statements of the Group companies

The financial statements of individual Group companies are measured in the currency of the economic environment in which these companies predominantly operate (functional currency). Transactions in foreign currencies are converted to the functional currency at the prevailing exchange rate on the transaction date. Balance sheet items in foreign currency are converted using the year-end exchange rate. Any resulting gains and losses are recorded in the income statement. Foreign exchange gains or losses from the conversion of intercompany loans of an equity nature are recognized in equity without affecting the income statement. Exchange differences resulting from the conversion of investments in associated companies are also reported in equity. There are no investments in hyperinflationary countries.

Translation of individual financial statements to be consolidated

The consolidated financial statements of the Swatch Group are presented in the reporting currency of Swiss francs (CHF). The financial statements of the individual companies to be consolidated are translated into Group currency at the effective date with the current rate method. This currency translation is carried out for the assets and liabilities at the year-end exchange rates, for equity at historical exchange rates, and for the income statement and statement of cash flows at average annual exchange rates. Any translation differences are recognized in equity without affecting the income statement.

In the event that a foreign entity is sold, the cumulative translation differences recognized in equity, which are a result of the translation of the financial statements and intercompany loans, are reversed from the accounts and reported in the income statement as part of the gain or loss on the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

a. Consolidated companies

	2022	2021
Number of companies at 1 January	147	152
Foundations	3	0
Group internal mergers	-1	-4
Liquidations	-1	-1
Number of companies at 31 December	148	147
<i>of which associates</i>	<i>5</i>	<i>5</i>
<i>of which joint ventures</i>	<i>2</i>	<i>2</i>

b. Exchange rates

Currency	Unit	Average rates	Prevailing rates	Average rates	Prevailing rates
		2022	31.12.2022	2021	31.12.2021
CNY	1	0.1421	0.1343	0.1425	0.1440
EUR	1	1.0062	0.9900	1.0823	1.0385
HKD	1	0.1223	0.1189	0.1180	0.1177
JPY	100	0.7300	0.7060	0.8314	0.7975
USD	1	0.9579	0.9268	0.9176	0.9180

31. Business combinations

a. Acquisition of subsidiaries

There were no acquisitions in the year under review and the previous year.

b. Divestments of businesses

No companies were sold in the year under review. In September 2021, the distribution of several Group brands in South Africa was handed over to a partner.

c. Changes in non-controlling interests

In April 2022 the remaining minority interest of 20% in ST Software s.r.o., Liberec (Czech Republic) was acquired. The company is active in the sports timing sector and was already controlled by the Swatch Group. The transaction amounted to less than CHF 1 million and had no impact on Group equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

32. Acquired goodwill

Goodwill from business combinations represents the amount of the acquisition costs which exceeds the proportional actual value of the net identifiable assets of the acquired company at the time of purchase. In the case of acquisitions, potentially existing non-capitalized intangible assets such as brands, user rights or client lists are not recognized separately, but remain in goodwill. Goodwill may also arise from investments in associated companies, calculated as the amount of the acquisition costs of the investment which exceeds its related net assets at fair value at the time of acquisition. Goodwill from acquisitions is translated into CHF with the exchange rate applicable on the respective transaction date, and is recognized directly in Group equity. As a result, no currency adjustments are necessary in the statement of changes in goodwill. The estimated useful life of goodwill is between 5 and 10 years.

A goodwill impairment test is carried out at every balance sheet date. A goodwill impairment would not result in a charge being recorded in the income statement, but would lead to a disclosure in the notes to the financial statements. In the event that a Group company is sold, any goodwill acquired at an earlier point in time and recognized in equity is taken into consideration when determining the gain or loss in the income statement.

a. Theoretical statement of changes in goodwill

The theoretical capitalization of goodwill would have the following impact on the consolidated balance sheet:

(CHF million)	2022			2021		
	Goodwill Group companies	Goodwill associated companies	Total	Goodwill Group companies	Goodwill associated companies	Total
Historical cost 1 January	1 387	48	1 435	1 389	48	1 437
Additions	0	0	0	0	0	0
Disposals	0	-20	-20	-2	0	-2
Historical cost 31 December	1 387	28	1 415	1 387	48	1 435
Theoretical accumulated amortization 1 January	-1 283	-48	-1 331	-1 184	-48	-1 232
Theoretical annual amortization	-104	0	-104	-101	0	-101
Theoretical impairment	0	0	0	0	0	0
Theoretical amortization on disposals	0	20	20	2	0	2
Theoretical accumulated amortization 31 December	-1 387	-28	-1 415	-1 283	-48	-1 331
Theoretical net book value 31 December	0	0	0	104	0	104

In the year under review, the liquidation process of Alzouman General Trading Co. Ltd., an associated company in Saudi Arabia, commenced. The historical value of acquired goodwill of CHF 20 million was recycled in the income statement in the position *Share of result from associates and joint ventures*. In the previous year, business operations in South Africa were discontinued. The historical value of CHF 2 million in acquired goodwill for the company The Swatch Group (South Africa) (Proprietary) Ltd was recycled in the position *Other operating expenses* in the income statement. Group equity was not impacted by these cash-neutral expenses.

b. Theoretical impact on equity and net result

Had goodwill been capitalized and amortized, the theoretical effect on equity and net result would have been as follows:

(CHF million)	31.12.2022	31.12.2021
Equity per balance sheet	12 051	11 605
Theoretical capitalization of net book value of goodwill	0	104
Theoretical equity including net book value of goodwill	12 051	11 709
(CHF million)	2022	2021
Net result per income statement	823	774
Theoretical amortization of goodwill	-104	-101
Theoretical net result after goodwill amortization	719	673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

33. Investments in associates and joint ventures

All associates and joint ventures (see Note 34b) are recognized using the equity method.

(CHF million)	2022	2021
Balance at 1 January	21	29
Share of result from associates and joint ventures	-21	-9
Goodwill recycling into equity (Note 32)	20	0
Dividends received	-1	-1
Investments	0	0
Translation differences	0	2
Balance at 31 December	19	21

Share of result from associates and joint ventures includes an expense of CHF 20 million related to the derecognition of goodwill for Alzouman General Trading Co. Ltd., which is in liquidation (see Note 32). This amount was reclassified to Group equity.

In the year under review, the company DryLyte Chemicals Switzerland AG was founded, together with a Spanish partner. The company produces auxiliary materials in the polishing sector, mainly for Group-internal production companies. In addition, at the beginning of 2022, the inactive joint venture company New Horizons General Trading LLC, Dubai was liquidated. Otherwise, as in the previous year, there were no significant changes in investments in associates and joint ventures.

Although voting rights in the investment in Hengdeli Holdings are less than 20%, the Swatch Group can exert significant influence, since it is represented on the board of directors and has access to current financial information. Therefore, this investment is considered to be an associated company.

At balance sheet date, associated companies and joint ventures had no contingent liabilities (previous year: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

34. The Swatch Group Companies

As at 31.12.2022

a. Fully consolidated

Company name, Registered offices	Field of Activity		Capital in million	Group participation
EUROPE				
Switzerland				
The Swatch Group AG, Neuchâtel	Holding	CHF	117.72	
Assemti SA, Locarno	Assembly	CHF	0.10	100%
Belenos Clean Power Holding AG, Biel/Bienne	Holding	CHF	63.00	51%
Blancpain SA, Le Chenit	Watches	CHF	0.10	100%
Blancpain Les Boutiques SA, Le Chenit	Retail	CHF	0.10	100%
Breguet Les Boutiques SA, L'Abbaye	Retail	CHF	0.50	100%
CERTINA AG, Le Locle	Watches	CHF	3.50	100%
CHH Microtechnique SA, Le Chenit	Watch components	CHF	37.00	100%
Cité du Temps SA, Biel/Bienne	Communication	CHF	6.00	100%
CK Watch & Jewelry Co., Ltd., Biel/Bienne	Watches	CHF	5.00	90%
Comadur SA, Le Locle	Components in hard materials	CHF	110.00	100%
Compagnie des Montres Longines, Francillon S.A., Saint-Imier	Watches	CHF	10.00	100%
Dernier Batz SA, Neuchâtel	Real estate	CHF	10.00	100%
Diantus Watch SA, Mendrisio	Watches, movements	CHF	10.00	100%
Distico SA, Biel/Bienne	Distribution	CHF	3.00	100%
Dress your body AG, Corcelles-Cormondrèche	Jewelry	CHF	0.10	100%
EM Microelectronic-Marin SA, La Tène	Microelectronics	CHF	25.00	100%
ETA SA Manufacture Horlogère Suisse, Grenchen	Watches, movements and components	CHF	6.20	100%
Evaco AG, Möhlin	Watches	CHF	0.50	58%
Hamilton International AG, Biel/Bienne	Watches	CHF	3.00	100%
Harry Winston SA, Plan-les-Ouates	Watches	CHF	0.40	100%
ICB Ingénieurs Conseils en Brevets SA, Neuchâtel	Patents	CHF	0.20	100%
Manufacture Ruedin SA, Haute-Sorne	Watch cases	CHF	2.40	100%
Meco SA, Grenchen	Watch crowns	CHF	25.00	100%
Micro Crystal AG, Grenchen	Miniature low-frequency quartz crystals	CHF	4.00	100%
MIDO AG, Le Locle	Watches	CHF	1.20	100%
MOM Le Prélet S.A., Val-de-Ruz	Watch dials	CHF	10.00	100%
Montres Breguet SA, L'Abbaye	Watches	CHF	10.00	100%
Montres Jaquet Droz SA, La Chaux-de-Fonds	Watches	CHF	26.00	100%
Nivarox-FAR S.A., Le Locle	Watch components and thin wires	CHF	4.00	100%
Novi SA, Les Genevez	Assembly	CHF	0.14	100%
Omega SA, Biel/Bienne	Watches	CHF	50.00	100%
Rado Uhren AG, Lengnau BE	Watches	CHF	2.00	100%
Record Watch Co. SA, Saint-Imier	Administration	CHF	0.10	100%
Renata AG, Itingen	Miniature batteries	CHF	0.50	100%
Rubattel et Weyerermann S.A., La Chaux-de-Fonds	Watch dials	CHF	63.00	100%
SSIH Management Services AG, Biel/Bienne	Services	CHF	0.05	100%
Swatch AG, Biel/Bienne	Watches	CHF	2.00	100%
Swatch Retail AG, Biel/Bienne	Retail	CHF	2.00	100%
Swiss Timing LTD, Corgémont	Sports timing technology & equipment	CHF	2.00	100%
Technocorp Holding S.A., Le Locle	Holding	CHF	6.00	100%
Termiboîtes S.A., Basse-Allaine	Polishing	CHF	0.10	100%
The Swatch Group Assembly SA, Mendrisio	Assembly	CHF	15.00	100%
The Swatch Group Export SA, Neuchâtel	Distribution	CHF	1.00	100%
The Swatch Group Far East Distribution Ltd, Biel/Bienne	Distribution	CHF	0.10	100%
The Swatch Group Immeubles SA, Neuchâtel	Real estate management	CHF	0.50	80%
The Swatch Group Les Boutiques SA, Le Grand-Saconnex	Retail	CHF	3.00	100%
The Swatch Group Management Services AG, Biel/Bienne	Services	CHF	0.05	100%
The Swatch Group Recherche et Développement SA, La Tène	Research and development	CHF	0.10	100%
The Swatch Group Services AG, Biel/Bienne	Logistics, distribution and services	CHF	1.00	100%
Time Flagship AG, Zürich	Retail	CHF	6.00	100%
Tissot SA, Le Locle	Watches	CHF	5.00	100%
Universo S.A., La Chaux-de-Fonds	Watch hands	CHF	0.67	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

Company name, Registered offices	Field of Activity		Capital in million	Group participation
Belgium				
The Swatch Group (Belgium) SA/NV, Anderlecht	Distribution	EUR	1.75	100%
RETAIL SERVICES BELGIUM SA, Bruxelles	Services	EUR	2.09	100%
Germany				
Fördergesellschaft der Glashütter Uhrenindustrie mbH, Glashütte	Watches	EUR	0.03	100%
Glashütter Uhrenbetrieb GmbH-Glashütte/Sa., Glashütte	Watches	EUR	0.51	100%
ST Sportservice GmbH, Leipzig	Sports timing technology & equipment	EUR	3.47	100%
Swiss Prestige Uhren Handel GmbH, Eschborn	Retail	EUR	0.08	100%
The Swatch Group (Deutschland) GmbH, Eschborn	Distribution	EUR	1.28	100%
UNION Uhrenfabrik GmbH Glashütte/Sa., Glashütte	Watches	EUR	0.10	100%
France				
BREGUET SAS, Paris	Administration	EUR	0.04	100%
FABRIQUE DE FOURNITURES DE BONNETAGE -F.F.B.-SAS, Villers-le-Lac	Precision parts	EUR	4.56	100%
Frésard Composants SAS, Charquemont	Precision parts	EUR	1.80	100%
Harry Winston SAS, Paris	Retail	EUR	10.09	100%
HOUR PASSION SAS, Paris	Retail	EUR	10.00	100%
The Swatch Group (France) SAS, Paris	Distribution	EUR	15.00	100%
Greece				
THE SWATCH GROUP GREECE S.M.S.A., Athens	Distribution	EUR	0.82	100%
Great Britain				
Harry Winston (UK) Limited, London	Retail	GBP	0.00	100%
The Swatch Group (UK) Limited, London	Distribution	GBP	2.00	100%
Italy				
Lascor S.p.A., Sesto Calende	Bracelets	EUR	1.00	100%
The Swatch Group Europe Services S.r.l., Milano	Administration	EUR	0.01	100%
The Swatch Group (Italia) S.p.A., Milano	Distribution	EUR	23.00	100%
Luxembourg				
The Swatch Group Financial Services (Luxembourg) S.A., Alzingen	Finance company	EUR	5.00	100%
The Swatch Group RE (Luxembourg) S.A., Alzingen	Reinsurance	EUR	1.80	100%
The Swatch Group SICAF-SIF, Alzingen	Finance company	CHF	233.41	100%
Monaco				
The Swatch Group (Monaco) Les Boutiques S.A.M., Monaco	Distribution	EUR	2.00	100%
Netherlands				
The Swatch Group (Netherlands) B.V., Eindhoven	Distribution	EUR	3.45	100%
Austria				
The Swatch Group (Österreich) GmbH, Wien	Distribution	EUR	0.04	100%
Poland				
The Swatch Group (Polska) Sp.z o.o., Warszawa	Distribution	PLN	10.00	100%
Russia				
The Swatch Group (RUS) OOO, Moscow	Distribution	RUB	8 544.12	100%
Sweden				
The Swatch Group (Nordic) AB, Stockholm	Distribution	SEK	0.50	100%
Spain				
THE SWATCH GROUP ESPAÑA SA, Alcobendas-Madrid	Distribution	EUR	0.45	100%
Czech Republic				
ASICentrum spol. s.r.o., Praha	Microelectronics	CZK	0.30	100%
ST Software s.r.o., Liberec	Sports timing technology & equipment	CZK	0.10	100%
Turkey				
The Swatch Group Turkey Saat Ticaret Limited Sirketi, Istanbul	Distribution	TRY	251.00	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

Company name, Registered offices	Field of Activity		Capital in million	Group participation
ASIA				
Bahrain				
Hour Choice W.L.L., Manama	Retail	BHD	0.02	58%
Greater China				
Harry Winston Commercial (China) Co. Ltd., Beijing	Retail	CNY	78.96	100%
Harry Winston (Hong Kong) Limited, Hong Kong SAR	Retail	HKD	0.01	100%
O Grupo Swatch (Macau) Limitada, Macau	Retail	MOP	1.50	100%
Shanghai Qi Heng Trading Co., Ltd., Shanghai	Retail	CNY	30.00	100%
Shanghai Qi Tong Trading Co., Ltd., Shanghai	Retail	CNY	1.00	100%
Shanghai Rui Jing Retail Co., Ltd., Shanghai	Retail	CNY	20.25	100%
Shanghai Rui Jing Qi Management Co., Ltd., Shanghai	Distribution	CNY	3.00	100%
Shanghai Ruiwan Retail Co., Ltd., Shanghai	Retail	CNY	4.00	100%
Shanghai SMH Watch Service Center Co., Ltd., Shanghai	Customer service	CNY	48.37	100%
Shanghai Swatch Art Centre Co., Ltd., Shanghai	Art center	CNY	148.41	90%
SMH Les Boutiques (Shanghai) Co., Ltd., Shanghai	Retail	CNY	99.69	100%
SMH Swiss Watch Trading (Shanghai) Co., Ltd., Shanghai	Distribution	CNY	7.12	90%
SMH Technical Services (Shenzhen) Co., Ltd., Shenzhen	Services	CNY	10.45	100%
The Swatch Group (China) Ltd., Shanghai	Distribution	CNY	14.88	100%
The Swatch Group (Hong Kong) Limited, Hong Kong SAR	Distribution	HKD	5.00	100%
India				
Swatch Group (India) Private Limited, New Delhi	Distribution	INR	5 280.00	100%
Swatch Group (India) Retail Private Limited, New Delhi	Retail	INR	180.10	100%
Indonesia				
PT Swatch Group Indonesia, Jakarta	Distribution	IDR	189 295.90	100%
Japan				
Harry Winston Japan K.K., Tokyo	Retail	JPY	10.00	100%
The Swatch Group (Japan) KK, Tokyo	Distribution	JPY	100.00	100%
Qatar				
Hour Choice W.L.L., Doha	Retail	QAR	0.20	29%
Rivoli Enterprises W.L.L., Doha	Retail	QAR	0.20	29%
Rivoli Watches W.L.L., Doha	Retail	QAR	0.40	29%
Malaysia				
MICROMECHANICS (M) SDN. BHD., Ipoh	Assembly electronic components	MYR	35.00	100%
SWISS LUXURY WATCH & JEWELRY SDN. BHD., Kuala Lumpur	Retail	MYR	7.00	51%
THE SWATCH GROUP (MALAYSIA) SDN. BHD., Kuala Lumpur	Distribution	MYR	1.00	100%
Oman				
RIVOLI & CO LLC, Muscat	Retail	OMR	0.30	58%
Saudi Arabia				
Technocorp Trading LLC, Riyadh	Distribution	SAR	30.00	100%
Singapore				
Harry Winston N.A. Pte. Ltd., Singapore	Retail	SGD	0.00	100%
THE SWATCH GROUP S.E.A. (S) PTE. LTD., Singapore	Distribution	SGD	4.00	100%
South Korea				
The Swatch Group (Korea) Ltd., Seoul	Distribution	KRW	6 300.00	100%
Thailand				
ETA (Thailand) Company Limited, Samut Prakan	Assembly electronic components	THB	504.50	100%
The Swatch Group Trading (Thailand) Limited, Bangkok	Distribution	THB	600.00	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

Company name, Registered offices	Field of Activity		Capital in million	Group participation
United Arab Emirates				
Al Khaleej Watches LLC, Abu Dhabi	Retail	AED	0.15	58%
Blue Sky Trading Company LLC, Abu Dhabi	Retail	AED	0.30	58%
Excel Enterprises LLC, Dubai	Retail	AED	1.70	58%
Golden Watch Company LLC, Abu Dhabi	Retail	AED	0.50	58%
Hour Choice LLC, Dubai	Retail	AED	3.00	58%
Rivoli Arcade LLC, Dubai	Retail	AED	0.30	58%
Rivoli Enterprises LLC, Dubai	Retail	AED	3.00	58%
RIVOLI GROUP LLC, Dubai	Retail	AED	24.02	58%
Rivoli Investments LLC, Dubai	Holding	AED	0.30	58%
Rivoli Textiles LLC, Dubai	Retail	AED	0.30	58%
Swatch Group Retail Middle East LLC, Dubai	Retail	AED	0.30	100%
Vision 2000 LLC, Dubai	Retail	AED	1.00	58%
AMERICA				
Canada				
H.W. Protection Inc., Toronto	Services	CAD	1.94	100%
The Swatch Group (Canada) Ltd., Toronto	Distribution	CAD	4.50	100%
Mexico				
The Swatch Group Mexico S.A. de C.V., Mexico DF	Distribution	MXN	201.50	100%
Panama				
The Swatch Group Panama S.A., Panama City	Administration	USD	0.01	100%
United States				
EM Microelectronic – US Inc., Colorado Springs	Microelectronics	USD	0.04	100%
Harry Winston, Inc., New York	High jewelry	USD	0.00	100%
The Swatch Group (U.S.) Inc., Wilmington, Delaware	Distribution	USD	1.01	100%
OCEANIA				
Australia				
THE SWATCH GROUP (AUSTRALIA) PTY. LTD., Richmond	Distribution	AUD	0.40	100%
AFRICA				
South Africa				
The Swatch Group (South Africa) (Proprietary) Limited, Sandton	Distribution	ZAR	225.00	100%

b. Equity method

Company name, Registered offices	Field of Activity		Capital in million	Group participation
EUROPE				
Switzerland				
Danyack S.A., La Chaux-de-Fonds	Real estate	CHF	0.06	29%
DryLyte Chemicals Switzerland SA, Grenchen	Surface treatment products	CHF	0.10	50%
S.I. Les Corbes SA, Val-de-Ruz	Real estate	CHF	0.10	34%
ASIA				
Greater China				
Beijing Xinyu Hengrui Watch & Clock Co., Ltd., Beijing	Real estate	CNY	40.00	50%
Hengdeli Holdings Limited, Hong Kong	Retail	CNY	21.26	10%
Saudi Arabia				
Alzouman General Trading Co. Ltd., Jeddah	Retail	SAR	60.00	33%
United Arab Emirates				
Marcolin Middle East FZCO, Dubai	Distribution	AED	0.10	29%

Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of The Swatch Group Ltd and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2022, the consolidated balance sheet as at 31 December 2022, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 173 to 208) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 45 million

We concluded full scope audit work at 71 reporting units in 28 countries. These 71 reporting units addressed more than 85% of the Group's total assets, net sales and net result.

As key audit matter the following area of focus has been identified:

Valuation of inventories



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Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality for the audit of the consolidated financial statements	CHF 45 million
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Benchmark applied	Result before income taxes
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Rationale for the materiality benchmark applied	We chose result before income taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, result before income taxes is a generally accepted benchmark for considerations of materiality.
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We agreed with the Board of Directors and the Audit Committee that we would report to them misstatements above CHF 2.5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons. The Management of The Swatch Group Ltd uses stricter criteria and lower benchmarks in making operational decisions and for its financial reporting.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The main subsidiaries of the Group except for the subsidiary in Great Britain are audited by PwC and we remain in constant contact with the audit teams that perform the work. As the auditor of the consolidated financial statements, we ensure that we inquire local management and the local auditor of the most significant Group companies every three years according to a rotation plan. During these meetings, we discuss the risks of a material misstatement in the local entity's financial statements as well as the focus points of the audit and the audit scope. During the audit of the 2022 consolidated financial statements, we participated in the audit closing meetings of four of the main Group companies in Switzerland and discussed the audit with the local auditors and the management of the main Group companies in China, Germany, Great Britain and Japan via a virtual meeting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Valuation of inventories

Key audit matter

We consider the valuation of inventories to be a key audit matter because they amounted to CHF 6,873 million on the balance sheet as at 31 December 2022 and they represent a significant share of total assets (about 50%).

Sales of watches and jewellery are subject to market fluctuations. These fluctuations along with the complex structure of inventories – raw materials, components, finished goods and spare parts – mean that there is significant scope for judgement in testing inventories for impairment and recoverability. In performing these tests, the different raw materials used and the durability of the value of each brand's products have to be considered in the light of the differing product life cycles.

Please refer to page 178 (Basis of preparation, c. Accounting estimates and judgments) and page 182 (Notes to the consolidated financial statements, Note 7 Inventories) in the 2022 Annual Report.

How our audit addressed the key audit matter

We performed the following audit procedures to assess the appropriateness of the valuation of the inventories:

- By reference to historical and expected inventory usage figures, we assessed at subsidiary level the process for identifying slow-moving inventories (raw materials, semi-finished goods and spare parts for customer service) and the appropriateness of the resulting write-downs.
- For finished goods subject to market risk, we tested at subsidiary level and at Group level Management's valuation estimates based on the lower of acquisition or manufacturing cost and net realisable value as well as the recoverability of the book value of finished goods. In doing so, we considered not only sales figures but also the marketability of the watch and jewellery collections.
- Further, at Group level, we checked the process to eliminate unrealised gains and losses from transactions between Group companies. In doing so, we checked that the valuation of the inventories on the consolidated financial statements did not include material unrealised gains.

We consider Management's approach to value inventories and assess write-downs as reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERT-suisse website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Brüderlin
Audit expert
Auditor in charge



Tobias Handschin
Audit expert

Basel, 2 March 2023





FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD

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INCOME STATEMENT OF THE SWATCH GROUP LTD

	Notes	2022 CHF million	2021 CHF million
Income from investments in subsidiaries	(1)	972	528
Other income		6	6
Personnel expense		-43	-45
Other expenses		-20	-17
Depreciation and impairment	(2)	-31	-29
Financial expenses	(3)	-50	-20
Financial income	(4)	44	40
Ordinary result		878	463
Non-operating result		0	0
Extraordinary result		1	0
Profit before income taxes		879	463
Income taxes		-2	-2
Net income		877	461

BALANCE SHEET OF THE SWATCH GROUP LTD

Assets	Notes	31.12.2022		31.12.2021	
		CHF million	%	CHF million	%
Current assets					
Cash and cash equivalents		979	10.8	446	5.2
Assets with an observable market price	(5, 8)	282	3.1	669	7.8
Other current receivables	(6)	3 007	33.0	2 642	30.7
Prepayments and accrued income		3	0.0	3	0.0
Total current assets		4 271	46.9	3 760	43.7
Non-current assets					
Loans to Group companies		430	4.7	468	5.4
Loans to third parties		0	0.0	1	0.0
Investments in subsidiaries and associates	(7)	4 401	48.3	4 370	50.8
Property, plant and equipment		4	0.1	5	0.1
Intangible assets		1	0.0	1	0.0
Total non-current assets		4 836	53.1	4 845	56.3
Total assets		9 107	100.1	8 605	100.0

BALANCE SHEET OF THE SWATCH GROUP LTD

Equity and liabilities	Notes	31.12.2022		31.12.2021	
		CHF million	%	CHF million	%
Current liabilities					
Financial debts and derivative financial instruments	(8)	5	0.1	94	1.1
Other current liabilities	(9)	32	0.3	35	0.4
Accrued expenses		14	0.1	17	0.2
Non-current liabilities					
Non-current provisions		90	1.0	90	1.0
Total liabilities		141	1.5	236	2.7
Equity					
Share capital		118	1.3	118	1.4
Statutory capital reserve		120	1.3	123	1.4
Statutory reserve		10	0.1	10	0.1
Reserve for treasury shares		0	0.0	0	0.0
Voluntary reserve		7 939	87.2	7 739	90.0
– Profit brought forward		25		49	
– Net income for the year		877		461	
Available earnings		902	9.9	510	5.9
Treasury shares		-123	-1.3	-131	-1.5
Total equity	(10)	8 966	98.5	8 369	97.3
Total equity and liabilities		9 107	100.0	8 605	100.0

NOTES TO THE FINANCIAL STATEMENTS

General

The financial statements of The Swatch Group Ltd, with registered office in Neuchâtel, comply with the requirements of the Swiss Code of Obligations (OR). The financial statements for the year under review were prepared in accordance with Swiss Accounting Legislation (thirty-second title of the Swiss Code of Obligations).

Valuation principles

a. Assets

Assets are valued at no more than their acquisition cost. Exceptions are current assets with an observable market price, which are valued at the stock price or market value on the balance sheet date. All changes in value are recognized in the income statement. No value fluctuation reserves are built.

b. Investments

Investments in subsidiaries and associates are valued individually provided that they are significant and that due to their similarity are not usually combined as a group for valuation.

c. Treasury shares

Treasury shares reserved for the employee stock option plan, as well as repurchased treasury shares are valued at historical acquisition value without subsequent valuation adjustment. Gains and losses from disposals of treasury shares, including transaction costs, are recorded directly in capital reserves.

d. Liabilities

Liabilities are valued at nominal value.

e. Foreign currency translation

All assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable on the balance sheet date. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated at the exchange rates prevailing on their respective transaction dates. Resulting foreign exchange differences are recognized in the income statement.

Details to specific items

1. Income from investments in subsidiaries

(CHF million)	2022	2021
Dividends	914	470
Other income from investments in subsidiaries	58	58
Total	972	528

This item includes dividends from Group companies and other income from investments in subsidiaries as well as management fees from Group companies.

2. Depreciation and impairment

Depreciation and impairment is calculated on receivables, property, plant and equipment, intangible assets, loans and investments in subsidiaries and associates. In the year under review, this amounted to CHF 31 million (previous year: CHF 29 million).

3. Financial expenses

(CHF million)	2022	2021
Interest expense	-2	-2
Result from marketable securities at fair value	-28	-5
Net currency result	-18	-11
Other financial expense	-2	-2
Total	-50	-20

NOTES TO THE FINANCIAL STATEMENTS

4. Financial income

(CHF million)	2022	2021
Interest income	34	19
Income and gains on securities	10	21
Total	44	40

5. Assets with an observable market price

(CHF million)	31.12.2022	31.12.2021
Current financial assets	0	388
Marketable securities	213	195
Precious metals	65	81
Derivative financial instruments (see Note 8)	4	5
Total	282	669

6. Other current receivables

(CHF million)	31.12.2022	31.12.2021
Receivables from Group companies	15	18
Loans to Group companies	2 960	2 597
Other receivables	32	27
Total	3 007	2 642

7. Investments in subsidiaries and associates

The list of 147 legal entities, including minority investments, held directly or indirectly by The Swatch Group Ltd and consolidated at Swatch Group level, is published in Note 34 of the consolidated financial statements in this report.

Investments in subsidiaries amounted to CHF 4 401 million or 48.3 % of total assets at the end of the year under review (previous year: CHF 4 370 million or 50.8 % of total assets).

8. Financial debts and derivative financial instruments

At the end of the year under review, no current account overdrafts were open (previous year: CHF 92 million).

At the end of the year under review, as in the previous year, there was no option contract outstanding. The table below gives an overview of the contract values and fair values of open forward contracts.

(CHF million)	31.12.2022			31.12.2021		
	Contract value	Positive fair value	Negative fair value	Contract value	Positive fair value	Negative fair value
Forward contracts						
- Third parties	775	3	-1	888	5	-1
- Group	301	1	-4	276	0	-1
Total	1 076	4	-5	1 164	5	-2

Derivative financial instruments are recognized at fair value. Forward contracts outstanding at the end of the year under review served to hedge operations relating to exchange rate risk and market volatility. Intragroup contracts relate to agreements between The Swatch Group Ltd and Group companies for the hedging of risk associated with intragroup financial transactions.

9. Other current liabilities

(CHF million)	31.12.2022	31.12.2021
Payables to Group companies	29	27
Other payables	3	8
Total	32	35

NOTES TO THE FINANCIAL STATEMENTS

10. Equity

At the end of the year under review, the equity ratio amounted to 98.5% of the balance sheet total (previous year: 97.3%).

The table below shows the changes in equity:

(CHF million)	Share capital	Statutory capital reserve	Statutory reserve	Reserve for treasury shares	Voluntary reserve	Available earnings	Treasury shares	Total equity
Balance at 31.12.2020	118	124	10	0	7 289	680	-141	8 080
Allocated in 2021					450	-450		0
Dividend paid out						-181		-181
Change in treasury shares		-1					10	9
Net income						461		461
Balance at 31.12.2021	118	123	10	0	7 739	510	-131	8 369
Allocated in 2022					200	-200		0
Dividend paid out						-285		-285
Change in treasury shares		-3					8	5
Net income						877		877
Balance at 31.12.2022	118	120	10	0	7 939	902	-123	8 966

Share capital

The share capital of The Swatch Group Ltd is composed as follows (unchanged from the previous year):

Balance sheet date	Registered shares at CHF 0.45	Bearer shares at CHF 2.25	Share capital in CHF
31.12.2021	116 919 500	28 936 000	117 719 775.00
31.12.2022	116 919 500	28 936 000	117 719 775.00

Principal shareholders at 31 December 2022

At the end of the year under review, the Hayek Pool, its related companies, institutions and individuals held 62 445 639 registered shares and 738 711 bearer shares, equivalent to 43.3% of all voting rights (previous year: 43.3%). The Hayek Pool comprises the following members:

Name / Company	Location	Beneficial owners
Community of heirs of N.G. Hayek represented by Marianne Hayek	Meisterschwanden	Community of heirs of N. G. Hayek
Wat Holding AG	Meisterschwanden	Community of heirs of N. G. Hayek
Ammann Group Holding AG	c/o Walder Wyss AG, Bern	Descendants U. Ammann-Schellenberg sen.
Swatch Group Pension Fund	Neuchâtel	-

NOTES TO THE FINANCIAL STATEMENTS

The companies, institutions and individuals associated with the Hayek Pool, but which do not formally belong to the Hayek Pool are as follows:

Name / Company	Location	Beneficial owners
Hayek Holding AG	Meisterschwanden	Community of heirs of N. G. Hayek
Community of heirs of N. G. Hayek and family members		Community of heirs of N. G. Hayek
Personalfürsorgestiftung der Hayek Engineering AG	Meisterschwanden	–
Ammann families (pension funds, foundations and individuals, Madisa AG)	c/o Ammann Group Holding AG, Bern	Represented by Daniela Aeschlimann
Fondation d'Ébauches SA et des maisons affiliées	Neuchâtel	–
Various welfare foundations	various	–

In the context of the pool, the group of the community of heirs of N. G. Hayek and related parties controlled in total 42.7% of all voting rights at end of the year under review (previous year: 42.7%).

At the end of the year under review, the Swatch Group had no knowledge of any other group or individual shareholder controlling more than 5% of all voting rights.

Statutory capital reserve

Gains and losses from the sale of treasury shares, including transaction costs, are recorded directly in the statutory capital reserve. In addition, the statutory capital reserve includes the historical proceeds from the issuance of participation certificates in excess of nominal value and issuance costs (premium).

Voluntary reserve

In the year under review, an amount of CHF 200 million was appropriated from available earnings at 31 December 2021 (previous year: CHF 450 million).

Reserve for treasury shares

At the end of the year under review, there was no reserve for treasury shares. No shares of The Swatch Group Ltd were held by Group subsidiaries (previous year: none).

Available earnings

In compliance with the resolution approved at the Annual General Meeting of 24 May 2022, available earnings were used as follows:

	CHF million
Available earnings at 31 December 2021	510
Allocation to voluntary reserve	-200
Dividend payment of CHF 1.10 per registered share	-129
Dividend payment of CHF 5.50 per bearer share	-159
Dividends not paid out on own shares	3
Profit brought forward after appropriation of available earnings	25

Treasury shares

Treasury shares held by The Swatch Group Ltd at the end of the year under review corresponded to 0.9% (previous year: 1.0%) of the nominal value of total share capital. In addition to repurchased treasury shares, this position also includes registered treasury shares intended for the employee stock option plan.

NOTES TO THE FINANCIAL STATEMENTS

The number of treasury shares held directly or indirectly by The Swatch Group Ltd changed as follows:

Shares held by The Swatch Group Ltd	Registered shares 1)		Bearer shares	
	2022	2021	2022	2021
Balance at 1 January	2 357 457	2 544 421	40 000	40 000
Acquisitions 2)	0	0	10 000	40 000
Disposals 3)	-189 807	-186 964	0	-40 000
Balance at 31 December	2 167 650	2 357 457	50 000	40 000
Other consolidated companies	2022	2021	2022	2021
Balance at 1 January	0	0	0	0
Acquisitions	0	0	0	0
Disposals	0	0	0	0
Balance at 31 December	0	0	0	0
Total balance at 31 December	2 167 650	2 357 457	50 000	40 000

1) Of which, at the end of the year under review, a total of 2 153 150 registered shares were reserved for the employee stock option plan (previous year: 2 342 932 shares).

2) In the year under review, the Group acquired 10 000 bearer shares at an average price of CHF 225.72 (previous year: 40 000 shares at CHF 302.20).

3) In the year under review, 25 registered shares were sold (previous year: none). As part of the employee stock option plan (see Note 13 of the consolidated financial statements), 189 782 registered shares were exercised (previous year: 186 964). In the year under review, no bearer shares were sold (previous year: 40 000 shares at an average price of CHF 288.65).

Off-balance-sheet items

Number of full-time equivalents

In the year under review, the annual average number of full-time equivalents was 134 (previous year: 137).

Leasing liabilities

At the end of the year under review, there were no liabilities arising from buy or purchase-like contracts and other leasing commitments which do not expire or cannot be cancelled within 12 months (previous year: less than CHF 1 million).

Liabilities to pension plans

The balance sheet at the end of the year under review contained no liabilities to pension plans (previous year: none).

Assets pledged

None of the company's assets were pledged.

Guarantees

At the end of the year under review and of the previous year, guarantees provided by The Swatch Group Ltd amounted to less than CHF 1 million. As in the previous year, this item relates to a guarantee to cover a lease commitment taken out by another Group company.

Contingent liabilities

At the end of the year under review, unchanged from the previous year, there were no contingent liabilities except the joint and several responsibility in favor of other Group companies in connection with the group taxation of value added tax.

Comfort letters

In the year under review, The Swatch Group Ltd issued comfort letters in favor of subsidiaries, guaranteeing the companies' willingness to pay for at least one year.

Equal pay analysis

Based on the revised Gender Equality Act (GEA), The Swatch Group Ltd is required to conduct an equal pay analysis and have it audited by an independent body. The Swatch Group Ltd carried out this analysis in accordance with legal requirements per the end of June 2021, and submitted it to Blaser Treuhand AG in Bern for review. In its report, the auditor certified that all legal requirements had been met in full.

NOTES TO THE FINANCIAL STATEMENTS

Swatch Group shares and options of the Board of Directors, Group Management and employees

Article 959c paragraph 2 item 11 of the Swiss Code of Obligations requires disclosure of the number and value of shares and options granted to members of the Board of Directors and Group Management as well as to employees. Details of the entire employee stock option plan are disclosed in Note 13 of the consolidated financial statements. Allocations to the Board of Directors and the Management Board are disclosed in the separate compensation report, in which all management remuneration information is disclosed.

In the year under review, 5 150 registered shares and options valued at CHF 0.2 million (previous year: 4 750 registered shares and options valued at CHF 0.3 million) were allocated to other employees of The Swatch Group Ltd.

In addition, Article 663c paragraph 3 of the Swiss Code of Obligations requires disclosure of shares and options held by members of the Board of Directors and Group Management, including closely related persons. The table below shows the corresponding holdings at the end of the year under review and of the previous year.

Name	Function	Registered Shares		Bearer shares		Options	
		2022	2021	2022	2021	2022	2021
Community of heirs N. G. Hayek represented by Marianne Hayek		56 695 202	56 695 202	737 796	737 796		
Nayla Hayek	BoD Chairwoman	248 208	228 208			20 002	20 002
Ernst Tanner	BoD Vice-Chairman			2 000	2 000		
Prof. Dr. h.c. Claude Nicollier	BoD Member	100	100				
Dr. Jean-Pierre Roth	BoD Member			10	10		
Daniela Aeschlimann	BoD Member						
Georges Nicolas Hayek	BoD Member / CEO	223 491	199 491			24 000	24 000
Raynald Aeschlimann	MB Member	48 534	40 867			8 334	7 001
Pierre-André Bühler	MB Member	22 966	20 966			8 002	8 002
Dr. Mougahed Darwish 1)	MB Member	0	74 268	0	40	0	2 602
Marc A. Hayek	MB Member	197 399	182 899	140	140	14 501	14 501
Dr. Thierry Kenel	MB Member / CFO	110 253	100 253			10 001	10 001
Florence Ollivier-Lamarque	MB Member	61 998	61 498			5 002	5 002
Dr. Peter Steiger	MB Member	140 999	130 999			10 001	10 001
François Thiébaud	MB Member	191 550	181 382			9 000	10 168
Lionel A Marca	EMB Member	2 482	1 282			1 200	1 200
Matthias Breschan	EMB Member	2 034	2 034			3 000	3 000
Sylvain Dolla	EMB Member	4 033	2 233			2 668	1 468
Daniel Everts	EMB Member	2 900	2 300			600	600
Yann Gamard 2)	EMB Member	0	12 700			0	5 501
Fadi Ghalayini 3)	EMB Member	3 268	0			1 267	0
Hans-Rudolf Gottier	EMB Member	47 700	42 700			5 002	5 002
Roger Juillet 4)	EMB Member	0	4 045			0	1 200
Mireille Koenig	EMB Member	5 253	4 320			967	900
Calogero Polizzi	EMB Member	14 500	11 500			3 000	3 000
Michel Willemin 5)	EMB Member	9 332	0			1 668	0
Total		58 032 202	57 999 247	739 946	739 986	128 215	133 151

1) until 31.03.2022 2) until 31.10.2022 3) since 01.09.2022 4) until 28.02.2022 5) since 01.03.2022

Each option gives the right to draw one registered share. Each share (registered or bearer) represents one voting right. The principal shareholders are disclosed in Note 29 of the consolidated financial statements. Except for the community of heirs of N. G. Hayek, no member of the Board of Directors, Management Board and Extended Management Board, together with persons closely linked to them, owned as of the end of the year under review, either directly or through share options, more than 1% of the outstanding Swatch Group shares (end of previous year: community of heirs of N. G. Hayek).

Additional information, cash flow statement and management report

According to Article 961d paragraph 1 of the Swiss Code of Obligations, additional information, the statement of cash flows and the management report are dispensed with, as The Swatch Group Ltd prepares the consolidated financial statements in accordance with a recognized financial reporting standard.

Events after the balance sheet date

These financial statements were approved for issue by the Board of Directors on 2 March 2023 and will be submitted to the Annual General Meeting of Shareholders for approval on 10 May 2023. Otherwise, there were no other significant events after the balance sheet date.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes to the Annual General Meeting that available earnings be appropriated as follows:

(CHF million)	2022	2021
Net income	877	461
Profit brought forward	25	49
Available earnings	902	510
Allocation to voluntary reserve	-550	-200
Payment of a 2021 dividend, i.e.:		
- CHF 1.10 per registered share with a par value of CHF 0.45		-129
- CHF 5.50 per bearer share with a par value of CHF 2.25		-159
Payment of a 2022 dividend, i.e.: 1)		
- CHF 1.20 per registered share with a par value of CHF 0.45	-140	
- CHF 6.00 per bearer share with a par value of CHF 2.25	-174	
Dividends not paid out on own shares held by the Group 2)		3
Balance carried forward	38	25

1) It is planned not to pay dividends on treasury shares held by the Group.

2) Based on the decision of the Annual General Meeting of 24 May 2022, the dividend due on own shares held by the Group was not paid out.

Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Swatch Group Ltd (the Company), which comprise the income statement for the year ended 31 December 2022, the balance sheet as at 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 205 to 208 and pages 215 to 223) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 35 million



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiaries and associates



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Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality for the audit of the financial statements	CHF 35 million
Benchmark applied	Total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Board of Directors and the Audit Committee that we would report to them misstatements above CHF 2.5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons. The Management of The Swatch Group Ltd uses stricter criteria and lower benchmarks to support its operational decisions and for its financial reporting.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Valuation of investments in subsidiaries and associates

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2022, investments in subsidiaries and associates of The Swatch Group Ltd amounted to CHF 4,401 million (about 48% of total assets). They include the directly held subsidiaries, which hold the other Group companies. These include subsidiaries with different levels of vertical integration, in particular component producers, manufactures, brand name parent companies, numerous sales organisations and other equity investments. Because of their vertical integration and their similarity, these investments are grouped together, in some cases, for valuation purposes.</p> <p>Due to the significance of this asset category in the financial statements and because of the scope for judgement in grouping these investments, we consider the impairment assessment of the equity investments as complex and, therefore, as a key audit matter.</p> <p>Please refer to page 218 (Valuation principles) and page 219 (Details to specific items, note 7 Investments in subsidiaries and associates) of the 2022 Annual Report.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> - We checked the grouping of the investments based on their similarity and their vertical integration in the Swatch Group. - We tested the valuation of each investment or group of investments based on its equity and results for the year. <p>We consider Management's approach to group and value the investments as an acceptable and reasonable basis for the valuation of the investments.</p>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Brüderlin

Audit expert
Auditor in charge



Tobias Handschin

Audit expert

Basel, 2 March 2023



THE SWATCH GROUP LTD SECURITIES

Average number of shares outstanding / Average share capital	2022 basic	2021 basic	2020 basic	2019 basic	2018 basic
Number of registered shares of CHF 0.45	114 658 893	114 471 966	114 169 222	113 428 394	115 449 571
Number of bearer shares of CHF 2.25	28 888 308	28 883 462	28 872 923	28 814 317	29 268 442
Total average number of shares outstanding	143 547 201	143 355 428	143 042 145	142 242 711	144 718 013
Share capital registered shares in CHF	51 596 502	51 512 385	51 376 150	51 042 777	51 952 307
Share capital bearer shares in CHF	64 998 693	64 987 790	64 964 077	64 832 213	65 853 995
Total average share capital in CHF	116 595 195	116 500 174	116 340 227	115 874 991	117 806 302
Key data per registered share (nom. CHF 0.45) in CHF	2022	2021	2020	2019	2018
Consolidated net result attributable to shareholders	3.11	2.96	-0.20	2.84	3.23
Cash flow from operating activities 1)	2.79	5.01	3.17	4.75	3.60
Consolidated equity 1)	46.51	44.82	42.41	44.63	43.07
Dividend 2)	1.20	1.10	0.70	1.10	1.60
Key data per bearer share (nom. CHF 2.25) in CHF	2022	2021	2020	2019	2018
Consolidated net result attributable to shareholders	15.57	14.78	-0.99	14.18	16.14
Cash flow from operating activities 1)	13.96	25.06	15.83	23.76	18.01
Consolidated equity 1)	232.55	224.12	212.07	223.17	215.33
Dividend 2)	6.00	5.50	3.50	5.50	8.00
Stock price (adjusted) in CHF	2022	2021	2020	2019	2018
Registered shares high	58.95	64.30	52.75	62.60	91.30
Registered shares low	40.40	45.68	28.56	46.62	54.05
Registered shares at year-end	48.04	53.45	46.76	51.15	56.80
Bearer shares high	309.50	333.90	280.50	322.00	499.10
Bearer shares low	215.70	235.50	151.00	247.70	275.60
Bearer shares at year-end	263.00	279.00	241.50	270.00	286.70
Key ratios (year-end)	2022	2021	2020	2019	2018
Average return on equity 3)	7.0%	6.9%	-0.5%	6.6%	7.7%
Dividend yield registered shares 4)	2.5%	2.1%	1.5%	2.2%	2.8%
Dividend yield bearer shares 4)	2.3%	2.0%	1.4%	2.0%	2.8%
Market capitalization in CHF million	13 227	14 322	12 455	13 793	15 887

1) Calculation based on average share capital per share category respectively average number of shares outstanding

2) For the year under review: Board of Directors' proposal

3) Net result as a percentage of average equity (previous year plus year under review, divided by two)

4) Dividend as a percentage of share price at year-end

Securities	ISIN-Number	Reuters Symbol
The Swatch Group Ltd Registered shares	CH0012255144	UHRN.S
The Swatch Group Ltd Bearer shares	CH0012255151	UHR.VX

The securities are listed on the Swiss Stock Exchange (SIX) and on the BX Berne eXchange.



COMPENSATION

REPORT



COMPENSATION REPORT

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COMPENSATION REPORT

Ladies and Gentlemen

In accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (Compensation Ordinance; Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV), which came into force on 1 January 2014, all information regarding the compensation of the Board of Directors and the Group Management Board (Executive Group Management Board and Extended Group Management Board) is presented in the Compensation Report.

With the Compensation Report, the Board of Directors and the Compensation Committee give an account of the material elements of the compensation principles, of the tasks and competences in the field of compensation, of the composition and function of the Compensation Committee, and of the various compensation elements.

The aim of the Compensation Report is to create transparency regarding the compensation provided by the company.

The Compensation Report is divided into the following sections:

- one section with information regarding the structure and decision-making processes within the Compensation Committee and the Board of Directors;
- one section with the description of the compensation system;
- one section that sets out the specific compensation in the year under review and the previous year.

The Compensation Report fulfils the provisions of the Ordinance against Excessive Compensation in Listed Stock Corporations, which came into force on 1 January 2014, and accordingly the provisions of the Swiss Code of Obligations. The Report essentially follows the recommendations of the Swiss Code of Best Practices for Corporate Governance issued by *economiesuisse* and the Guidelines on Corporate Governance issued by SIX Swiss Exchange Regulation AG.

Compensation for the year under review and the previous year (Note 4a-e) were audited by PriceWaterhouseCoopers AG. Disclosure is made according to the « accrual principle ».

1. Compensation Committee

1.1 Composition of the Compensation Committee

As the Board of Directors of the Swatch Group is intentionally kept small in number (currently 6 members), it functions at the same time as the Compensation Committee. This eliminates the need for demarcating the areas of responsibility and ensuring the flow of information.

The Compensation Committee is chaired by Mr Ernst Tanner, Vice-Chairman of the Board of Directors.

All members of the Board of Directors abstain from discussions and decisions regarding their compensation and from discussions and decisions regarding compensation of persons closely related to them (such as family members).

No members having any cross-involvement belong to the Compensation Committee, such that no conflicts of interest arise from this point of view as well.

1.2 Tasks / Competences

The Compensation Committee handles the compensation policy of the company. It assists the Board of Directors in determining the compensation system and the principles of compensation, and in the preparation of motions to the Annual General Meeting for approving compensation. The Compensation Committee may submit proposals and recommendations to the Board of Directors in all matters pertaining to compensation.

According to the Articles of Association of the Swatch Group, the Compensation Committee attends to all issues related to compensation, and proposes solutions for the attention of the Board of Directors. The decision-making body is the Board of Directors. The Board of Directors will submit the necessary resolutions to the Annual General Meeting for its approval.

At the Annual General Meeting of the year under review, the fixed remuneration for members of the Board of Directors until the next annual general meeting, as well as the fixed remuneration for the year under review and the variable remuneration for the previous year for executive functions for members of the Board of Directors was voted upon. In addition, fixed remuneration for members of the Management Board and the Extended Management Board for the year under review, as well as variable remuneration for the previous year was voted upon.

1.3 Meetings

The Compensation Committee met twice during the year under review.

COMPENSATION REPORT

2. Compensation system

2.1 General principles of compensation

The members of the Board of Directors and the Executive Management are entitled to compensation corresponding to their job function and degree of responsibility.

The company may award compensation for activities in entities that are directly or indirectly controlled by the company and for activities at the order of the undertaking. The compensation may be awarded by the company or by the companies that it controls.

The compensation of the non-executive members of the Board of Directors comprises only fixed compensation elements.

The compensation of executive members of the Board of Directors and the members of the Executive Management comprises fixed and variable compensation elements. The fixed compensation comprises base salary and may include additional compensation elements. The variable compensation is guided by the achievement of defined performance objectives.

The performance objectives may include personal goals, company-specific and division-specific objectives, along with key economic or market-related figures. In doing so, the function and the level of responsibility of the recipient of the variable compensation are taken into account.

At the request of the Compensation Committee, the Board of Directors sets the performance values and objectives of the variable compensation elements and their achievement.

The compensation system of the Swatch Group is in line with market conditions and based on performance. It is reviewed on an annual basis and adjusted when necessary.

2.2 Compensation elements

a) Non-executive members of the Board of Directors

The non-executive members of the Board of Directors receive fixed compensation. It is graduated according to functions.

b) Executive members of the Board of Directors, members of the Executive and Extended Group Management Board

The compensation system for the executive members of the Board of Directors and the members of the Executive and Extended Group Management Board provides for the following elements:

- a base salary;
- an expense allowance;
- a bonus program with variable compensation;
- a share program with annual share allocations and a minimal guaranteed value;
- payments to the pension fund (Swatch Group Pension Fund) and to the Management Fund of the Swatch Group.

2.3 Information on individual elements

2.3.1 Base salary

The base salary is usually paid out monthly in 13 equal instalments. The 13th instalment is paid each year in December. The degree of responsibility and the position are taken into account in the base salary.

2.3.2 Expense allowance

Members of the Board of Directors and the Executive Group Management Board receive an expense allowance of CHF 30 000; members of the Extended Group Management Board receive up to CHF 24 000. This expense allowance covers representation and small expenses, and was approved by the tax authority of the Canton of Bern. Executive members of the Board of Directors who at the same time belong to the Executive Management receive the expense allowance only once.

2.3.3 Bonus programs

The executive members of the Board of Directors, of the Executive Group Management Board and of the Extended Group Management Board annually receive a variable bonus, which depends on the development of the Group and the business division entrusted to the respective person (brands, countries, functional area) as well as individual performance.

At the start of the year, a so-called bonus potential is defined, which is paid out if the objectives are achieved. If the objectives are surpassed, more than 100% of the bonus potential can be paid. If individual objectives are not achieved, a proportionate reduction can be made.

COMPENSATION REPORT

The bonus is determined and paid out at the start of the following year, once the financial statements are available. A recipient with a Swiss contract and residence in Switzerland receives an advance payment in December. This is usually 70% of the bonus potential, provided that the set objectives (sales, operating income, etc.) will foreseeably be achieved; if not, a payment of 50% will be made.

The assessment criteria that apply are, among other things: sales development, development of operating income, changes in market share, development of inventory and receivables, accomplishment of development and set-up projects, success in negotiations, successful implementation of cost reduction programs, personnel fluctuation, and motivation of employees. The assessment criteria are individually tailored to the function holders and weighted accordingly.

For the particular promotion of the Group's interests, a part of the bonus is awarded as a Group bonus. The percentage share of the Group component varies according to function.

2.3.4 Share program

On an annual basis, a number of registered shares with a low exercise price are offered to the executive members of the Board of Directors and the members of the Executive Group Management Board and the Extended Group Management Board. In the year under review and the previous year, this amounted to CHF 4.00 per share. One-third of the allocation may be exercised and subscribed immediately. In one and two years respectively, an additional one-third may be exercised and subscribed. Once exercised, the shares may be freely disposed of. Optionally these can be subject to a blocking period of either 5 or 10 years. In the event of an early departure, the allocations for non-exercised options expire; upon retirement, they are immediately available.

The allocation of the share subscription rights takes place through the Board of Directors after the Annual General Meeting. A certain minimum allocation value was contractually guaranteed to the executive members of the Board of Directors and the members of the Executive Group Management Board and the Extended Group Management Board. For executive members of the Board of Directors and members of the Executive Group Management Board, this amounted to CHF 50 000; for members of the Extended Group Management Board, this generally amounted to CHF 25 000 per year (allocation value = share price minus CHF 4.00 exercise price).

The calculation basis for payment of allotted shares and options is the day value at grant date. The day value corresponds to the share price on the grant date, respectively the last trading day before the grant date, less the exercise price.

The following values were in force for the year under review and the previous year:

		2022	2021
Grant date		31.05.2022	31.05.2021
Share price on grant date	CHF	46.60	62.35
Exercise price	CHF	4.00	4.00
Day value on grant date	CHF	42.60	58.35

2.3.5 Pension Fund / Management Fund

The executive members of the Board of Directors and the members of the Executive Group Management Board and of the Extended Group Management Board respectively, are insured by the Swatch Group Pension Fund and the Swatch Group Management Fund.

The Swatch Group Pension Fund insures incomes of up to CHF 320 000.

The Management Fund covers income components between CHF 320 000 and CHF 860 000.

The Management Fund provides for contributions of 10% of which 75% are assumed by the employer.

COMPENSATION REPORT

3. Additional contractual elements

3.1 Term and termination periods of employment contracts

All employment contracts of the Executive Group Management Board and of the Extended Group Management Board are concluded for an indefinite term.

They may be terminated by either party with a notice period of six months as per the end of a month.

3.2 Payment of salaries

Salaries are paid on a monthly basis. No advance payments are made, either for the current month or for longer periods. The same applies to compensation within the framework of mandate relationships.

3.3 Compensation upon commencement of the employment relationship

Swatch Group does not pay any compensation upon the conclusion of an employment contract or upon the start of work ("golden hellos"/"golden handshakes").

Moreover, no compensation is provided to settle share options or other financial benefits of a prior employer that were rendered void through the job change.

3.4 Loans and credits to members of governing bodies

The company or companies controlled by it may grant loans and credits to executive members of the Board of Directors and the Group Management Board on market terms. Such loans and credits may not exceed the amount of the fixed annual compensation of the person concerned. The fixed annual compensation of the previous year shall be taken as the basis for the grant of credit or loan (Article 41 of the Articles of Association).

In addition, just like all employees of the Swatch Group in Switzerland, the executive members of the Board of Directors and the members of the Executive Group Management Board and of the Extended Group Management Board respectively, have the option of taking out a mortgage loan with the Swatch Group Pension Fund to finance the purchase of real estate in Switzerland. The applicable conditions are the same as those that apply to all employees of the Swiss Swatch Group companies (lending limit, interest rate, etc.).

3.5 Membership in governing bodies of Group companies

It regularly occurs that executive members of the Board of Directors and members of the Executive Group Management Board and of the Extended Group Management Board sit on governing bodies of subsidiaries, both in Switzerland and abroad (as board members, members of supervisory boards, members of advisory boards, or as managers). No additional compensation is awarded for such tasks and functions, either by the Swatch Group or by the relevant Group company.

3.6 Severance payments

The employment contracts of the members of the Executive Group Management Board or the Extended Group Management Board do not provide for severance payments or any payments whatsoever upon termination of the employment relationship.

In addition, no payments ("golden parachutes", etc.) are provided in the event of a change of control.

3.7 Mandates with former members of the Executive Group Management Board or the Extended Group Management Board

It may occur that members of the Executive Group Management Board and the Extended Group Management Board who have resigned from their functions are employed on a mandate basis by the Group from time to time. In all such cases, clear written mandate contracts are concluded; these must be approved by the President of the Executive Group Management Board. Such mandate contracts contain the same restrictive conditions as employment contracts (contractual term, payments, etc.).

COMPENSATION REPORT

4. Compensation for the members of the Board of Directors and Group Management Board (KL/EKL)

This part of the report is subject to audit by PricewaterhouseCoopers AG.

a. Board of Directors (BoD)

2022		Compensation for functions in the BoD 1)	Compensation for executive functions				Total 6)
Name	Function		Base compensation 2)	Bonus 3)	Share options 4)	Other compensation 5)	
		(CHF)	(CHF)	(CHF)	(CHF)	(CHF)	(CHF)
Nayla Hayek	Chairwoman	205 554	1 002 108	1 725 000	852 000	293 410	4 078 072
Ernst Tanner	Vice-Chairman	149 176				8 133	157 309
Daniela Aeschlimann	Member	142 179				10 171	152 350
Georges Nicolas Hayek 7)	Member	140 877				8 833	149 710
Prof. Dr. h.c. Claude Nicollier	Member	139 936				7 397	147 333
Dr. Jean-Pierre Roth	Member	139 936				7 397	147 333
Total		917 658	1 002 108	1 725 000	852 000	335 341	4 832 107

2021		Compensation for functions in the BoD 1)	Compensation for executive functions				Total 6)
Name	Function		Base compensation 2)	Bonus 3)	Share options 4)	Other compensation 5)	
		(CHF)	(CHF)	(CHF)	(CHF)	(CHF)	(CHF)
Nayla Hayek	Chairwoman	170 444	1 002 108	1 500 000	1 167 000	348 409	4 187 961
Ernst Tanner	Vice-Chairman	125 153				6 347	131 500
Daniela Aeschlimann	Member	119 744				8 256	128 000
Georges Nicolas Hayek 7)	Member	118 701				7 185	125 886
Prof. Dr. h.c. Claude Nicollier	Member	117 761				5 748	123 509
Dr. Jean-Pierre Roth	Member	117 761				5 748	123 509
Total		769 564	1 002 108	1 500 000	1 167 000	381 693	4 820 365

1) Total annual compensation allocated on a cash or accrual basis, not including any reimbursement for travel and other business expenses incurred.

The compensation contains an amount of CHF 20 000 for functions in the Compensation Committee and the Audit Committee (previous year: CHF 14 000) as well as expense allowance payments in the amount of CHF 30 000 per year.

2) Total annual compensation allocated on a cash or accrual basis, not including any reimbursement for travel and other business expenses incurred.

3) Bonus payments allocated on a cash or accrual basis.

4) In the year under review and the previous year, Mrs N. Hayek was allocated 20 000 share options. The calculation basis for share options is the day value at grant date (see Section 2.3.4). In the year under review, this corresponded to a value of CHF 58.35 per option (previous year: CHF 33.34 per option). The valuation of the share options at prior-year value would therefore result in an unchanged value of CHF 1 167 000.

5) Other compensation includes no pension benefits (previous year: CHF 64 999). The remaining social benefits (employer's contributions) amounted to CHF 314 507 (previous year: CHF 316 694). In the year under review, long-term service awards in the amount of CHF 20 834 were paid out (previous year: none).

6) All amounts are gross amounts (i.e., before deduction of the social insurance contributions to be taken on by the employee).

7) The compensation for the executive function is set forth in paragraph b. of this chapter.

COMPENSATION REPORT

b. Executive Group Management Board (KL) and Extended Group Management Board (EKL)

2022	Base compensation 1) (CHF)	Bonus 2) (CHF)	Share options 3) (number)	Share options 3) (CHF)	Other compensation 4) (CHF)	Total 5) (CHF)
Georges Nicolas Hayek (MB President / CEO)	1 502 105	3 400 000	24 000	1 022 400	607 929	6 532 434
Total other members	5 503 309	10 673 198	89 800	3 825 480	2 433 569	22 435 556
Total	7 005 414	14 073 198	113 800	4 847 880	3 041 498	28 967 990

The calculation basis for share options is the day value at grant date (see Section 2.3.4). In the year under review, this corresponded to a value of CHF 42.60 per option (previous year: CHF 58.35 per option). The valuation of the share options at prior-year value would result in a total value of CHF 6 640 230 (+1.2% compared to the previous year's value of CHF 6 564 375).

2021	Base compensation 1) (CHF)	Bonus 2) (CHF)	Share options 3) (number)	Share options 3) (CHF)	Other compensation 4) (CHF)	Total 5) (CHF)
Georges Nicolas Hayek (MB President / CEO)	1 502 105	3 120 000	24 000	1 400 400	556 892	6 579 397
Total other members	5 497 577	10 155 000	88 500	5 163 975	2 476 798	23 293 350
Total	6 999 682	13 275 000	112 500	6 564 375	3 033 690	29 872 747

1) Total annual base compensation allocated on a cash or accrual basis, including expense allowance payments, but not including any reimbursement for travel and other business expenses incurred.

2) Variable bonus payments allocated on a cash or accrual basis.

3) The allocation and valuation of share options takes place in accordance with the conditions described in Section 2.3.4.

4) Other compensation includes pension benefits in the amount of CHF 705 685 (previous year: CHF 709 026). The remaining social benefits (employer's contributions) amounted to CHF 2 202 047 for the year under review (previous year: CHF 2 293 189). Other compensation also includes further benefits and long-term service awards in the amount of CHF 133 766 (previous year: CHF 31 475).

5) All amounts are gross amounts (i.e., before deduction of the social insurance contributions to be taken on by the employee).

The figures presented include all direct and indirect compensation. Mr G.N. Hayek, as the CEO, received the highest compensation.

In the year under review, no payments were made to former members of the Executive Group Management Board and the Extended Group Management Board in connection with their past activities as members of the Company's governing bodies (previous year: none).

c. Loans and credits to the Board of Directors and the Group Management

In the year under review, no loans or credits were granted to members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively. Moreover, no loans or credits were granted to former members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively. The same holds true for the previous year.

At the end of the year under review, as in the previous year, there were no credit or loans outstanding to (current or former) members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board.

d. Compensation, loans, and credits to closely related persons

In the year under review and the previous year, no non-market-based compensation was awarded to persons who are closely related to the members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively.

e. Impermissible compensation

In the year under review and the previous year, the company did not award any severance payments to the members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively.

Likewise, in the year under review and the previous year, no compensation was paid in advance to members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively.

Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Report on the audit of the compensation report

Opinion

We have audited the compensation report of The Swatch Group Ltd (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in sections 4a-e in the compensation report.

In our opinion, the information on compensation, loans and advances in the accompanying compensation report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the content in sections 4a-e in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



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Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Thomas Brüderlin
Audit expert
Auditor in charge



Tobias Handschin
Audit expert

Basel, 2 March 2023







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