

Ad hoc announcement pursuant to Art. 53 of the Listing Rules

SWATCH GROUP: Key Figures 2022

- Net sales of CHF 7 499 million, +4.6% to the previous year at constant exchange rates, or +2.5% at current rates.
- Sales growth of 25% in local currencies in all regions, with the exception of China, where Covid lockdowns resulted in sales shortfalls of over CHF 700 million.
- The MoonSwatch is a best seller, with over 1 000 000 watches sold. Ongoing high demand, including in January, in the approximately 180 stores which exclusively offer the MoonSwatch.
- Operating profit of CHF 1 158 million (previous year: CHF 1 021 million).
Operating margin of 15.4% (previous year: 14.0%).
- Net income of CHF 823 million (previous year: CHF 774 million).
Net margin of 11.0% (previous year: 10.6%).
- Operating cash flow of CHF 724 million (previous year: CHF 1 298 million); lower versus previous year, mainly due to precautionary increase in safety stock.
Free cash flow¹ of CHF 342 million (previous year: CHF 1 033 million).
- High net liquidity² of CHF 2 540 million (previous year: CHF 2 558 million).
- At its next meeting, the Board of Directors will decide on the dividend proposal to the Annual General Meeting.
- In view of the strong position of the Group brands in all segments worldwide and the robust numbers in January for Mainland China, the Group aims to achieve a record year in 2023.

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

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

KEY FIGURES 2022

Group Key Figures

(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 % of balance sheet total	86.7%	84.8%			

Unaudited figures

Highlights of the financial year 2022

Watches & Jewelry

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%. January shows growth again with sales which will exceed the strong corresponding month in the previous year.

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. Hoofstraat 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.

Production

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.

Electronic Systems

Products of the highly specialized companies in the segment 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 MicroCrystal 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%).

KEY FIGURES 2022

Inventories

In view of potential energy shortages and possible delivery bottlenecks, the Group decided to massively increase safety stock where feasible. This measure will also pay off, considering higher demand in China after its *zero-Covid strategy* exit. The major portion of the CHF 484 million or 7.6% higher inventories was in the categories of raw materials, work in progress, and semi-finished goods.

Research and development

Intensive research and development activities in the year under review led to 209 new patent applications (previous year: 202).

Personnel

The number of employees increased in comparison with the previous year by 617 or 2.0% to 32 061 persons.

Outlook 2023

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. The sales growth in January in China reinforces the Group's expectation to aim for a record year in 2023.

Tentative next publications / events:

16.03.2023	Publication of the annual report and the sustainability report 2022 Press conference
10.05.2023	Annual General Meeting
28.07.2023	Publication of 2023 half-year results

Original:	German
Translations:	English, French and Italian

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KEY FIGURES 2022

Consolidated Income Statement

	2022		2021	
	CHF million	%	CHF million	%
Net sales	7 499	100.0	7 313	100.0
Other operating income	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	-2 363	-31.5	-2 206	-30.2
Depreciation and impairment on property, plant and equipment	-366	-4.9	-396	-5.4
Amortization and impairment on intangible assets	-41	-0.6	-42	-0.6
Other operating expenses	-2 506	-33.4	-2 424	-33.1
Operating result	1 158	15.4	1 021	14.0
Other financial income and expense	-38	-0.5	4	0.0
Interest expense	-3	-0.0	-5	-0.1
Share of result from associates and joint ventures	-21	-0.3	-9	-0.1
Ordinary result	1 096	14.6	1 011	13.8
Non-operating result	0	0.0	0	0.0
Result before income taxes	1 096	14.6	1 011	13.8
Income taxes	-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				
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	

Unaudited figures

KEY FIGURES 2022

Consolidated Balance Sheet

Assets	31.12.2022		31.12.2021	
	CHF million	%	CHF million	%
Current assets				
Cash and cash equivalents	2 176	15.6	1 979	14.5
Financial assets, securities and derivative financial instruments	372	2.7	677	4.9
Trade receivables	663	4.8	710	5.2
Other current assets	103	0.7	136	1.0
Inventories	6 873	49.5	6 389	46.7
Prepayments and accrued income	206	1.5	216	1.6
Total current assets	10 393	74.8	10 107	73.9
Non-current assets				
Property, plant and equipment	2 706	19.5	2 771	20.3
Intangible assets	146	1.1	144	1.0
Investments in associates and joint ventures	19	0.1	21	0.1
Other non-current assets	181	1.3	186	1.4
Deferred tax assets	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

Unaudited figures

KEY FIGURES 2022

Consolidated Balance Sheet

Equity and liabilities	31.12.2022		31.12.2021	
	CHF million	%	CHF million	%
Current liabilities				
Financial debts and derivative financial instruments	8	0.1	98	0.7
Trade payables	298	2.1	313	2.3
Other liabilities	193	1.4	258	1.9
Provisions	94	0.7	112	0.8
Accrued expenses	533	3.8	596	4.4
Total current liabilities	1 126	8.1	1 377	10.1
Non-current liabilities				
Financial debts	2	0.0	2	0.0
Deferred tax liabilities	459	3.3	430	3.2
Retirement benefit obligations	43	0.3	42	0.3
Provisions	61	0.5	68	0.5
Accrued expenses	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	118		118	
Capital reserves	-971		-971	
Treasury shares	-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

Unaudited figures

KEY FIGURES 2022

Consolidated Statement of Cash Flows

(CHF million)	2022	2021
Operating activities		
Net result	823	774
Share of result from associated companies and joint ventures	21	9
Income taxes	273	237
Depreciation on non-current assets	406	437
Impairment on non-current assets	1	1
Changes in provisions and retirement benefit obligations	-23	54
Gains/losses on sale of non-current assets	-9	2
Other non-cash items	76	-1
Changes in net current assets:		
- 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 received from associated companies and joint ventures	1	1
Income tax paid	-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	-285	-181
Dividends paid to non-controlling interests	-15	-15
Repurchase 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	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	2 176	1 887

Unaudited figures

KEY FIGURES 2022

Segment information

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%

Unaudited figures

Statistical Information

	2022 Basic	2021 Basic
Average number of registered shares outstanding	114 658 893	114 471 966
Average number of bearer shares outstanding	28 888 308	28 883 462
Key data per registered share (nom. CHF 0.45) in CHF		
Consolidated net result attributable to shareholders	3.11	2.96
Cash flow from operating activities 1)	2.79	5.01
Consolidated equity 1)	46.51	44.82
Key data per bearer share (nom. CHF 2.25) in CHF		
Consolidated net result attributable to shareholders	15.57	14.78
Cash flow from operating activities 1)	13.96	25.06
Consolidated equity 1)	232.55	224.12
Share capital in CHF	117 719 775	117 719 775

1) Calculation based on average share capital per share category or average number of shares outstanding

Unaudited figures