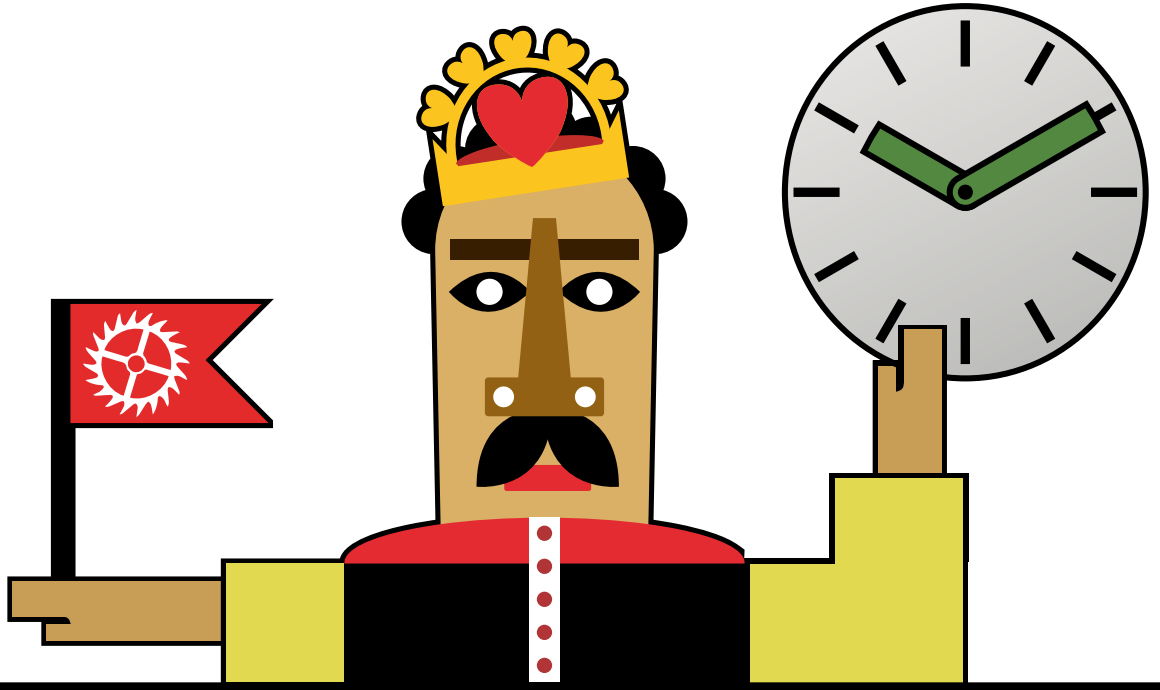
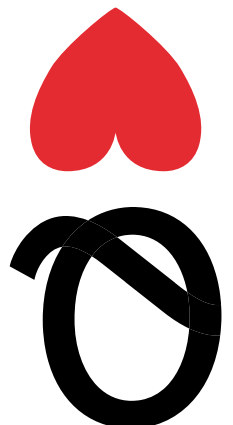


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ANNUAL REPORT
2021

SWATCH GROUP



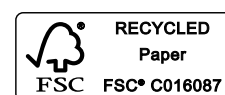


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Swatch Group's Annual Report and Compensation Report are published in French, German and English. Pages 1 to 148 are originally published in French and pages 149 to 230, as well as the Compensation Report, in German. These original versions are binding.

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MESSAGE FROM THE CHAIR

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

Like watches, fondue, chocolate, the Matterhorn or the Rütli meadow, Jass is a Swiss national monument. It is part of our DNA; it's in our genes. It is one of the cornerstones of our identity. It is a tradition common to all regions of the country. It is a very popular, positive, social and friendly game. In our beautiful country, almost everyone plays Jass. It is played with family, friends, even strangers... When we play, we laugh, we exchange, we get angry and we share, while eating and drinking. A little or a lot, it depends. This game allows you to change your mind, to escape, to relax. It is played everywhere: restaurants, trains, boats, at home. Jass is unifying, inclusive. It is just like Swatch Group and its more than 31 000 employees around the world.

For the past two years however, we have been deprived of the pleasurable company of a card game, and of many other pleasures for that matter. Because we had to play at home, "home-Jass", remote *obenabe* or *undenufe*, with electronic cards, in front of a screen or an application. We've had it now. Enough is enough! We need to reconnect with this spirit, this sense of community. In short, we need to find each other again.

Jass isn't merely a card game. It requires strategy and teamwork. It owes nothing to chance and neither does the management of an industrial group like Swatch Group. All the more so because it is not enough to simply shuffle the cards and name the trump suit. Every move must be considered.

Just like you, we have had to negotiate our way through this pandemic. But we have been able to demonstrate our resilience, while at the same time further improving our operations. We have committed ourselves with even more strength and energy. And above all, with passion. As a result, Swatch Group is even stronger and more solid than it was two years ago. This is a source of great pride for us.

As a group with over 100 production sites in Switzerland and countless boutiques around the world, you can easily understand that the home office, among other things, presented us with quite a challenge.

Nevertheless, the Group achieved net sales of 7313 million in 2021, an increase of 30.7%. The operating result amounted to CHF 1021 million, compared with CHF 52 million in the previous year. A stratospheric increase. It's like announcing 200 for all four Jacks. Net profit reached CHF 774 million, compared to a net loss of CHF 53 million in the previous year. And our liquidity is in the best possible shape, without any booster in particular but with strong cards in our hand. We had a very solid operating cash flow of CHF 1298 million, compared with CHF 819 million in the previous year. Free cash flow stands at CHF 1033 million, compared with CHF 675 million a year earlier. As a result, at the end of December 2021, Swatch Group had net liquidity of CHF 2558 million, compared to CHF 1700 million a year earlier. And this figure has increased further since then.

We owe this success to our employees, the Management Boards and the Board of Directors. I would like to take this opportunity to thank them all for their outstanding support and unwavering commitment throughout 2021. Our heartfelt appreciation also goes to you, dear shareholders, and to our customers around the world, for your constant support. On the basis of these encouraging figures, the Board of Directors will propose a dividend of CHF 5.50 per bearer share and CHF 1.10 per registered share to the Annual General Meeting on 24 May 2022. This represents an increase of almost 60% compared to 2020.

As you know, Swatch Group takes its social and environmental responsibilities very seriously. In order to provide you with a better understanding of all our initiatives and activities in this area, we are publishing a very detailed and in-depth report on this subject, based on international standards. We invite you to take a look at this very impressive report and wish you a fascinating read.

Our research and development activities were never subject to lockdowns last year. Our teams did not play cards but continued to innovate, to push boundaries and to discover new ways forward, new products and new technologies. In the end, thanks to its creativity, the Group filed over 200 new patents.

This capacity for innovation enabled our brands, such as Harry Winston, Blancpain, Longines and many others, to launch magnificent products throughout the year.

Breguet celebrated the 220th anniversary of the tourbillon, one of the greatest watch complications of all time. Omega was the Official Timekeeper at the Olympic Games in Tokyo. It also attracted enormous attention with the new Seamaster 300M Co-Axial Master Chronometer dedicated to James Bond. Following its successful launch in China and the USA, Tissot's T-Touch Connect Solar was introduced in other markets as well, notably Japan. It was also equipped with additional new functions, such as the possibility of viewing live results from NBA games or cycling races, of which Tissot is a partner. Swatch successfully launched new models featuring its patented bioplastic and bioceramic materials.

2022 will also prove to be very rich in new products. The Group's brands in all price segments continued to arouse surprise and explore new territories. This is the very reason Swatch Group expects double-digit sales growth in local currencies. In any case, we hold all the right cards. And always the best ones, regardless of the trump suit.



Ladies and gentlemen, dear shareholders, I would like to thank you too for the trust you place in our company. I look forward to seeing you again soon. In the meantime, I wish you unforgettable games of Jass.

Nayla Hayek
Chair of the Swatch Group Board of Directors

OPERATIONAL ORGANIZATION

as at December 31, 2021

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 <hr/> High Range Longines Rado Union Glashütte <hr/> Middle Range Tissot Balmain Certina Mido Hamilton Calvin Klein <hr/> Basic Range Swatch Flik Flak	Tourbillon <hr/> Hour Passion	Watches ETA Meco CHH Microtechnique Nivarox-FAR Comadur Rubattel et Weyermann MOM Le Prélet Universo Manufacture Ruedin Lascor Simon Et Membrez Novi The Swatch Group Assembly <hr/> Jewelry Dress Your Body (DYB)	EM Microelectronic <hr/> Renata <hr/> Micro Crystal <hr/> Swiss Timing and ST Sportservice	Swatch Group Research and Development Asulab Moebius CDNP <hr/> ICB Ingénieurs Conseils en Brevets <hr/> Swatch Group Quality Management <hr/> Swatch Group Services European Distribution Center Swatch Group Logistics Swatch Group Information Technologies Swatch Group Corporate Customer Service Swatch Group Gems Real Estate Development <hr/> Swatch Group Immeubles <hr/> Belenos Clean Power

ORGANIZATION AND DISTRIBUTION IN THE WORLD

as at December 31, 2021

SWATCH GROUP SUBSIDIARIES

EUROPE	AMERICAS	OCEANIA	FAR EAST	MIDDLE EAST	AFRICA
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	South Africa

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

BOARD OF DIRECTORS

as at March 1, 2022



NAYLA HAYEK
Chair of the Board of Directors

Company Secretary
Jennifer Meyer-Kluge

Auditors
PricewaterhouseCoopers
St. Jakob-Strasse 25
CH-4052 Basel

Administrative Headquarters
Seevorstadt 6
CH-2501 Biel/Bienne
Phone: +41 32 343 68 11
Fax: +41 32 343 69 11
E-mail: www.swatchgroup.com/contactus
Internet: www.swatchgroup.com

Registered Offices
Faubourg de l'Hôpital 3
CH-2000 Neuchâtel



ERNST TANNER
Vice-Chairman



DANIELA AESCHLIMANN



NICK HAYEK



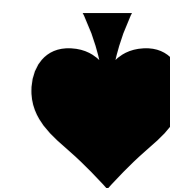
PROF. DR. H.C. CLAUDE NICOLLIER



DR. JEAN-PIERRE ROTH



The function descriptions and responsibilities of the Board of Directors members at December 31, 2021 are outlined in the Corporate Governance chapter on pages 157 and 158 of the present Annual Report.





EXECUTIVE GROUP MANAGEMENT BOARD



as at March 1, 2022



NICK HAYEK
President of the Group Management Board



**FLORENCE
OLLIVIER-LAMARQUE**



RAYNALD AESCHLIMANN



PIERRE-ANDRÉ BÜHLER



DR. MOUGAHED DARWISH



MARC A. HAYEK



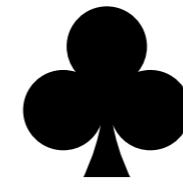
DR. THIERRY KENEL



DR. PETER STEIGER



FRANÇOIS THIÉBAUD



EXTENDED GROUP MANAGEMENT BOARD



as at March 1, 2022



MIREILLE KOENIG



MATTHIAS BRESCHAN



SYLVAIN DOLLA



DANIEL EVERTS



YANN GAMARD



HANS RUDOLF GOTTIER



ROGER JUILLET



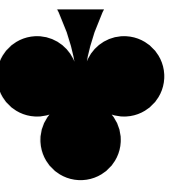
LIONEL A. MARCA



CALOGERO POLIZZI



The function descriptions and responsibilities of the members of the Executive Group Management Board and of the Extended Group Management Board at December 31, 2021 are outlined in the Corporate Governance chapter on pages 160 to 162 of the present Annual Report.



DEVELOPMENT OF SWATCH GROUP

Swatch Group consolidated		2021	2020	2019	2018	2017
Net sales	CHF million	7 313	5 595	8 243	8 475	7 989
- Change from previous year	%	30.7%	-32.1%	-2.7%	6.1%	5.8%
Operating result	CHF million	1 021	52	1 023	1 154	1 002
- As a % of net sales	%	14.0%	0.9%	12.4%	13.6%	12.5%
Net result	CHF million	774	-53	748	867	755
- As a % of net sales	%	10.6%	-0.9%	9.1%	10.2%	9.5%
Cash flow from operating activities	CHF million	1 298	819	1 224	943	1 264
- As a % of net sales	%	17.7%	14.6%	14.8%	11.1%	15.9%
Equity	CHF million	11 605	10 965	11 493	11 274	11 289
- As a % of balance sheet total	%	84.8%	85.0%	83.9%	82.5%	83.8%
Balance sheet total	CHF million	13 678	12 897	13 692	13 661	13 479
Personnel as at 31.12.	Employees	31 444	32 424	36 089	37 123	35 360
Annual average	Employees	31 503	33 870	36 596	36 074	35 057
Personnel expense	CHF million	-2 206	-1 972	-2 578	-2 563	-2 339
The Swatch Group Ltd		2021	2020	2019	2018	2017
Dividend income	CHF million	470	645	909	1 004	848
Net income	CHF million	461	533	911	995	840
Investments	CHF million	4 370	4 196	4 375	3 530	3 475
Share capital	CHF million	118	118	118	125	125
Equity	CHF million	8 369	8 080	7 801	7 326	7 100
- As a % of balance sheet total	%	97.3%	97.7%	96.3%	94.3%	96.7%
Balance sheet total	CHF million	8 605	8 269	8 100	7 768	7 343
Dividend 1) 2)	CHF million	288	181	284	413	394
- As a % of share capital	%	244.1%	153.4%	240.7%	330.4%	315.2%

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

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

ART & PHILANTHROPY



A standard pack of Jass cards includes 36 cards. In the west and south of Switzerland, cards are used with the French suits – hearts, diamonds, clubs and spades.

In the northeast, the cards have the Swiss-German suits of bells, shields, acorns and flowers.

ART & PHILANTHROPY



In 2021, a kind of rebirth was experienced throughout the world, with creativity and the eternal human will regaining its voice, its colors and its drive. Life returned to a somewhat more normal course, and the Swatch Group brands sought to participate energetically and enthusiastically in this renewal, with countless artistic and philanthropic activities. Conscious of its social responsibility, Swatch Group is committed directly and through its watch brands to a host of causes and projects around the world.

Breguet is known for having some very well-known customers including, for several centuries, aristocrats from around the globe. However, the brand is less well known in the world of the arts. And yet, it has graced the wrists of personalities such as the Russian composer Sergei Rachmaninoff, the Polish pianist Arthur Rubinstein and the Italian composer Gioachino Rossini. In order to perpetuate the links that Breguet has forged with the world of art, the brand has partnered with various key institutions, such as the Teatro Real in Madrid, with which it continued its patronage in 2021. It was in this iconic venue that Breguet supported three major performances: *Norma* by Vincenzo Bellini, and *Tosca* and *La Bohème* by Giacomo Puccini. Also in the field of music, the brand was pleased to renew its ten-year partnership with Carnegie Hall in New York. It strengthened its ties with contemporary art as well by becoming a partner to the Cosmoscow International Contemporary Art Fair 2021. This fair, which takes place in September in Moscow, was first held in 2014 and brings together 300 artists and welcomes nearly 10 000 visitors per edition. In November, for the ninth consecutive year, Breguet participated in Only Watch, the major charity event organized by the Monaco Association Against Muscular Dystrophy, at which the brand unveiled the Type XX Only Watch 2021 chronograph. The



timepiece, a re-edition of the famous pilot's watch made as a unique piece for the event, was a resounding success, and sold for CHF 250 000, compared to its initial estimate of between CHF 35 000 and CHF 50 000.

In 2021, **Harry Winston** proudly initiated a global partnership with Junior Achievement Worldwide (JA), which provides educational support to one million young people in the regions where Harry Winston operates. The Harry Winston Hope Foundation® continued to support the Harlem Academy, an independent school in New York City that provides opportunities for promising low-income students. In addition to its long-standing support of the school's science program, Harry Winston contributed to its new building, enabling more students to benefit from an education at the Harlem Academy. Housed in the new building, the Harry Winston Hope Foundation® Science Lab will engage middle school students in a challenging program that provides them with the foundation for a career in science. An impressive 100% of the school's graduates go on to top secondary schools, with many students eventually flourishing at leading universities. Harry Winston's support of Chance for Children in Japan enabled it to continue to help children in need access additional educational

programs. In the past year marked by Covid-19, the children supported by Chance for Children faced many challenges. In response, the program provided children with digital learning support, providing computers and virtual mentoring and tutoring, including English language classes. Harry Winston's ongoing commitment to San Francisco Conservatory of Music events helped it raise more than \$ 1.5 million. Its programs provide students from around the world with a top-notch education, preparing the next generation of musicians, teachers and leaders in the music world and beyond. Additional support from the Harry Winston Hope Foundation® made it possible to award scholarships to students in the pre-university division, allowing young people in primary and secondary schools to benefit equally from the Conservatory's programs, regardless of their economic situation.



© Nadia Aly



© Cruz Erdmann

2021 was another banner year for **Blancpain** in the exploration and preservation of the oceans, which are key concerns for the Manufacture. The brand was pleased to announce its association as presenting partner with the United Nations World Ocean Day 2021, organized by the Division for Ocean Affairs and the Law of the Sea and produced in partnership with Oceanic Global. In October 2020, Blancpain became the exclusive watch partner of Oceana, the largest international organization solely dedicated to ocean conservation. As part of their collaboration, in August, the two entities began the Project Alacranes expedition, designed to explore the depths of two areas that are home to some of the Gulf of Mexico's greatest underwater treasures. The aim of the mission was to document the state of health of the biodiversity and to reveal the secrets of these reefs, which are little affected by human activities because they are far from the coast. Blancpain also announced its partnership with *Oceanographic Magazine* and its Ocean Photography Awards (OPA). On this occasion, the *haute horlogerie* company created a special Female Fifty Fathoms (FFF) prize to encourage more women to share their vision of the oceans.

Blancpain also revealed the behind-the-scenes story of the first Tamataroa mission, a collaborative project led by the Gombessa team and the Mokarran Protection Society. Named after the great hammerhead shark in French Polynesia and supported by Blancpain, the Tamataroa project is a three-year initiative to study the ecology of this endangered species in order to develop protection protocols in French Polynesia and along its migratory routes. As a founding partner of the Gombessa expeditions, Blancpain also supported Laurent Ballesta's sixth odyssey. Entitled Mission Cap Corse, Gombessa VI aimed to unravel the mystery of the coral rings that line the Mediterranean off the coast of Cap Corse, at a depth of 100 meters. In July, the expedition team resurfaced after 20 days in the waters of the Ligurian Sea. Blancpain was also pleased to announce the release of *The Mysteries of Mount La Pérouse* documentary film. This feature-length film revealed a type of geological formation of great importance for the biodiversity of the oceans: seamounts. There are tens of thousands of them all over the world.

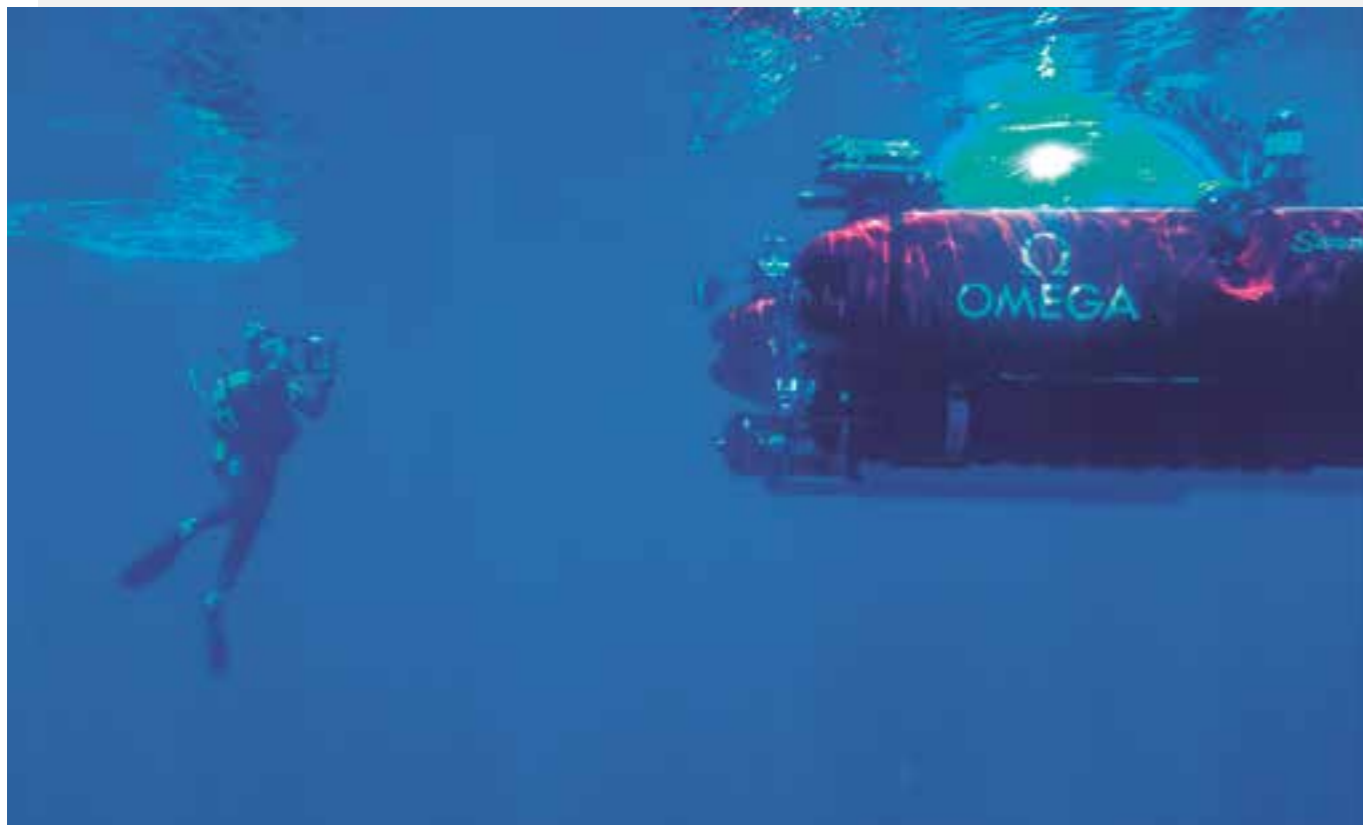


Jaquet Droz achieved two historic results in quick succession at Christie's auctions in Geneva. The unique Only Watch was sold for CHF 200 000 for the benefit of the Monaco Association Against Muscular Dystrophy, headed by Luc Pettavino. Never in 16 years of Only Watch sales had a Jaquet Droz piece exceeded CHF 45 000. Two days later, two 1785 watches estimated at between CHF 40 000 and CHF 60 000 were acquired for CHF 250 000 by a collector convinced by the brand's heritage.



On a more musical note, composer and conductor John Adams was awarded the 18th **Glashütte Original** MusicFestivalAward in May. The award ceremony took place in New York with the live streaming of a concert from the Dresden Music Festival, which was broadcast worldwide.

Supporting the health of our world is one of **Omega's** greatest passions and the brand has proudly worked with GoodPlanet since 2011. Founded by Yann Arthus-Bertrand, this renowned organization promotes a message of sustainable development while highlighting the challenges of climate change and biodiversity loss. The most recent joint documentary by Omega and the GoodPlanet Foundation was released in 2021. *Legacy* marks another memorable milestone and follows a decade of other award-winning documentaries and worthy projects, taking the viewer to some of the most beautiful landscapes on the planet while guiding us through an amazing human journey and explaining how we have progressed from fascination to horror. But solutions to our challenges do exist, and Yann Arthus-Bertrand, through his 'legacy', hopes to initiate a spiritual revolution to reconcile humankind with nature and change our vision of progress. The director rallies us to his cause in this, one of his most personal films, to face the truth and to design the future with love and empathy. Last year, Omega also continued to support the GoodPlanet Foundation through the sale of the Seamaster Aqua Terra 150M GoodPlanet watch, combining watchmaking innovation with a total commitment to environmental preservation.



Since 2011, Omega has proudly supported Orbis International in its fight against avoidable blindness around the world. By travelling to some of the world's most remote areas in its Flying Eye Hospital, Orbis is making a big difference to this worthy cause. In addition to raising awareness through films and advertisements, Omega continues to support Orbis in a number of ways, including providing teddy bears to young patients undergoing treatment. On World Sight Day in October, the brand focused special attention on Orbis through social media and online, and in November proudly supported a new virtual Flying Eye Hospital project in Mongolia, which trained nurses across the country in cataract treatment. Nekton, a non-profit research foundation committed to the protection and management of the oceans, is another worthy cause. To achieve its important goals, the UK-registered charity works in collaboration with Oxford University and is supported by committed partners such as Omega. The Nekton team believes that a healthy planet depends on a healthy ocean. With this mission in mind, it aims to support the protection of at least 30% of the ocean by 2030, using cutting-edge technology to discover how the ocean is changing – and why. As part of its ongoing support for Nekton, Omega raised awareness through two editions of its Seamaster Diver 300M watch, each with a Nekton submarine medallion stamped on the caseback. In addition, Nekton

named its research submarine Seamaster II, after the boat of the late Sir Peter Blake, the legendary yachtsman who was a strong advocate for ocean conservation and a close friend of Omega's. Since 2019, Nekton's series of expeditions across the Indian Ocean has aimed to develop skills, knowledge and networks within marine science and ocean management. Omega looks forward to supporting the continuation and progress of these important goals.





Let's come back to earth, where getting involved is also essential and crucial. **Longines** supports JustWorld International, a humanitarian organization that acts as a catalyst for positive change in developing countries. It is through its partnerships with local organizations that JustWorld International is able to achieve this progress. The projects aim to provide basic education and vocational training, as well as nutrition, health and hygiene programs for children in extremely precarious situations in Honduras, Cambodia, Guatemala and Colombia, making it only natural for Longines to support this worthy cause. Thanks to the Longines Clear The Jump operation, Longines donates an amount to JustWorld every time a horse and rider pair clear a Longines obstacle. To date, these donations have been used to serve 100 000 meals to children in JustWorld projects. True to its slogan "Elegance is an attitude", Longines takes this opportunity to salute the heartfelt elegance demonstrated over the years by JustWorld. Founded in 2003 by former show jumper Jessica Newman, JustWorld offers the equestrian community a unique opportunity to contribute to a global campaign against poverty.

Despite advances in science and medical research, diseases – such as breast cancer – remain a real challenge. Accordingly, **Rado** was very proud to participate in the special The Pink Dial Project auction, organized to mark Breast Cancer Awareness Month in October 2021. Created by *Revolution* and other key watch industry media, the event raised funds for research, treatment and greater awareness of this important cause. Along with a number of other high-end brands, Rado offered a unique version of its famous Captain Cook High-Tech Ceramic timepiece, with special pink details on the dial and caseback, as well as commemorative markings.

Tissot has renewed its commitment to the Clint Capela CC15 Foundation, whose aim is to support children from single-parent and low-income families by offering them access to activities that are not usually available to them. As a result, 200 children from the Geneva and Zurich regions were able to enjoy practicing basketball during the summer with professional coaches and players at the Capela Camp.

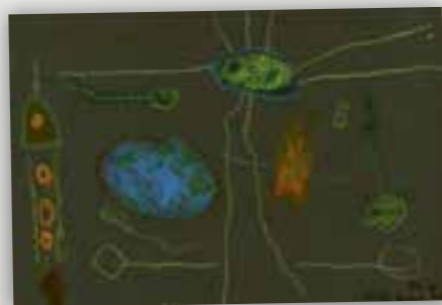


For its part, **Mido** again partnered with the Chongqing Youth Development Fund in launching the Mido 2021 charity event at Dadonghe Central Primary School (Wulong, Chongqing, China). Dadonghe Central Primary School had suffered from its remote location and inconvenient transportation links. However, this changed after the brand built the library at the city's central primary school. Along with creating a more comfortable reading environment, the initiative also brings the latest extracurricular reading and books to the children. Mido is delighted that the students can benefit from these books, which lay a solid foundation for a bright future.

Certina renewed its commitment to the Sea Turtle Conservancy. The brand has been supporting the various initiatives undertaken by the association for years. These include research programs, awareness-raising campaigns and targeted concrete actions to help injured or threatened animals.

In November, **Hamilton** once again recognized the incredible talent that brings stories to life on the big screen at the 11th annual Hamilton Behind the Camera Awards. Hosted by actress Yvonne Orji, the Hollywood event was an unforgettable evening. In collaboration with luxury lifestyle publication *LA Confidential*, the brand allowed leading actors to honor their remarkable behind-the-scenes colleagues at an intimate ceremony. A favorite of filmmakers, Hamilton watches has appeared in hundreds of Hollywood movies and television shows since the brand's big screen debut in the 1932 classic *Shanghai Express*. From Ironman to Spider-Man, Elvis Presley to John Keating, Hamilton has been the on-screen choice of adventurers, daredevils, leaders and superheroes, racking up hundreds of big screen appearances over the decades.

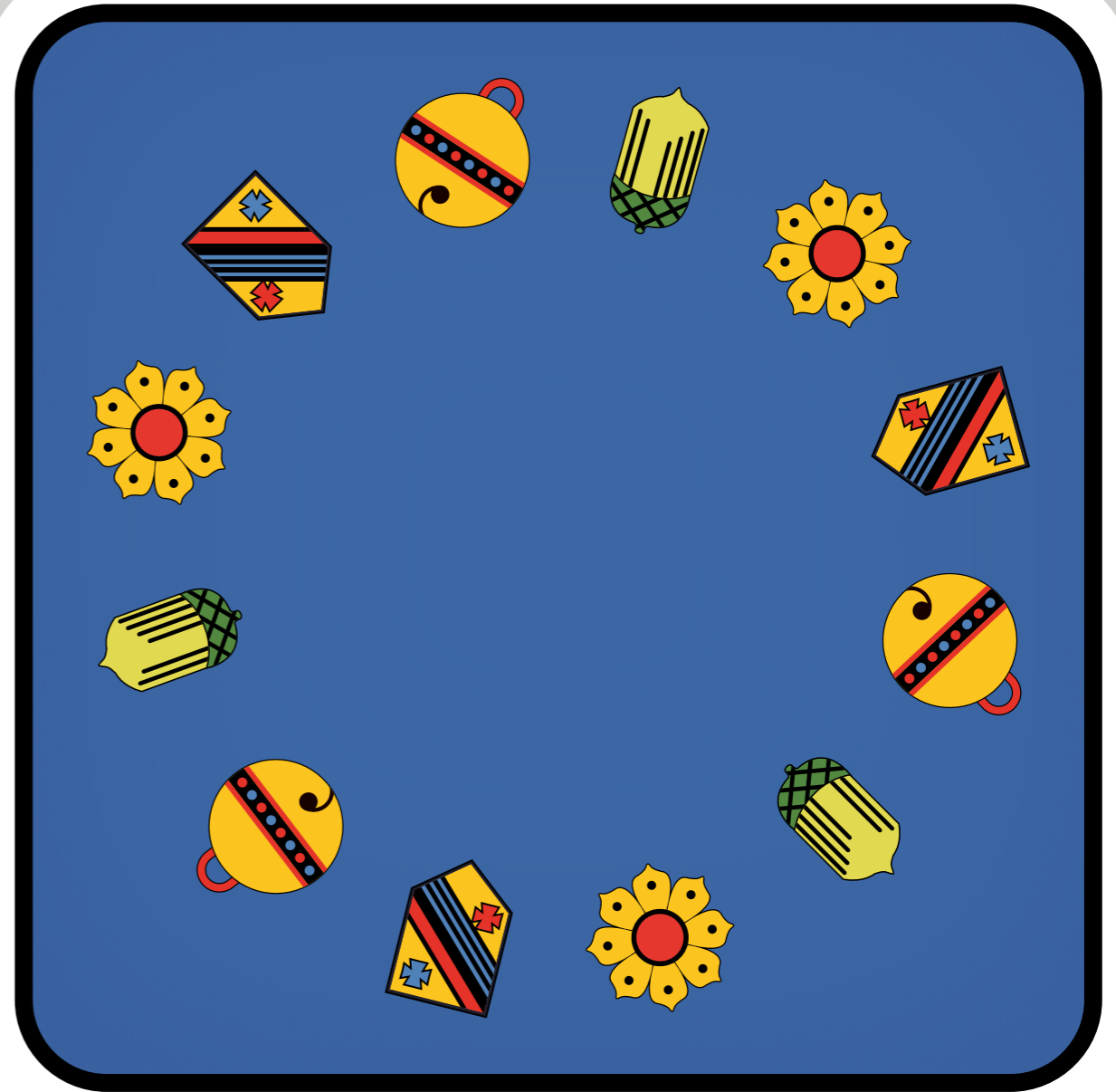
In the same highly productive artistic vein, an original 12-month collaboration was initiated between the **Swatch Art Peace Hotel**, the artist residency based in Shanghai, and the National Museum of 21st Century Arts (MAXXI) in Italy. This was a celebration of two important anniversaries: the tenth anniversary of MAXXI and the tenth year of the Swatch Art Peace Hotel's artists' residency project. This partnership gave life to several creative projects: two artists' conferences, two exhibitions, including one initiated in September presenting the most significant works created at the Swatch Art Peace Hotel, and a special Swatch X You dedicated to MAXXI.



Creativity also took off at **Flik Flak**. A drawing competition on the theme of space was launched in the autumn of 2021 to capture the imagination of children throughout Switzerland. Inspired by the Space Trip collection, this artistic adventure attracted young artists aged between three and twelve. Born from their boundless minds, characters and animals joined a colorful space race through the planets and stars, making it very difficult to select only 20 photos for the final online public vote.

BIG BRANDS

WATCHES AND JEWELRY
RETAILING AND PRESENCE



In Switzerland, more than 70 types of Jass are played, with such exotic-sounding names as Coiffeur, Molotov, Zig Zag or *Schaggi Haas*. There is also a variant called *Undenufe* that turns the world upside down, because the lowest cards, the sixes, are the strongest.

SWATCH: CONTINUE TO EXPECT THE UNEXPECTED

INNOVATING AND PROVOKING

Swatch has a global reputation for pushing the envelope in the areas of design, materials and technology. A new step in the 35+ year history of Swatch Commitment and Responsibility: the introduction of the use of bio-sourced plastic in 2020 marked the first time a watchmaker succeeded in replacing all conventional materials with bio-sourced alternatives in a series production environment. Years of research and development paid off, bringing Swatch's new signature material to life.

In spring 2021, the brand's breakthrough innovation, bioceramic, took the world by storm following a successful digital press event, the biggest in Swatch history with more than 550 media attendees. The groundbreaking material, a mix of bio-sourced plastic and ceramic made only by Swatch, is at once resilient and resistant. With a silk-like touch, it expresses the best qualities of both composite materials. Introduced in the BIG BOLD collection, other product lines were already exploring the use of bioceramic a few months later.

The 1984 Reloaded Collection offered edgy retro designs with a responsible 2021 twist, paid tribute to Swatch's heritage, and used the brand's new material with a bioceramic case and a strap and loop from bio-sourced material.

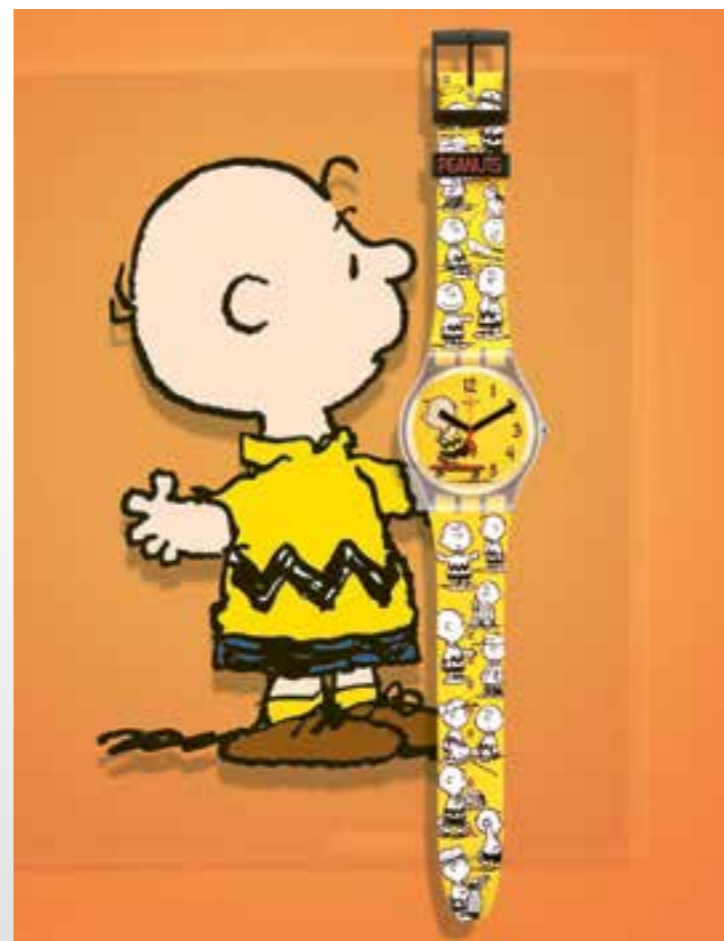
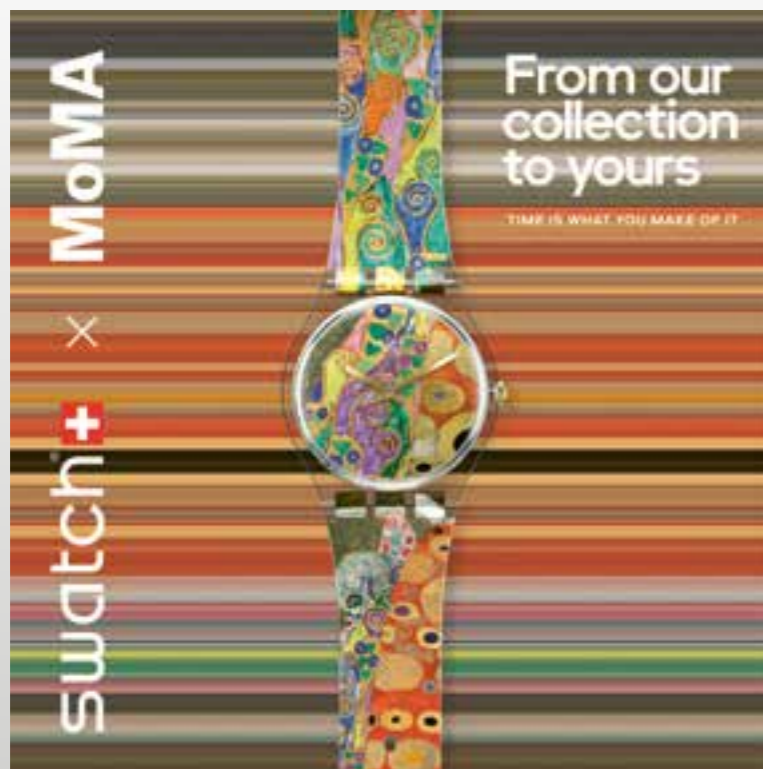
The wind of innovation also blew through Swatch packaging – all products now benefit from a recyclable or even compostable new program: not only is the content important, the container is too.

PARTNERING WITH THE BEST

Swatch is proud of its partnerships with some of the most exciting and creative game-changers in the world. In 2021, it continued, with some extraordinary organizations, to change the way we see the world around us.

MoMA

In 2021, Swatch launched some very special edition designs with the Museum of Modern Art (MoMA) as part of its popular Museum Journey series, which has already included the Rijksmuseum Amsterdam, the Thyssen-Bornemisza National Museum Madrid and the Louvre. Six unique watches were inspired by masterpieces in MoMA's Collection, including, among others, Vincent van Gogh's *The Starry Night*, *Hope, II* by Gustav Klimt, and Henri Rousseau's *The Dream*. Swatch has also collaborated with artist Beatriz Milhazes to include three of her works from MoMA's collection on the Swatch X You customization platform.





NASA

The new Space Collection, embracing Swatch's bioceramic material, took inspiration from NASA and its iconic spacesuits. The space agency has always had the ability to capture the public's imagination and its collective desire to set new goals and explore distant worlds. The Space Collection taps into that feeling: it's an invitation to dream big, create personal universes and make the most of our time on Earth.

Swatch X 007

For the debut of the 25th James Bond epic, originally planned for 2020, Swatch offered tributes to six 007 films with a collection that sold out quickly. The first Swatch ever to be seen in a James Bond movie – a SKIN Irony designed and sported by Q, the smart young problem-solver – generated great excitement throughout the year.

Expo 2020 Dubai

Swatch is Official Timing Provider for Expo 2020 Dubai, whose opening was postponed to fall 2021. With its theme of "Connecting Minds, Creating the Future", Expo 2020 is the first World Expo to be held in the Middle East, Africa and South Asia (MEASA) region. Swatch celebrated with a new collection of special edition watches, four concept stores, and the Swatch Calling initiative, designed to express diversity through art around the globe. Nine new Swatch timepieces and two new Flik Flak models made up the Official Expo 2020 Dubai Collection. In the past 35 years, Swatch has been a proud official partner at six World Expos.

Peanuts

With *Peanuts*, Charles M. Schulz created one of the most popular and enduring comic strips of all time. The Peanuts gang, which includes Snoopy, the world's favorite beagle, and a hapless boy named Charlie Brown, has always reminded people what life is all about: the joy of togetherness. Swatch shares this approach to life and captures joyous moments in time with colorful and innovative watch designs. The six watches in the collection were followed by the launch of three Swatch X You designs as well as the Swatch X Peanuts Holiday Special. The partnership with Peanuts is a perfect platform that combines the innovation of one of the world's most popular watch brands and the characters from the most beloved comic strip of all.

CELEBRATING CREATIVE TALENTS

Supriya Lele

Swatch was collaborating with artists and designers long before it became the norm and in 2021, it ventured back into high fashion with Supriya Lele, one of London's most exciting young designers. The Swatch X Supriya Lele SKIN CLASSIC watches, with a bio-sourced plastic case, reflect her Indian and British heritage and exude her signature sensuality, playfulness and a unique sense of color.

Swatch X You

Taking advantage of its unique Swatch X You customization platform, the brand extended its active role as the Official Timing Provider at Expo 2020 Dubai with the introduction of the world's most inclusive art project. Swatch Calling put out an open call to artists from around the globe, inviting them to create a canvas celebrating their country.

Disney Mickey Mouse X Keith Haring

Keith Haring was committed to public art and he used it to great effect across New York City's streets and subway stations. Swatch first collaborated with him in 1986, when he designed four iconic watches before opening his Pop Shop in NYC. In 2021, Swatch's collaborations with Disney and the Keith Haring Studio celebrated the life of the late social activist with a collection of four watches featuring Disney's Mickey Mouse reimagined through the late artist's signature aesthetic code: vibrant energy and color.

José Santos III

Swatch continued to bring exciting art to wrists through its collaboration with José Santos III. The limited-edition Art Special watch, created with bioceramic and bio-sourced materials, explores the themes of time, space, and movement and their impact on people's everyday lives and underscores Swatch's commitment to environmental responsibility.

EMBRACING NEW CHALLENGES

Swatch lives outside the box

Even in challenging times, Swatch kept spreading joy and found creative ways to connect with its community.

In 2021 the brand celebrated Valentine's Day for the heartbroken! A stand-up comedian helped heal broken hearts with good laughs in a very special live digital comedy show.

The Swatch X MoMA ad campaign offered audiences a virtual visit to the renowned museum and a chance to see the rooms where its most celebrated art pieces are exhibited.

With the help of passionate collectors, the original 1984 Swatch collection was displayed in some key stores. Aficionados and fans were invited to bring their original 1984 Swatches and were given the opportunity to curate the exhibitions of their own treasures – in effect, pop-up Swatch museums!

For the celebration of Swatch X Peanuts, larger-than-life Snoopy dog houses popped up around the globe, creating a great element of surprise and some memorable photo opportunities. Bus shelters dressed with Peanuts-themed decorations added warmth and generated smiles during cold waiting times.





Swatch goes DIGITAL, and BEYOND

Swatch is ideal for the new generation of buying habits: the wide array of product lines and designs, simplicity in terms of sizing, and Swiss Made quality make the product a natural choice for gifts as well as self-purchase. But it is the ability to tell stories that creates a very special link with customers and generates e-commerce traffic and sales.

With an eye focused squarely on the future, Swatch has built a solid digital foundation and enhanced its digital competence staffing with specialists in in-house media buying and customer care. It has also increased its digital partnerships with major vendors such as Google, Salesforce and Astound, which paves the way for data insights and increased digital operations. In fact, the websites in 34 countries have already been migrated to Salesforce. At the same time, major publisher data was integrated into existing platforms.

And customer focus is at the center of it all: Swatch digital communication is designed to entertain, inspire and build customer loyalty. Every touchpoint aims to be different yet consistent, new and interesting. This vision and the brand's understanding of the logic of the digital universe led to the new www.swatch.com: a one-stop experience that opens infinite doors to the brand.

Swatch goes SAFE!

Launched in China in 2017, SwatchPAY! is recognized as the coolest – and safest – way to pay in markets including Austria, Germany, Italy, the Netherlands, Poland, Portugal, Russia, Switzerland, UAE, Ukraine and, most recently, Sweden and the UK. Partnerships with powerful international organizations such as Mastercard and VISA, banks and payment card issuers contributed to developing the “new gesture” that people immediately associate with the SwatchPAY! initiative.

Adding flexibility to the platform, it is now possible to activate SwatchPAY! through e-commerce as well as with a smartphone.

SwatchPAY! is a dynamic and ever-evolving project that continues to attract new partners' attention and interest.

Swatch shows POWER

Swatch invested energy in keeping retail staff at its over 329 monobrand retail locations in a positive and constructive mood even during times of closures, ensuring that they would be ready to welcome customers back when the opportunity arose.

A great effort was made to create a perfect re-opening of most markets and their retail POS after every local lockdown, aiming to stay close to the customers with the brand's celebrated positive energy, innovative programs and an emotional presentation of new products. Swatch's unique policy of free battery exchange is a fantastic driver of traffic, with conversion rates increasing significantly thanks to the enormous goodwill generated by this and other customer-oriented initiatives.

More than ever, retail serves as the physical point of contact with the brand: this is why Swatch invests significant resources in making its stores a stage for a love story with each customer.



SWATCHPAY!
THE COOLEST WAY TO

Despite the challenging times, Swatch proudly developed 95 retail projects (openings/renovations/pop-ups) in key markets: Switzerland (Zurich Bahnhofstrasse Flagship, Shopville Zurich, Geneva Airport); China (Daxing Airport, Swatch X You Galaxy Macao); UAE (Expo 2020 Dubai); Japan (Harajuku Flagship, Keith Haring Shibuya Parco, Tokyo) and the UK (Covent Garden, Selfridges London).



OMEGA: A YEAR OF SUCCESS

TRENDS

Within the first few hours of 2021, Omega was already making a big impression in the world of watchmaking. On January the 5th, the company successfully launched an updated generation of its legendary Speedmaster Moonwatch, delighting fans everywhere and setting a positive mood for the year ahead.

The winning feeling continued as the brand performed its role as Official Timekeeper of the America's Cup and watched as its long-term partner, Emirates Team New Zealand, sailed to a historic victory. This was only the beginning of a triumphant sporting year, which included the Tokyo 2020 Olympic Games, as well as the return of the Omega Masters golf tournament in Crans-Montana.

Among the gold medals, trophies and world records, Omega also accomplished plenty in the way of new timepieces. The updated Seamaster 300 collection included one model in the new and exclusive alloy known as Bronze Gold. This eye-catching material was able to overcome many of the challenges often associated with bronze and has become another successful addition to Omega's unique watchmaking toolbox.

Of course, the final conquest came in October, when James Bond saved the world once again in *No Time To Die*. The blockbuster film was a highlight of the cinematic year and featured Omega's Seamaster Diver 300M as a central part of the story.

CREATION

Speedmaster Moonwatch Master Chronometer

The evolution of the iconic Speedmaster Moonwatch was a big story for Omega in 2021. In design, the updated pieces were inspired by the collection's 4th generation history, while on the inside, the significantly upgraded Co-Axial Master Chronometer Caliber 3861 brought the Moonwatch up to the industry's highest certification standard. New models included versions in stainless steel, 18K Sedna™ Gold, or 18K Canopus Gold™. To complement the new release, Omega also offered a new range of astronaut-inspired Velcro® straps, all featuring NASA's famous logo. Available in white, black or silver, the straps enabled customers to wear their Moonwatch exactly like the heroes of space exploration.



**NO
TIME
TO
DIE**
007™
ONLY IN CINEMAS

JAMES BOND'S CHOICE

On the trail of a mysterious villain, James Bond faces his latest mission in *No Time To Die* wearing the OMEGA Seamaster Diver 300M. This 007™ timepiece comes ready for action with a lightweight titanium design and a high standard of Master Chronometer precision and anti-magnetism that can always be trusted.


OMEGA



Seamaster 300 Bronze Gold

In 2021, the latest generation of the famous Seamaster 300 was unveiled, featuring a slimmer design, a simpler vintage look, and a new sandwich dial to enhance the watch's readability. As well as becoming a Co-Axial Master Chronometer, the collection also introduced Omega's exclusive new alloy called Bronze Gold. The one-of-a-kind alloy has a soft pink hue, and most importantly, offers incomparable corrosion resistance, therefore aging slowly and retaining its natural and beautiful patina over a longer period of time.

Constellation Small Seconds

A new collection of 34 mm Constellation models was launched in 2021, providing captivating new color choices and several unique touches to enhance the style. This included incremental diamond hour markers, arranged by different sizes around the dial, as well as the small seconds display at 6 o'clock. From peacock blue to burgundy or light chestnut, there was a rich selection of designs available, all driven by Co-Axial Master Chronometer movements and lavished with the same iconic look that has been loved by women since 1982.

De Ville Trésor Power Reserve

For many decades, the De Ville family has been the home of Omega's most distinguished and refined choices. In 2021, that reputation was enhanced even further thanks to a new selection of manual-winding Co-Axial Master Chronometer models. The classically styled pieces were offered in a diverse range of colors, all with domed dials and new subdial arrangements including power reserve and small seconds displays. A wonderful choice for customers who adore simple sophistication.

Seamaster Aqua Terra

Thanks to two new collections, it was a big year for the Seamaster Aqua Terra. Early in 2021, a range of luxurious 34 mm models was launched, with impressive dials featuring marquise-cut hour markers in diamonds or rubies. These women's pieces included wave-embossed dials to further evoke the gentle rippling surface of the ocean. Yet another range of Aqua Terra watches was released later in the year. This time, the design included Small Seconds models for men and women, with different color choices and cases made in a range of materials, including 18K Sedna™ Gold.





Seamaster Diver 300M Black Black

Omega's ceramic watchmaking took another impressive step forward in 2021 with the release of this 43.5 mm timepiece. Notable features included the new anthracite Super-LumiNova® to enhance the dark look, as well as a special laser-ablated dial, which gave the watch a distinctive sculptural appearance. The black rubber strap, contrasting surfaces, and Co-Axial Master Chronometer movement made this Seamaster one of the year's most popular choices.

Speedmaster Chronoscope

Inspired by Omega's chronograph wristwatches from the 1940s, this unique Speedmaster design really caught the eye in 2021. Its vintage character was especially brought to life by the three timing scales printed in a snail design on the dial, including tachymeter, telemeter and pulsometer scales. Taking its name from a traditional Greek expression, with "chronos" meaning time and "scope" meaning to see, this was certainly a watch born to measure.

SPORTS

The 36th America's Cup

Omega had double reason to celebrate in March when the famous "Auld Mug" was contested in Auckland, New Zealand. Not only was the Swiss brand positioned as the event's Official Timekeeper, but it also witnessed another year of history being made as Emirates Team New Zealand retained the famous sailing trophy. The occasion also called for a new timepiece, with the Seamaster Diver 300M America's Cup Chronograph Edition providing plenty of innovative new details, including a "regatta countdown indicator ring", Omega's exclusive CHRONO LOCK system, and soft-touch rubber pushers that work efficiently in wet conditions.

The Tokyo 2020 Olympic Games

Better late than never! The Olympic Games faced an unprecedented challenge when the global pandemic forced the event to be postponed until July 2021. Omega fulfilled its role as Official Timekeeper for the 29th time since 1932, bringing 530 timekeepers and 400 tons of equipment, while the big story was the evolution of its motion sensor and positioning systems. The technology was able to capture a range of in-depth data, such as the live speeds of swimmers, the live positions of runners, and even the speed of a volleyball, helping to tell the entire story of certain events. Furthermore, the occasion was made especially memorable thanks to the performance of several gold-medal-winning Omega ambassadors, including Caeleb Dressel, Dalilah Muhammad and Mondo Duplantis (the Swedish pole vaulter who leapt to victory with a Seamaster Ultra Light on his wrist).

The Omega Masters

The 74th edition of the Omega Masters golf tournament in Crans-Montana was played in August with a full roster of talented players – including Omega's own Guido Migliozzi and Sean Crocker. This was a milestone year for Omega because it marked 20 years of the brand as title sponsor. Before the main tournament got underway, several international celebrities helped to represent Omega alongside Guido Migliozzi in the Pro-Am competition, including the actors Tom Felton and Luke Wilson, and the former footballer Paul Ince. The brand also enlivened the celebrations with a special Golf Clinic hosted by Sean Crocker. Among those taking lessons were five Olympic Games athletes, including Dalilah Muhammad, Lea Sprunger, Christian Taylor, Nikita Ducarroz and Nina Christen.

Other Sports

The Omega Dubai Desert Classic in January was a highlight of the 2021 golfing season. In athletics, the Wanda Diamond League also took place at various locations, featuring Omega as Official Timekeeper. In winter sports, Omega performed the role of Official Timekeeper at the IBSF World Championships held in Germany.





legacy of the partnership between Omega and 007, as well as Daniel's role in designing the Seamaster Diver 300M 007 Edition. The screening was followed by a cocktail party at the brand's Beverly Center Boutique, with attendees including Alessandra Ambrosio, Daniel Craig, Julia Michaels and Justin Hartley.

The Chronoscope in Milan

To mark the release of the Speedmaster Chronoscope collection, an intimate dinner celebration was hosted in Milan in September, attended by notable actors, models and athletes. The evening was a chance for guests to get up close to the watches and discover the charm of the vintage-inspired design.

Omega in San Francisco

To celebrate the opening of the new Boutique in San Francisco, Omega took the opportunity to host a unique brand event alongside ambassadors and special guests. As well as cutting the ribbon on the new store, a series of group discussions took place for invited media, with topics including Fashion with Cindy Crawford and Kaia Gerber, Sport with Dalilah Muhammad, Armand "Mondo" Duplantis and Noah Lyles, and Pioneering Spirit with Nicole Stott and Kathy Sullivan. Followed by an evening event, it was a perfect way to invite attendees into the heart of Omega and connect them with the people who represent the brand's values.

OTHER MARKETING

Omega Online

In 2021, Omega saw a substantial increase in online sales. This major improvement was seen largely across Asia, as well as the USA, and Europe, where e-commerce sales continue to be very strong. A large range of NATO and leather straps were also made available for purchase online, extending the choices for shoppers. In January, Omega opened its online store in China, followed later in the year by a dedicated WeChat Mini Program. Australia and South Korea welcomed e-commerce as well in 2021, with many other markets planned for the following year.

Advertising

The year's Omega advertising campaigns were built around product ads placed in newspapers and OOH, as well as some powerful ambassador visuals produced for dedicated fashion and lifestyle publications. Large campaigns were created to cover the big Omega topics of the year, including the Olympic Games and James Bond, while other tactical activations included a strong push for the Speedmaster Snoopy watch, the Speedmaster Chronoscope and the Omega Masters golf tournament in Crans-Montana.



LIFESTYLE

No Time To Die

The world's favorite spy was back in October, as *No Time To Die* arrived in cinemas across the globe. While the details of 007's latest Omega timepiece were unveiled at the end of 2019, fans finally got their first look at the Seamaster Diver 300M in action. During the film, a coiled mechanism was fitted to the underside of the watch, creating a "limited radius electromagnetic pulse." Thanks to the clever work of Q, this special addition helped James Bond to navigate his mission with superb innovation.

Bond in Los Angeles

To mark the release of *No Time To Die*, Omega hosted a private screening of the new film in Los Angeles, along with a Q&A discussion featuring surprise guests including Daniel Craig and Michael G. Wilson, the film's producer. The two sat down with Omega President and CEO, Raynald Aeschlimann, to discuss the



Fine Jewelry

As always, Omega's selection of Fine Jewelry was inspired by its universe of iconic watch designs. The year saw the release of new pieces in the Omega Flower collection, including an 18K yellow gold necklace with malachite cabochon and a matching bracelet. In the Constellation collection, a new 18K yellow gold bracelet was introduced with diamonds and a "Constellation star". Additionally in 2021, a series of men's pieces was made available, including a blue rubber bracelet and cufflinks made from reconstituted shells.



Sunglasses

In summer, the Omega Sunglasses collection introduced 23 new styles in partnership with the Italian eyewear company Marcolin. The latest pairs in the women's range were deeply inspired by the legendary Constellation timepiece and borrowed familiar details such as the "claws" and the watch's circular bezel. For men, engineering and innovation was at the forefront of the range, with unique details making a big impression, such as aluminum inserts, contrasting colors, and milled-effect temples.

BREGUET: SAVOIR FAIRE IS OUR SIGNATURE



© Christie's

TRENDS

Weaving together the past and the future, building on heritage while demonstrating ingenuity: these are the words that reflect Breguet's 2021. Indeed, the brand celebrated the 220th anniversary of the creation of the tourbillon by Abraham-Louis Breguet. This anniversary was punctuated by successful events around the world and marked by the timely launch of the limited edition Breguet Classique Tourbillon Extra-Plat Anniversaire 5365. The timepiece perpetuates the founder's savoir-faire while at the same time introducing distinctive modernity. It was very well received upon its release.

In November, Breguet participated for the ninth consecutive year in Only Watch, the major charity event organized by the Monaco Association against Muscular Dystrophy. The brand unveiled the Type XX Only Watch 2021 chronograph. The timepiece, a reissue of its famous pilot's watch made as a unique piece for the event, was a resounding success. It sold for CHF 250,000, far exceeding the initial estimate of between CHF 35,000 and CHF 50,000. The Christie's auction in Geneva also generated amazing results: two antique timepieces, including a pocket watch made during Abraham-Louis Breguet's lifetime, were sold for more than one million Swiss francs each.

Breguet also continued its development by opening several boutiques as well as some twenty shop-in-shops.

CREATION

Breguet Classique Tourbillon Extra-Plat Anniversaire 5365

This timepiece, which celebrates the 220th anniversary of the invention of the tourbillon, displays the aesthetic codes established by its inventor, Abraham-Louis Breguet. The cartouche above the tourbillon bears the words "Brevet N° 157" in reference to the patent number that he was given for his invention. The dial highlights the guilloché pattern that Abraham-Louis Breguet adapted to the specific needs of watchmaking. Among other benefits, it helps capture the light, enhancing the dial's legibility. This piece was created in an edition of 35, which corresponds to the number of tourbillon watches made during Abraham-Louis Breguet's lifetime.

A sparkling variation of the Tradition 7035

This new version features the collection's defining characteristics: an off-center dial with an exposed movement revealing the pare-chute and the barrel with a rosette motif. This timepiece, produced in a limited edition of 88 pieces, captivates with its delicate jewels and the snow setting on the dial. In addition, the dial, as well as the plate and bridges in 18K gold, are set with diamonds of different sizes, minimizing the visible surface and giving the watch maximum brilliance. The retrograde seconds indication is highlighted by a gradation of rubies and pink sapphires that complement the rubies on the movement as well as the one on the crown. The watch's sapphire crystal caseback reveals a gold oscillating weight that echoes the barrel pattern.



Reine de Naples 8938, the brilliance of a queen

Breguet welcomed a new Reine de Naples to its collections. Adorned in a snow setting on its dial, this version is offered in either white gold with a blue bracelet or in pink gold with an orange one. Its dial features an off-center hours chapter at 6 o'clock in white mother-of-pearl, as well as the timeless Breguet open-tipped hands. The brilliant-cut diamond setting also covers the flange, bezel and clasp, as well as the crown with a rare and sophisticated briolette-cut diamond. In all, more than three carats of diamonds illuminate this precious timepiece. Aesthetics at Breguet always go hand in hand with technology, and this watch is equipped with a self-winding mechanical movement with an escapement and silicon balance spring.

Type XXI 3815 in titanium

This limited-edition version is the contemporary interpretation of the previous model, the Type XXI 3817 chronograph with a vintage aesthetic that was presented in 2016. The new watch's 42 mm case is made of titanium, a material chosen both for its resistance and for its lightness on the wrist. The bi-directional bezel, also made of titanium, is equipped with a 60-minute scale reinforcing its contemporary look. The Type XXI 3815 chronograph features a deep black dial, whose modernity and sporty spirit are galvanized by the use of bright colors. Available with green or orange numerals, indexes and hands, all of which are largely luminescent, this new dial also features a two-counter display, a 24-hour indicator and a small seconds hand, placed at 3 and 9 o'clock respectively.

The mechanical self-winding movement is equipped with a flyback function and also benefits from the latest technologies implemented by the House of Breguet, such as the escapement and the silicon balance spring. The Type XXI 3815 chronograph is produced in 250 pieces per color.

Breguet Marine combines sport and elegance

The Marine collection is inspired by the chronometers that were once used for navigation at sea. In 2021, Breguet completed this line by offering new variants of its Marine 5517, 5527 and 5547. The first model has a sleek look with a three-hand display and a date indication. The 5527 incorporates a flyback chronograph function with a central chronograph seconds hand. Three sub-dials – including chronograph minute and hour counters and a small seconds display – are located between 3 and 9 o'clock. Finally, reference 5547 features an alarm function and a second time zone. All three timepieces have a dedicated date window. They also feature a Roman numeral hour circle, luminescent markers and Breguet's famous faceted moon-tip hands in luminescent gold as well as a central hand with subtle marine detail. The House offers this collection in titanium, rose gold, and white gold, presented on a leather or rubber strap or on a metal bracelet.



Queen of Naples Cœur 9825

In time for Valentine's Day, Breguet equipped this model's dial with a new patented invention: a minute hand in the shape of a changing heart. The magic of an ingenious mechanism modifies the heart shape of this off-center hand at 6 o'clock, depending on its position on the oval dial. For this new creation, the curves expand as the hand travels across the upper half of the dial and contract on the lower part. Truly a beating heart. A refined dial gives pride of place to this delicate and romantic display. Touches of vermilion red intensify the lines of the hour circle, the leather strap and the crown, adorned with a ruby. This limited edition of 28 pieces is numbered and delivered with a matching clutch as its case.

PRESENCE

Breguet and the tourbillon waltz

During the year that celebrated the 220th anniversary of the invention of the tourbillon by Abraham-Louis Breguet, various markets held events for both Breguet's customers and the media. Among them was a temporary retrospective exhibition held in October in Shanghai's historic Waitanyuan Building No. 1. The exhibition featured different areas highlighting the world of Breguet and

the history of the tourbillon from its creation to the present day. A Watchmaker's Workshop area and a room offering a video immersion into the world of the tourbillon were also set up. The evening ended with a gala dinner in the Union Church. In Japan, Breguet invited collectors and the press to celebrate the anniversary in October at the Kiyomizu-dera temple in Kyoto, a UNESCO World Heritage Site. Visitors were treated to a talk by the monk and sub-intendent of the temple, Mr. Eigen Onishi, on the theme of time and life, and took part in a very exclusive tour of the site. Lionel a Marca, CEO of Breguet, also expressed through a video, his joy in being able to realize this event in Japan. Guests had the opportunity to discover the new Breguet Classique Tourbillon Extra-Plat Anniversaire 5365 timepiece, produced in a limited edition of 35 pieces, as well as a selection of tourbillon models from the company's current and past collections.

The London Concours and Breguet: together again

Among other events in 2021, the Breguet brand participated in the prestigious London Concours. The links between the automobile and Breguet date back to the 1930s when Ettore Bugatti, a Breguet customer, wanted to equip his fabulous "Royale" with a chronograph. He naturally turned to Breguet, which designed an on-board chronograph for him. In order to perpetuate the history between the House and the automobile, the watch manufacturer



wished to renew its collaboration with the prestigious London Concours. This event, which celebrates the most elegant classic and modern automobiles, brought enthusiasts from the luxury world together in the heart of London. During this very exclusive competition, presented in the form of a garden party, Breguet honored the year of the tourbillon and introduced the Classique Tourbillon Extra-Plat with its blue *Grand Feu* enamel dial, as well as the latest creations from the Marine collection.

Store openings

2021 saw the opening of new Breguet boutiques around the world including two in China, at Beijing's Wang Fu Central and in Nanjing Road in Shanghai. There were also two renovations, one in Vienna, Austria and the other in South Korea, in Seoul's Shinsegae Department Store in Gangnam. In parallel, the period was marked by the installation of some 20 shop-in-shops, from New York (USA) to Nagoya (JP), via Nice (FR).

Breguet shines at auction

As mentioned earlier, Breguet was a standout brand at auctions such as Only Watch and Christie's in Geneva in November. At the latter, two antique Breguet timepieces were very successful. The first, the Tourbillon Pocket Watch No. 1918, is one of 35 pieces with a tourbillon regulator made during Abraham-Louis Breguet's lifetime. This watch was produced between October 1805 and September 1813. Estimated at between CHF 400 000 and CHF 600 000, it was sold for CHF 1 230 000. The second watch, Breguet No. 3832, is highly representative of the Breguet style of the 1820s and 1830s, when Abraham-Louis's son Antoine-Louis was at the helm. This extra-thin watch is immensely refined and perfectly legible

despite its complexity: equation of time, date, day and month display, small seconds, half-quarter repeater and tact reading. Valued at between CHF 300 000 and CHF 600 000, the watch's winning bid soared to CHF 1 206 000. These sales once again demonstrated the attachment of collectors and connoisseurs to the watch-making tradition and innovation that has been Breguet's signature since its origins in 1775.



LOVE IS... HARRY WINSTON



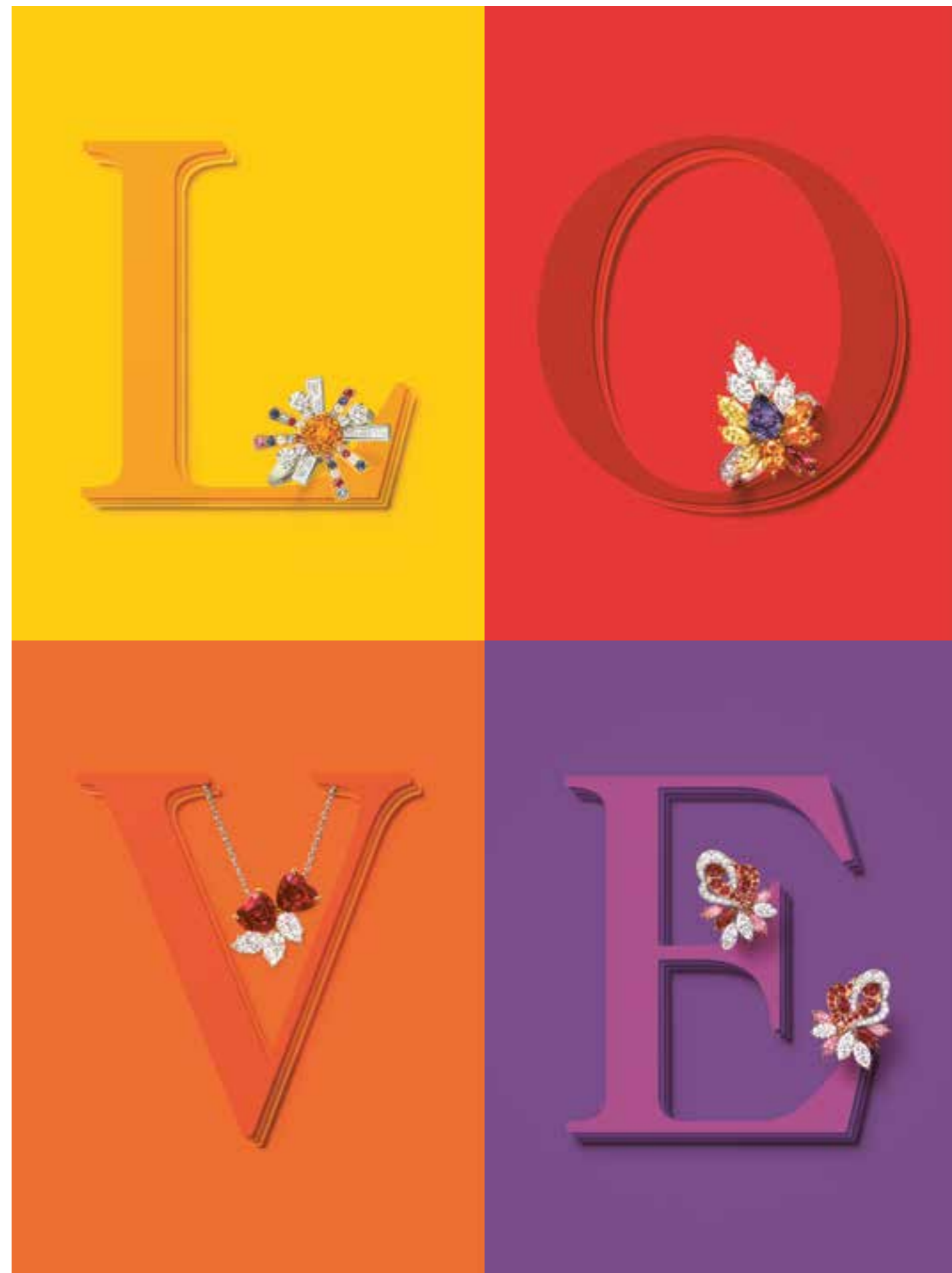
TRENDS

Under the direction of Chief Executive Officer Nayla Hayek, Harry Winston placed its focus in 2021 on one of the most powerful emotions in the world, and the one closest to its heart – love. As a Brand deeply rooted in celebrating love – in all of its facets and forms – the House reflected on this important sentiment and the role it plays in its clients' lives. The "Love is..." campaign continued the Brand's mission of bringing incredible jewels and timepieces to the forefront through a full-year 360-degree marketing initiative that encompassed all aspects of the Brand. Messaging was woven through all Brand communication channels, including advertising, marketing, public relations and social media, and had dedicated creative for its various product segments – from high jewelry, to bridal, designed collections and timepieces. The campaign also served as the backdrop for new salon openings and global events that reinforced its position as the ultimate destination for rare jewels of the world.

The first campaign of the year was "Love is... a Celebration," which embraced the late winter holidays, including Valentine's Day, with an ode to great love songs. Other campaigns throughout the year included "Love is... a Language," for bridal and "Love is... in Full Bloom," for the House's floral collections during the spring months.

Reinforcing its King of Diamonds positioning, the House instituted a "Stone of the Month" program to promote its collection of rare, one-of-a-kind stones. The campaign, which was largely supported through social media, press outreach and client communications, celebrated not only the beauty of the individual stone, but also other high jewelry and timepiece designs within the same family. The initiative launched on March 1, as a commemoration of Mr. Harry Winston's 125th birthday, with the Winston Pink Legacy Diamond Ring. The Winston Pink Legacy was selected, as at 18.96 carats, the carat weight of the incredible pink diamond perfectly matched the birth year of Mr. Harry Winston (1896). The program continued with the Winston Legacy, the Rockefeller-Winston Emerald, and the Winston Blue, as well as an important yellow diamond and ruby in the House's repertoire.

For new collections, the House introduced two new ring styles to its Bridal Couture Collection, in addition to a complementing series of Winston Couture high jewelry suites. The popular Forget-Me-Not Collection continued to blossom with the addition of a ruby and diamond iteration. Two new high jewelry collections – Winston with Love and Marvelous Creations – launched in the spring and fall respectively. For timepieces, 2021 marked a return to color with vibrant gemstones and bold palettes incorporated into classic watch collections, such as the Emerald, Ocean and Midnight models.



Harry Winston has long been committed to educating and introducing the world to rare and magnificent creations. As a way to better serve its global audience, the House launched a new website with an updated user interface and sleek design layout. The improved site is an extension of the House's luxurious in-salon experience and was created with its users in mind. The new website features improved navigation and functionality, allowing guests to see the full product portfolio Harry Winston has to offer. Other notable additions include a new Chinese language website for Chinese-speaking audiences to access the Brand's product and marketing materials.

The House continued to reinforce its "Love is..." campaign as the year ended with an important message, "Love is... All Around", because after all, love is what brings the world together. From storied romances and cherished friendships to family bonds and beyond, the House of Harry Winston honored this eternal sentiment during the most special time of year—the holidays – with a beautifully executed campaign highlighting the cities where Harry Winston is located around the world.

Looking towards 2022, the House will continue to underscore the message of love as it celebrates its 90th Anniversary and the qualities that make it the ultimate destination for incredible jewels and innovative timepieces.

CREATION

Winston with Love

Like rare diamonds and gemstones, love is a force of nature not to be reckoned with. As a House rooted in an unwavering commitment to, and passion for, the most exceptional gemstones, Winston designers wanted to explore the intense feelings of love, through a new fine jewelry collection that chronicled its extraordinary phases. Entitled Winston with Love, the collection is a true expression of L.O.V.E., forged in diamonds and colorful precious gemstones. Much like an acrostic poem, each letter represented a different phase of love. From the first light of affection, to a passionate obsession, to the ultimate vow and an eternity together, with each phase the feelings of love grow stronger, and more meaningful. The collection encapsulated each stage of love, focusing on variations in color, movement, meaning, and form and was separated into four unique chapters: L – Winston Light; O – Winston Obsession; V – Winston Vow; and E – Winston Eternity. Embodying the same vibrancy and deep message as its jewelry counterparts, the Winston with Love Collection also offered five luxurious Midnight timepiece models. Adorned with L.O.V.E. lettering, the precious mother-of-pearl dials incorporated yellow, red, orange and violet shades in a colorful nod to the precious gemstones used in the jewelry pieces. The collection also included fifty limited-edition watches with a white alligator and mother-of-pearl dial encrusted with vibrant gemstones, such as yellow sapphires, amethysts, rubies and spessartites.



Marvelous Creations

Marvelous Creatures, the House's new fall high jewelry collection, paid tribute to its enduring muse, Mother Nature, with one-of-a-kind designs that brought the creatures and elements of the natural world to life. From deep within the earth to land, sea and sky, in Winston's world, nature's most magnificent creations mingle in an ecosystem full of luminosity and life. Extraordinary gemstones were expertly paired and arranged in symbolic designs that evoked the silhouette of their namesake. From glistening flowers, set with star sapphires, ruby and a cat's eye chrysoberyl, to cornflower blue snakes and purple butterflies and fluttering fish to bejeweled birds, the collection celebrated the harmonious beauty of nature.

High Jewelry Timepieces

The Ultimate Emerald Signature is one of the brightest stars in the constellation of Harry Winston's High Jewelry Timepieces collection. A masterpiece that references Mr. Winston's beloved emerald-cut for gemstones, the secret watch was originally drawn entirely in diamonds. In 2021, four new versions of the Ultimate Emerald Signature with blue sapphires and Paraíba color tourmalines joined the series. The ultimate accessory for glamorous red carpet occasions, the versatile design means the timepieces can be worn around the wrist, around the neck as a pendant or even as a brooch. In addition, the Emerald Signature staged a comeback, with blue sapphires, a cherished color at the House of Harry Winston.





PRESENCE

To commemorate the one-year anniversary of its Chengdu Salon, the House hosted a New York-themed gala and public exhibition in the acclaimed, fashion-forward city. The event brought the magical charm of New York City to Chengdu and highlighted the House's extraordinary high jewelry and timepiece creations. To open the exhibition, acclaimed singer and Chengdu native, Chris Lee, dazzled in Harry Winston high jewelry pieces and explored the brand's legends together with distinguished guests. The exhibition was divided into six sections with distinct themes, displaying Harry Winston's exceptional jewelry collections and watches inspired by the remarkable city of New York. Stepping into this poetic and imaginative space, guests explored the legacy of Mr. Harry Winston from the founding of his namesake company to the contemporary collections he continues to inspire today.

In Beverly Hills, exuberant Winston with Love celebrations took place on the salon's exclusive outdoor terrace, overlooking famed Rodeo Drive. During the month-long festivities, guests enjoyed a series of intimate breakfasts, lunches, cocktails or high-tea services, where they were able to view the new high jewelry collection against a vibrant love-themed backdrop. Throughout the year, similar events were executed for the collection across the globe, with each evoking the same beauty behind this truly heartfelt emotion.

Salon Openings

Harry Winston continued to expand its global footprint in 2021, with two new retail locations in China and one in Italy. In July, the House opened a salon inside the MixC Shenzhen Bay Shopping Mall, while in November, a new salon opened within the China World Trade Center, marking the House's second location in Beijing and sixth in China. In December, the House welcomed its newest location on Via Montenapoleone in Milan. With each new opening, the House continues to bring its storied history and rich design legacy to new audiences across the globe.

Philanthropy

Throughout the year, Harry Winston continued its legacy of giving through The Harry Winston Brilliant Futures™ Charitable Program. In 2021, the House announced a global partnership with Junior Achievement Worldwide, helping to provide one million young people across Harry Winston's regions with educational support, vital life skills and career readiness opportunities for a bright future. In the U.S., Harry Winston extended its support to organizations based within its salon communities, including the San Francisco Conservatory of Music and the Wallis Annenberg Center for the Performing Arts in Los Angeles. The year marked the seventh year of partnership with Chance For Children in Japan, which in 2021 provided students with access to vital supplemental educational programs due to Covid-19.

The Ocean Collection

The Ocean Biretrograde is one of the most versatile models in Harry Winston's timepiece collection. A winning combination of fascinating mechanical complications and resilience, the precious materials and dazzling gemstones of the Ocean Biretrograde allow it to navigate smoothly between sporty summery days and dressier, more formal events. Reinterpreted in multiple guises over the years, 2021 welcomed two new models bursting with a mouth-watering palette of yellow sapphires and orange spessartites, radiating happiness and optimism. In continuing with this vibrant color palette, the House also presented two models that reinterpreted the original design of the Project Z10 – the Zalium variation orange and Zalium variation yellow. Housed in Zalium cases, the open worked dials of the new models display a bold architectural style, inspired by the Manhattan Bridge, and display a striking contrast between the gray Zalium case and its bright orange and yellow accents.



The Harry Winston Hope Foundation® has continued to support Harlem Academy, an independent school in New York City that drives opportunity for promising, low-income students who might otherwise be left behind. In addition to long-standing support for the middle school science program, Harry Winston contributed to the school's new building, enabling many more students to benefit from a Harlem Academy education. Housed within the new building, The Harry Winston Hope Foundation® Science Lab will engage middle school students with a challenging curriculum and exposure to careers in science.



REACHING NEW HEIGHTS

TRENDS

Under the leadership of President and CEO Marc A. Hayek, Blancpain achieved a record year in 2021, marked by the acquisition of new market share on a global scale. In particular, the Manufacture met the challenges imposed by the unprecedented situation by strengthening its local clientele throughout the world. These exciting results were consolidated by Blancpain's remarkable entry into the world of e-commerce. In pursuit of its digitalization strategy, the Manufacture launched a first phase of online sales in China in July 2021. A limited edition of 81 pieces of a Fifty Fathoms Bathyscaphe model sold out in one second on a mini-WeChat program. This outstanding performance was supported by the establishment of the country's first Blancpain-only call center, as well as by instant messaging. This entirely customer-centric system helped double the number of contacts in the local CRM database, demonstrating genuine consumer commitment to Blancpain.

Other large-scale communication operations were implemented in connection with key product launches, including one for the Tribute to Fifty Fathoms No Rad. Issued in a limited edition of 500 pieces, this collector's item was a great success. Its release was an opportunity to highlight the film *Fifty Fathoms* –

The History as Told by the Pioneers Who Created It. Tracing the saga of Blancpain's legendary diver's watch, the documentary met with great acclaim and was widely covered by the press. The Fifty Fathoms was also the star of a 3D advertising projection on the giant K-POP Square LED screen (81 m x 20 m), located in the Gangnam-gu district of Seoul (South Korea), as well as a video clip on the facade of the Burj Khalifa in Dubai (828 m).

The year also saw the reorganization of Blancpain's collections with the aims of gaining coherence and reinforcing the messages linked to each timepiece universe. The brand unveiled a new women's watch that initiated the renaming of the Women's collection to Ladybird, as well as an Air Command aviation chronograph that joined the eponymous collection previously called Specialties. In addition, grade 23 titanium made its debut in the Fifty Fathoms and Air Command collections. Very rarely used in watchmaking because it is difficult to machine, this high-end grade of titanium has many advantages for the customer and offers a multitude of finishing possibilities.

The release of these new products set the pace for Blancpain's boutiques and points of sale, whose international network was significantly expanded in 2021. They hosted events and exhibitions linked to Blancpain's commitment to the preservation and exploration of the oceans, as well as its involvement in the art of living.



© Renee Capozzola





CREATION

Tribute to Fifty Fathoms No Rad - limited edition of 500 pieces

In 2021, Blancpain reinterpreted an iconic timepiece from its history, the “no radiation” Fifty Fathoms watch. This mid-1960s diving instrument was distinguished by a logo on its dial indicating that Blancpain did not use radium-based luminescent materials. It led to the success of the watch and its variants, which are among the most iconic Fifty Fathoms models.

Fifty Fathoms Bathyscaphe Titanium

Blancpain completed its Bathyscaphe line with a timepiece featuring a grade 23 satin-finished titanium case. The new model’s dial, in anthracite, has a hand-made vertical satin finish that gives the piece a very modern matt effect. It is enhanced by a bezel with a satin-finish ceramic insert. The watch is available with an anthracite NATO or canvas strap, or a grade 23 satin-finished titanium bracelet.

Fifty Fathoms Tourbillon 8 Jours

The Fifty Fathoms Tourbillon 8 Jours model, introduced in 2007 with the launch of the contemporary Fifty Fathoms collection, is a symbiosis of Blancpain’s expertise in diving watches and its know-how in the area of watch complications. The year saw the arrival of two new versions of this model: one in grade 23 titanium and one in red gold, both with blue sunray dials.

Air Command

The Air Command collection is inspired by a highly sought-after 1950s Blancpain chronograph that was produced in minute quantities. The new Air Command model respects the spirit of the vintage pilot’s watch. It features a flyback chronograph and a count-down-type rotating bezel. Blancpain has chosen to highlight the indications of these functions through a deep blue color that energizes the watch’s character. Available in grade 23 titanium and red gold, the 42.5 mm case alternates between satin and polished surfaces.

Ladybird Colors

The Ladybird Colors marked the beginning of a new era for Blancpain’s women’s watch collection. Made of white mother-of-pearl, its dial is adorned with gold Arabic numerals and a diamond band. With a diameter of 34.9 mm, the watch case suits a wide range of wrists. The Ladybird Colors features a high-end setting where each parameter is meticulously hand-crafted. The model is available in red gold with a peacock green, midnight blue or satin white alligator leather strap, and in white gold with a lemon yellow, tangerine orange, lilac or satin white alligator leather strap.

PRESENCE

Blancpain Ocean Commitment (BOC)

As a founding partner of the Gombessa expeditions and numerous related oceanographic missions with underwater biologist and photographer Laurent Ballesta, Blancpain began 2021 with the presentation of a documentary called *The Mysteries of Mont La Pérouse*. Broadcast on the ARTE television channel and online on the French, German, Spanish and Italian pages of ARTE.tv, the film followed an expedition that took place in 2019 in the north-west part of Reunion Island. With the support of Blancpain, Laurent Ballesta and his team surveyed the region’s seabed to

study the exceptional biodiversity of Mont La Pérouse and to raise awareness of the importance of this type of geological formation for oceanic biodiversity.

In March 2021, Blancpain supported the 8th edition of the World Ocean Summit organized by *The Economist*. Entirely digital, the summit presented more than 30 hours of content, brought together 8500 participants and enabled more than 170 speakers to address the issues facing the oceans. Blancpain benefited from global visibility on the event’s platform and was the special host of a strategic plenary session.

In June, Blancpain took part in World Oceans Day as a presenting partner. The official celebration, held virtually, included speeches, presentations and panels inaugurated by the United Nations Secretary General and the President of the Gen-



eral Assembly. The event was supported by a global marketing campaign that included a newsletter, storytelling on social media, a media pack, special décor for the brand’s storefronts and windows, and exhibitions and events attended by over 500 people.

June also saw the presentation of a series of video blogs directed by Laurent Ballesta, to reveal a behind-the-scenes look at the first Tamataroa mission, a three-year initiative involving the Gombessa team and the Mokarran Protection Society, chaired by Jean-Marie Jeandel. Focusing on the great hammerhead shark, *Sphyrna mokarran*, the project’s goal is to inform and raise public awareness of the vulnerability of this animal. In addition, it aims to provide regional and international authorities with concrete management tools to protect it. The Tamataroa vlogs were notably broadcast on COEX Media Tower digital billboards (10.7 m x 29.6 m) in the South Korean capital.

In July, the sixth Gombessa expedition took place off the coast of the Cape of Corsica with the goal of unraveling the mystery of the “coral rings”, a thousand strange circular formations drawn on the sea floor at a depth of between 115 and 140 meters. Using the bathyal station, which was deployed for the first time in 2019



during Gombessa V, Laurent Ballesta and three divers from the Gombessa team explored the great depths of the Cape of Corsica and Agriate Marine Natural Park during very long dives, punctuated by numerous research protocols. After 20 days of immersion, the aquanauts arrived in Monaco, where they were welcomed by Marc A. Hayek, President and CEO of Blancpain.

This major expedition was followed in August by the Alacranes exploration project, conducted in the Gulf of Mexico by the Oceana organization, for which Blancpain has been the exclusive watch-making partner since 2020. The mission aimed to document the state of the health of the biodiversity of Arrecife Alacranes and Bajos del Norte, two areas little affected by human activity because they are far from the coast. Oceana will use this data to promote the changes necessary to protect this ecosystem.

Blancpain's partnership with *Oceanographic Magazine* and its Ocean Photography Awards (OPA) was another highlight of 2021. As part of this initiative, the Manufacture established the special Female Fifty Fathoms (FFF) Award with the aim of encouraging more women to share their vision of the oceans. The winner of the competition was announced in September at an event held at Blancpain's London boutique. The FFF Award went to Renee Capozzola, an American biology teacher with a special interest in marine conservation. In recognition of her accomplishment, she was presented with the first example of a new ladies' model from the Fifty Fathoms collection. The event also marked the launch of a pop-up exhibition at the boutique, as well as an open-air gallery along the Thames (The Queen's Walk) to present the winning photographs to the public and raise awareness of the beauty of the oceans.



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Art of Living

In 2021, Blancpain announced its collaboration with two new three-star French chefs, bringing the number of its gastronomic partners to nine. First, Blancpain welcomed Christopher Coutanceau, chef of the eponymous restaurant in La Rochelle, France, into its circle of friends. The chef is a strong advocate of sustainable fishing and anti-waste, a notion he shares with Glenn Viel. Chef de cuisine at L'Oustau de Baumanière (Les Baux-de-Provence, France), he too has decided to pursue his quest for excellence with Blancpain. Winner of the Chef of the Year award and the "Sustainable Gastronomy" award in 2020, Glenn Viel has been selected to be part of the 2022 jury for the hit French TV show *Top Chef*.

At the same time, Blancpain strengthened its international collaboration with the Joël Robuchon establishments and travelled around the world alongside the Michelin Guide, with which the Manufacture signed a three-year worldwide partnership in 2020. Some twenty events and guidebooks celebrated fine cuisine, from Paris to Tokyo, via New York, Shanghai and Bangkok.

Shops

Renewed in 2020, Blancpain's interior design concept combines noble cherry woodwork, refined moldings, sleek furniture and sophisticated materials such as brushed metal and laminated glass. Throughout 2021, the Manufacture emphasized this new brand environment by unveiling new points of sale and renovating its boutiques. More than 20 openings or reopenings were celebrated. The most noteworthy of these, like the ones in the Chinese cities of Beijing and Hangzhou, were accompanied by dedicated events. This market also inaugurated themed roadshows in the open spaces of the shopping complexes housing its outlets.



GERMAN WATCHMAKING ART THAT SHOWS ITS TRUE COLORS



TRENDS

Glashütte Original again successfully held its own in 2021. As a result, despite the year's global challenges, the manufactory was able to consolidate and further expand its market position, particularly in China, the USA, and its home country of Germany.

One of the year's key success factors: the unofficial leitmotif at Glashütte Original was characterized by strong colors – both in the design of the new products and in the visual worlds of marketing and communication. With this strategy, coupled with product highlights that included two new Seventies chronographs with colorful dials, a new young target group was addressed along with collectors and the Glashütte Original fan community.

This development was supported by numerous digital campaigns and sophisticated media productions, which represent a new focus in Glashütte Original's communication. It allows the brand's artistry and quality standards to be conveyed in an even more contemporary way.



CREATION

SeaQ with a reed green dial

The latest version of the dynamic diver's watch is attired in reed green. The model was initially launched exclusively in North America before its international premiere. The watches in the SeaQ product family are certified to DIN 8306 and ISO 6425 standards and combine sophisticated technology with genuine sporting spirit.

PanoMaticLunar in red gold

The PanoMaticLunar scores big with a decentralized layout, an elegant moon phase display, the characteristic Glashütte Original panorama date – and now also with the artful color combination of a rich green and shimmering red gold. A handcrafted automatic caliber delivers up to 42 hours of power reserve.

Seventies Chronograph Panorama Date Limited Edition

The popular chronograph lives up to its family name, appearing as a limited edition in two colors that were true seventies favorites: sunny yellow and turquoise. Inside the watch beats, as you would expect, a meticulously refined manufacture caliber with automatic winding and a flyback function.

Senator Excellence Perpetual Calendar with rose opaline dial

The perpetual calendar has traditionally elevated timekeeping to an art form. In its latest version, the mechanical masterpiece has made itself decidedly rare at Glashütte Original: the new Senator Excellence Perpetual Calendar with a rose opaline dial and dark blue leather strap has been produced in an edition limited to only 100 pieces.



PRESENCE

In early November 2021, the brand announced its new partnership with Ryan Pyle. The Canadian adventurer is an experienced world traveler, award-winning photographer and documentary filmmaker. When he visited Glashütte, he not only got to know the team behind the brand, but during a climbing excursion, accompanied by a camera crew, he also put the latest SeaQ to the test.

The brand also opened several new points of sale in 2021. Among others, its first company-owned boutique celebrated its premiere in Chengdu, in the Sichuan province in the southwest of China. In addition, another boutique – Glashütte Original's third in the Chinese capital – was opened in Beijing at China World, the luxury shopping mall. Meanwhile, in Vienna, the brand's boutique was relocated: since October 25, Glashütte Original has been welcoming its customers at a historic site in the heart of the city's Old Town.

After the pandemic-related restrictions were lifted, the brand was pleased to be able to hold larger events again in certain cases, but also many smaller customer events. In addition to Germany, Scandinavia, Hong Kong and the USA, the calendar included events in China in particular, which allowed direct interaction and personal contact.

DISRUPTIVE LEGACY

TRENDS

In 2021, Jaquet Droz celebrated the 300th anniversary of the birth of its founder, Pierre Jaquet-Droz, by unveiling a series of tribute watches that express the brand's expertise. Jaquet Droz further strengthened the positioning of its iconic Ateliers d'Art and Automata collections. The brand, admired in the world of Haute Horlogerie, is distinguished by its ability to innovate and push its limits ever further while respecting and preserving its heritage.

Of course, it suffered the consequences of the global health crisis. This extraordinary period nevertheless enabled it to accelerate its various digitalization projects such as CRM, customer journey maps and the creation of a personalized e-commerce site. Jaquet Droz took advantage of this time of economic slowdown to lay the foundations for a strategic repositioning.

The global economic situation also prompted Jaquet Droz to rethink its communication by working on new product presentation concepts, primarily by organizing local events aimed at end customers. The new 2021 creations were well received by both the media and customers, who praised the brand's constantly renewed creativity.

CREATION

Grande Seconde Skelet-One

Jaquet Droz unveiled three boldly colorful new versions of the Grande Seconde Skelet-One, an eminently modern disruptive composition that gives a new dimension to the so-called "skeleton" watch design.

Petite Heure Minute Dragon by John Howe

At the end of 2020, Jaquet Droz and John Howe, who is renowned for his art direction of *The Lord of the Rings*, revealed the beginnings of a unique partnership. And in the year under review, the Ateliers de Haute Horlogerie unveiled two limited edition watches featuring the famous dragon beautifully rendered in miniature painting.

300th Anniversary Special Editions

The Manufacture celebrated the birth of its founding watchmaker on 28 July 1721, exactly 300 years earlier, with the launch of some special editions. The Grande Seconde Moon was revisited in two exclusive anniversary versions, one exploring the tradition and the other the modernity to which the company is equally attached.

The Bird Repeater is a historic edition of eight pieces that celebrate the 300th anniversary of the birth of founder Pierre Jaquet-Droz. It captures the traditional essence of the company, both in terms of automation and artistry.





Tourbillon Grande Seconde Skelet-One

The Manufacture unveiled a radically innovative aesthetic for its masterpiece, allowing the tourbillon to assert itself through meticulous geometry. The new Tourbillon Grande Seconde Skelet-One thus opens up a new artistic horizon. More than a faithful reproduction, it marks a break from tradition. With this sculptural, modern and powerful edition of the Skelet-One, the iconic model is designed for connoisseurs.

Petite Heure Minute Smalta Clara Humming Bird

The new Petite Heure Minute Smalta Clara Humming Bird is precious and dreamlike, shining with freshness and lightness. Collectors particularly appreciate the technical mastery of its gold partitions. With this creation, Jaquet Droz asserted itself as the only artisanal workshop to use entirely transparent plique-à-jour enamel, for which a patent has been filed.

Tourbillon Saphir Grande Seconde Skelet-One

The future of the Jaquet Droz brand is disruptive, artistic, contemporary and exclusive. The Tourbillon Saphir Grande Seconde Skelet-One inaugurates a new theme: the configuration customizable by its owner. This unique technicality was demonstrated in several variants at the end of 2021.



PRESENCE

Jaquet Droz strengthens its ethical commitment and joins the RJC

The Responsible Jewellery Council (RJC) is the guarantor of a responsible global supply chain. Committed to continuous improvement and after reviewing its systems and practices, Jaquet Droz officially received RJC Certification based on an independent external audit.

Jaquet Droz exhibits its masterpieces at the Milan Museum of Culture (MUDEC)

Jaquet Droz responded favorably to the request from the Milan Museum of Culture (MUDEC) to exhibit contemporary and historical automata created by Pierre Jaquet-Droz 250 years ago, in order to enrich its exhibition "ROBOT. The human project". The exhibition combined fascination and inspiration, imagination and creativity, in an interactive scenography that aroused the curiosity of audiences sensitive to the Art of Wonder, as practiced by Jaquet Droz to this day.



HERITAGE AT THE SERVICE OF INNOVATION

TRENDS

As a traditional watchmaking brand, Longines has always been able to make the most of the past in order to build the future. A future marked by the hallmark of elegance, a key component of the company's identity.

Thus, it was only natural that Longines should welcome the British actor Regé-Jean Page to its family of Ambassadors of Elegance. As the new face of the brand, he perfectly illustrates its values, displaying an innate elegance that transcends both borders and generations.

In its desire to highlight a centuries-old heritage, Longines launched its first "Collector's Corner", which offers for purchase a selection of vintage watches restored and certified by specialist Longines watchmakers. These exceptional models are only available in the brand's new boutique in Geneva.

Still imbued with the same pioneering spirit that has driven it since its inception, Longines joined forces with SolarStratos, an innovative mission that aims to achieve the first solar-powered stratospheric flight.

In keeping with its constant quest for excellence and its desire to offer high-quality service to its customers, Longines also extended its warranty to five years on all its automatic models.

CREATION

Longines DolceVita

The Longines DolceVita collection was enriched with a new sector dial typical of the Art deco period and new interchangeable straps. Inspired by a model from the 1920s, this line offers a rich palette of feminine and masculine pieces that are an ode to the Italian way of life.

The Longines Master Collection

Longines enhanced its The Longines Master Collection line with a timepiece that is as feminine as it is technical. Incorporating the moonphase display in a 34 mm case, this timepiece is the perfect expression of the brand's technical and aesthetic expertise.

The Longines Heritage Classic

Longines drew inspiration from its 1930s timepieces to produce a new version of The Longines Heritage Classic with a sector dial. With the characteristic aesthetic of the period and its vintage straps, it respects the codes of the original piece while adapting perfectly to contemporary tastes.



LONGINES SILVER ARROW

With the new LONGINES SILVER ARROW, Longines revived a model that is characteristic of the 1950s. This timepiece is distinguished by its restrained, sleek silhouette and driven by cutting-edge watchmaking technology.

Longines Spirit

Inspired by the world of aviation, the Longines Spirit collection was enriched with new pieces dressed in green or forged in titanium. A strong aesthetic coupled with state-of-the-art technology gives these new models an exceptional character.

The Longines Avigation BigEye

The Longines Avigation BigEye, a reissue of a chronograph with a 1930s design, is now available in a titanium version with a petrol blue dial. This timepiece is in keeping with the great tradition of pilots' watches.

HydroConquest

Longines gave its HydroConquest line a new shine. Its blue, grey, black and green versions have been enhanced by two-tone variations in steel and pink or yellow PVD, for an extra touch of elegance.

The Longines Legend Diver Watch

The Longines Legend Diver Watch now comes in blue or brown. These latest creations offer a new face to one of the first Longines diving watches, whose history is marked by numerous technical breakthroughs.

PRESENCE

Digital development

The unique situation of the last two years led Longines to adapt to new contingencies and to rethink its communication methods. The brand sought to innovate and has thus multiplied its digital interactions with its various communities via different platforms. In order to unveil its new products, it organized and took part in numerous virtual presentations aimed at retailers, journalists, customers, collectors and enthusiasts. Whether in person or online, Longines was able to maintain valuable links with all these players.

As digital channels have taken on a predominant role in consumer behavior, Longines continued to develop its online boutiques, particularly in Europe.



Boutiques

Favoring the complementarity of offline and online distribution channels, Longines also continued to expand its network of mono-brand boutiques internationally. In its desire to offer its customers a unique and privileged experience in its points of sale, the brand created a new interior design that subtly highlights its creations, its values and its rich history.

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. Backed by its expertise in the field of timekeeping, it counts among its partnerships the most prestigious and renowned equestrian competitions.

Also, in its capacity as Top Partner of the Fédération Equestre Internationale (FEI), Longines timed the Longines FEI Jumping World Cup™ series, the Longines FEI Jumping Nations Cup™ Final in Barcelona (Spain), and the Longines FEI Jumping European Championships in Riesenbeck (Germany). As part of its unfailing commitment to supporting young sporting talent, it presented the Longines FEI Rising Star award to the German eventer Greta Busacker.

Longines also placed its expertise at the service of the prestigious Longines Global Champions Tour (LGCT). Launched in Doha, and stopping off in such majestic cities as Paris and Monaco, the LGCT came to a climax at the Longines Global Champions Tour Super Grand Prix in Prague, won by rider Henrik von Eckermann.

In the field of flat racing, Longines also acted as Official Timekeeper for exceptional events such as Royal Ascot, the Prix de Diane Longines, the Dubai World Cup, the Qatar Prix de l'Arc de Triomphe, the Breeders' Cup World Championships and the Longines Queen Elizabeth Stakes.



Finally, in collaboration with the International Federation of Horseracing Authorities (IFHA), the Longines World Racing 2020 awards for the best racehorse, the best race and the best jockey were presented by the brand.

Alpine skiing

Longines and the International Ski Federation (FIS) announced the extension of their partnership until 2026. Under the agreement, the brand will provide timekeeping and data processing for all FIS Alpine Skiing World Cup and World Championship races.

Longines timed the exceptional performances of the world's best skiers at the Alpine World Ski Championships in Cortina d'Ampezzo (Italy) and at the World Cup finals in Lenzerheide (Switzerland), two major events at which the Longines athletes Mikaela Shiffrin, Loïc Meillard, Marco Odermatt and Clément Noël distinguished themselves brilliantly.

In line with its commitment to young sporting talent, the brand awarded the Longines Rising Ski Stars prize to New Zealander Alice Robinson and Italian Alex Vinatzer at the end of the 2020-2021 season.

Commonwealth Games

Her Majesty Queen Elizabeth II launched the Queen's Baton Relay on 8 October. Longines took part in the official ceremony held at Buckingham Palace as part of its partnership with the Commonwealth Games and in its capacity as Official Partner of the Queen's Baton Relay. Starting from the city of Birmingham (England), the baton will cross 72 Commonwealth nations and territories to cover a total of 140,000 kilometers in 269 days, in the international leg of the relay. On this occasion, Longines will host the baton in many of its boutiques around the world.



RADO: THE NOTICEABLE DIFFERENCE

TRENDS

The year 2021 offered Rado yet another opportunity to prove what the brand does best: break new ground. As an expert in revolutionary materials and technologies, Rado is ideally positioned to adapt to the changing needs of consumers and flexible enough to meet the changing demands resulting from the pandemic. Accordingly, despite the unforeseeable circumstances, Rado was able to cement its reputation as a master of materials and reinforce its reputation as a designer watch brand. In addition to the ideal look and feel, Rado is placing greater focus on the inner workings of its watches and stepping up its efforts to equip them with high-quality automatic movements.

The focus on the company's own values was accompanied by a look at the milestones of a success story that began in 1917 and is currently being rediscovered. Rado already scored a coup with the reissue of the Captain Cook from 1962 and has since built up an attractive collection, which was extended by a highlight in 2021 with the Captain Cook High-Tech Ceramic. For the first time, Rado presented the legendary watch with a case and bracelet made of the most characteristic of all Rado materials: high-tech ceramic. The new Captain Cook is also equipped with a state-of-the-art movement, representing the entire spectrum of what the brand stands for today.

Driven by its consolidated product and brand strategy, Rado was able to build on its strong position in key markets, realizing tremendous growth in the US, the UK, Russia and Australia in particular. In Europe and Switzerland, local sales compensated for a large part of the shortfall caused by the absence of tourists. In addition, during the pandemic, customers took advantage of the availability of online trading, leading to significant growth in e-commerce.



CREATION

Design and materials: these two elements fascinate and inspire Rado time and again. The watches introduced in 2021 also bear witness to this passion.

Captain Cook High-Tech Ceramic

The new addition to the successful Captain Cook collection already reflects its essential feature in its name: Captain Cook High-Tech Ceramic. The timepiece also boasts Rado's outstanding performance features, including the innovative monobloc case construction made of high-tech ceramics and the R734 caliber with its elaborate regulating system and Nivachron™ balance spring. The movement is an essential part of the watch's design as it can be viewed through both the sapphire crystal caseback and the tinted sapphire crystal dial.

Captain Cook x Marina Hoermanseder

The Captain Cook also figured in a collaboration with French-Austrian fashion designer Marina Hoermanseder, whose trademark buckles feature on her creations. With this distinctive look, she has become the darling of many Hollywood stars, including Lady Gaga, Katy Perry and Paris Hilton. The designer also chose the buckle as a style element for her watch design.





True Square Open Heart

The True Square models exude pure extravagance, combining a Rado-typical shape with a striking skeletonized dial. Clad entirely in high-tech ceramic, they present themselves in a square monobloc case with gently rounded corners. The dial offers refined glimpses of the R734 automatic movement. A watch that is second to none and is intended for anyone who desires a completely independent design.

True Square Designer Collection

With its unmistakable shape, the True Square served as a canvas for creative watch designs in five international designer collaborations. After the creations with the design duo Formafantasma, the industrial designer Tej Chauhan, and the design duo YOY, Rado 2021 continued the success story with two further projects: the Indian design team Thukral and Tagra were guided by the idea of social design with their Over the Abyss model. In designing his True Heart model, Chinese graphic designer Yuan Youmin took up elements of the millennia-old rapid balance. Together with Rado, he presented the watch during the international Design Shanghai event.

With the designer collection, Rado was able to add to its long list of prestigious design awards in 2021, including the *Grand Prix du Design*, a *Red Dot Award* and two *iF Design Awards*. They proved that Rado has established a firm place for itself in the design scene.

PRESENCE

Rado's innovative materials are distinguished by their feel, resistance and wearing comfort. This difference is not only visible – it can be appreciated first-hand. For the ultimate customer experience, Rado opened additional brand boutiques in strategic locations such as Dubai and Malaysia. There, the new retail concept was implemented, inspired by the brand's guiding principles – visionary research, innovative technology, new materials and craftsmanship – while reflecting the calm and serene aesthetic of the brand's design. In the renovated store in Vienna, interactive functions and high-tech features offer an even more dynamic experience.

Rado was also on the move in the virtual realm with an emotional customer approach and set a digital footprint that was perfectly adapted for the various social media channels. In a ranking on the video channel TikTok, which is popular with young users, Rado landed in first place among the most successful Swiss companies. The new website went live in autumn with a fresh design and significantly improved navigation. Thanks to the newly defined architecture, it offers visitors an even more impressive shopping experience along an optimized customer journey.

The brand showed its sporting side as a partner of numerous tennis tournaments, which provided the ideal environment to present its new products to sports enthusiasts. Rado's flair for exceptional talent in tennis is demonstrated by the career of Australian tennis player Ashleigh Barty, No. 1 in the WTA world rankings, who joined the brand as a Tennis YoungStar in 2017. Her victory at Wimbledon in 2021 was a dream come true for Ash. At the end of the year, Rado surprised her fans with another limited edition dedicated to the brand ambassador. Rado YoungStar Cameron Norrie also caused a tennis sensation with his victory at the ATP Masters 1000 tournament in Indian Wells. Rado congratulated him with a sensational display in New York's Times Square.

Rado invited journalists and retailers to an impressive product presentation to introduce the Rado Captain Cook High-Tech Ceramic in Shanghai, where the brand welcomed Chinese film star and Rado ambassador Bai Yu as a star guest. From now on, Chinese actress Jin Chen will also play a leading role as a brand ambassador. The charismatic beauty slips into different roles with ease and perfectly embodies Rado's ideals with her unique personality.

Rado and Hrithik Roshan can already look back on a ten-year partnership. A global advertising campaign presents the Bollywood star as a modern explorer in impressive landscapes. He is accompanied by the Captain Cook High-Tech Ceramic, which impresses with a character with just as high a profile as the screen star himself.

Russian actress Julia Peresild visited the Rado headquarters in Lengnau just a few weeks after returning from filming on the ISS space station. There, the brand ambassador lent her personal signature to a limited Captain Cook edition dedicated to her, exuding glamour once again at the end of this watchmaking year.



POSITIVE DEVELOPMENTS IN CHALLENGING TIMES

TRENDS



After a year's break, the popular classic car rallies finally took place again in 2021. The great enthusiasm with which they were met was apparent to all drivers. The participants took advantage of the break in 2020 to devote themselves to their automobile treasures and visibly enjoyed their rides. The automobile-related limited edition watches, which were already much in demand, proved extremely popular.

In German-speaking countries, Union Glashütte also benefited from customers' return to regional products. With its high level of vertical integration and its Made in Germany label, the Glashütte production site became even more important to end consumers and had a positive impact on demand. The brand reinforced its digital activities.

Union Glashütte also continued to expand in China, one of its key markets. Thanks to a strong digital presence combined with the steady expansion of its physical points of sale, the company was able to consolidate its positioning. The e-commerce platforms launched in 2020 enjoyed positive growth in 2021, with further digital platform partnerships concluded to mobilize the strategically important Generation Z target group. Union Glashütte also steadily expanded its brick-and-mortar presence in the most important cities in China with larger spaces and modernized store concepts.



CREATION

Viro Chronograph Silvretta Classic

The Viro Chronographe Silvretta Classic 2021 is the first limited-edition watch designed for this exceptional vintage car rally. The first eye-catching feature of the model is its bold color scheme: the light blue-orange contrast will certainly be familiar to rally connoisseurs. The chronograph hands are also in the same striking orange, while inside the watch beats the UNG-14.01 movement with a power reserve of up to 60 hours. The watch's racing vibe is complemented by its distinctive strap, also in contrasting light blue and orange, while a metal bracelet is available for wearers who prefer a more traditional look. The Silvretta Classic 2021 is issued in an exclusive 128-piece limited edition.

Averin Chronograph

Every detail of the new generation of this iconic 2008 timepiece exudes perfection. This revived classic is resized to 41 x 41 millimeters, while its unusual date display is particularly distinctive thanks to an unconventional triple hand with three different-length pointers showing the date on a three-level scale. The additional displays such as the month, day of the week, small seconds, 24-hour with day/night indicator and moon-phase displays are brimming with sophisticated details that will delight even the most demanding watch lovers. The watch is powered by the UNG-25.S1 movement with a silicon balance-spring, offering up to 60 hours of power reserve.



Noramis Chronograph

Union Glashütte's Noramis Chronograph appeared in a completely new design this year, as this timeless classic with a retro feel was presented with a domed sapphire crystal offering an unobstructed, bezel-free view of the dial. As a result, the dial features a more open and uncluttered design, while new 1950s- and 1960s-style pump pushers further highlight the vintage nature of the watch. There is a date window at 9 o'clock. The chronograph's 42-millimeter diameter ensures that it will sit comfortably on any wrist.

The dial bears a new Noramis logo and the watch is powered by the mechanical UNG-27.S2 caliber, which – like all Union Glashütte movements – is hand-assembled and adjusted by Glashütte watchmakers. Its power reserve lasts up to 60 hours, while a built-in silicon balance spring counters the negative effects of magnetic fields on the timepiece's rate precision.



OFFICIAL TIMEKEEPER OF EMOTIONS



TRENDS

The successful launch in 2020 of the T-Touch Connect Solar in Switzerland and other European countries led to an important investment in geographical expansion in 2021. The first Swiss connected and solar powered watch was rolled out in countries such as China, the USA and Japan, to name a few.

A second hugely successful release was the arrival of the new PRX Collection that saw an expansion into new markets. These new re-editions of a 1970s model touched a younger audience, thanks to their incredible design and a cutting-edge 360° campaign that shattered the codes of traditional Swiss watchmaking.

Innovators by tradition

Elevating Tissot's brand image was also at the core of the company's activities in 2021, with boutique refurbishments, state-of-the-art timepieces, and communication strategies that are leading the way in the industry. The results of these activities can be seen in the surge of positive engagement that occurred across all social media channels, with great success on YouTube, Facebook and Instagram and allowing the brand to make the most of TikTok and Twitch.

CREATION

Tissot T-Touch Connect Solar Powered by Nature

Launched in 2020, the Tissot T-Touch Connect Solar is the first Swiss connected and solar powered watch in history. This Swiss-Made timepiece operates with the Sw-ALPS operating system and has a multitude of tactile functions. It is recharged using solar power via photovoltaic cells that allow the timepiece to run almost indefinitely when it is in connected mode and exposed to the sun.

Like its T-Touch predecessors, this new connected timepiece is controlled via a tactile sapphire crystal. The timepiece has numerous functions, including a perpetual calendar, countdown timer, various timekeeping indications and alarms, weather updates, altitude, activity tracker, and text and phone notifications. As an evolutive watch, features will be added continuously. It is also a totally secure platform and compatible with all operating systems. Crafted from high-tech materials, the timepiece has been made to last so that it doesn't quickly become obsolete like the vast majority of electronic products on the market today.



The PRX Re-Editions

A reissue from the late 1970s disco era, the original PRX 40 205 was particularly appreciated in its day for its elegant and timeless style. Tissot relaunched the new line in 2021 in a 40-mm stainless steel case with a subtle barrel-shaped outline, round bezel, integrated bracelet, and quartz movement. This contemporary timepiece retains all the design characteristics of its 1970s predecessor, but offers a more refined, expertly finished wristwatch for today's discerning gentleman. The collection was so successful that an automatic version – the PRX 80 – was subsequently released with Tissot's Powermatic 80 movement.

PRESENCE

Tissot T-Touch Connect Solar Launch

The T-Touch Connect Solar had a spectacular physical launch party in Beijing in the presence of two of the brand's ambassadors, Huang Xiaoming and Chen Feiyu (aka Arthur Chen). The event followed the "Powered by Nature" theme with plants and lights that gave a thrilling "Cyber Forest" feel to the space.





The Tour de France and Other Epic Cycling Races

Tissot continued its commitment to cycling in 2021 with a renewal of its partnership with ASO, the organizers of The Tour de France and La Vuelta, as well as legendary races such as Paris-Roubaix, Liège-Bastogne-Liège and La Flèche Wallonne. Further underscoring that commitment was Primož Roglič, two-time winner of the Vuelta a España, heroic runner-up in the Tour de France 2020. The Slovenian champion became a member of the Tissot family of Ambassadors and was joined by Kilian Bron. The French professional Enduro/Freeride mountain bike rider, globally renowned for his death-defying videos that count millions of views, joined Tissot as a friend of the brand.

International Basketball Federation (FIBA)

A supporter of FIBA since 2008, Tissot signed an extension of its partnership with the Federation in 2021 with some exciting new timekeeping technology. Tissot shot clocks will now be on display at key international basketball competitions. There will also be an enhanced digital presence with Tissot timekeeping on the FIBA mobile app and Buzzer Beater videos that capture the most exciting on-court action. Another element of the partnership is that the Most Valuable Player of each tournament will receive a Tissot watch.

The National Basketball Association (NBA)

The year marked the agreement of a multi-year extension of the partnership between Tissot and the NBA, which expands upon the global agreement that began in 2015. Tissot is now the Official Watch and Official Timekeeper of the NBA, the Women's National Basketball Association (WNBA), and the NBA G League. To commemorate the extension, Tissot brought fans closer to the game with its recently launched T-Touch Connect Solar timepieces that give access to live game updates and team information. Fortifying that tie even further, Tissot signed Swiss NBA leading rebounder Clint Capela of the Atlanta Hawks and NBA All-Star Damian Lillard of Portland.

Sports Partnerships

2021 was a year that saw Tissot solidify its ties with the sporting world. Current partnerships with the Amaury Sport Organisation (ASO), NBA, FIBA and MotoGP™ were renewed for several years, attesting to Tissot's professionalism in the world of precision timekeeping and its reputation for excellence in international sport.



MotoGP™ World Championship

Tissot celebrated its 20th anniversary as Official Timekeeper of the FIM MotoGP™ World Championship in 2021 with a multi-year extension of the partnership with the organizers, Dorna Sports. The longstanding partnership now also includes an expanded commercial presence within the MotoGP™ world and the addition of the Tissot name taking top billing at a Grand Prix each season. Off-track, the creation of outstanding MotoGP™-inspired timepieces continued to seduce lovers of motorsport.

RETAIL

Tissot's Boutiques Shine Across the World

A new architectural identity was unveiled in Tissot's brand new flagship boutique in Ginza, following which, the boutiques in major European cities such as Saint Petersburg, Paris and Rome received total renovations.

The objective of the redesign was to uplift the brand image and enhance the customer experience in an intimate and refined setting, with back-lit walls, a lounge area, and more. Each element arouses curiosity and promotes customer satisfaction.



FOCUS ON THE ESSENTIAL



Style beyond time: any review of Calvin Klein's watch and jewelry highlights throughout the years affectionately recalls the signatures of the brand's success: a resolutely contemporary sense of glam, true minimalist design, essential lines, and a smart, unique way of defining style.



THE TIME OF ELEGANCE



TRENDS

Thanks to a strategy of reinvigorating its products, Balmain was able to hold its own in the second year of pandemic disruption. The new collections presented virtually were a great success.

By and large, all markets regained some stability and sales returned to 2019 levels.

CREATION

The brilliance of natural stones enhances the Eirini collection

A veritable ode to French elegance, Balmain's Eirini collection was enriched in 2021 with new watches featuring natural stone dials.

Directly inspired by the world of Parisian fashion and using the geometric patterns of the famous Puzzle coat created by Balmain Paris for its 1969/1970 collection, this line is graphic and feminine.



The new models now feature a natural stone dial, giving them a modern and original look. Three versions are available: blue with aventurine, gold and brown with tiger's eye, and dark green with gradated marbling with malachite. Thanks to their exclusive properties and infinite diversity, natural stones make each dial unique.

The moon lights up the Eirini collection

Balmain added new variations to this flagship collection by creating new pieces with a moon phase indicator at 6 o'clock. The rose gold moon and stars stand out from the black disc upon which they are set and are reminiscent of the pink PVD case.

Applied faceted hour-markers add relief to the dial, which are available in white or black, while a fine lacquered resin in the same color borders the bezel and the edge of the crown for a delicate and harmonious finish. Full of poetry and femininity, these new versions are an invitation to daydream.

Tilia, Balmain's new collection combining modernity and tradition

Tilia, the new collection created by Balmain in 2021, features the brand's famous signature arabesques. Feminine and delicate, this line has a contemporary design with a rounded shape and is available in five versions.

The center of the dials in this line is embellished with arabesques or a subtle pyramid decoration. These motifs are enhanced by an hour-circle adorned with indexes and Roman numerals at 3 and 9 o'clock. An original detail, the date window is oval in shape, recalling the silhouette of the central decoration.

Balmain answers the call of the open sea with its new Ophrys collection

Driven by its innate boldness, Balmain combined the technicality of ceramics with the originality of color to offer Ophrys, a new women's collection inspired by diver's watches.

Balmain's new Ophrys collection has a sporty silhouette that incorporates the codes of diver-type watches in a very feminine spirit. The pieces feature a screw-down crown and a rotating bezel and are water-resistant to 20 bar (200 meters). Balmain has chosen to enhance the Ophrys watches with touches of Super-LumiNova® and polished ceramic elements.

Extremely scratch-resistant, hypoallergenic and very light, ceramic offers a pleasant comfort without compromising on the quality and beauty of the finish.

PRESENCE

Faithful to its heritage and its potential for innovation in design, Balmain affirmed its positioning in the mid-range segment. Its timelessly elegant creations embody elegance, audacity and femininity, while combining accessibility and watchmaking expertise with the Swiss Made label.

The development of e-commerce sales and the various actions carried out on social networks by all the countries throughout the year enabled the brand to strengthen its image and reputation.

INNOVATIVE AND SUSTAINABLE

TRENDS

In 2021, Certina broke new ground once again with a focus on innovation and greater sustainability. As a result, a number of environmentally-friendly solutions became part of the brand's world, including new packaging made from recyclable materials and high-quality fabric straps based on plastics recovered from the sea.

The Certina collection is at once future-oriented and mindful of tradition. All new mechanical models are now equipped with innovative Nivachron™ balance springs, whose precision and impressive resistance to magnetic fields back the brand's motto, "Count on me".

The brand entered new territory in March 2021 with its "Create Your Watch" contest. Followers voted online to determine the design of the DS PH200M 39 MM – a first for Certina. In addition to expanding its own e-commerce platforms, Certina also used 2021 to expand its Click & Reserve service, which offers targeted support to its retailers.



DS PH200M 39 MM

The popular DS PH200M is now available in a smaller format. Mother-of-pearl, black ceramic and diamonds complement a bracelet made of sustainable fabric and an automatic movement with an anti-magnetic Nivachron™ balance spring. The brand's followers were especially impatient as they waited for this model: for the first time, an international competition allowed them to influence the design of a Certina watch.

PRESENCE

In 2021 Certina became the Visma Ski Classics Pro Tour Timing Partner. The Tour consists of 12 events across Europe, with athletes competing in long-distance cross-country races.

The brand has also successfully established a presence in the United States. Certina watches are now available there thanks to a joint effort with a popular online partner. They were well received, an indication of the American market's great potential.

Specially-designed press events were held in Certina markets worldwide, always taking public health needs into account. This gave journalists and opinion leaders a chance to get to know the new products online or in person. Virtual meetings, presentations, and an international online kick-off also helped to strengthen communications with the international Certina family.

CREATION

DS Action Diver 38 MM Sea Turtle Conservancy

Again in 2021 the brand created a special model dedicated to its partnership with the Sea Turtle Conservancy (STC): a stylish diver's watch with an anti-magnetic Nivachron™ balance spring and embossed STC logo. Both watch and packaging are dedicated to a good cause – the box is made entirely of sustainable materials.

DS Super PH500M

With a sporty retro style inspired by a watch from 1968, this high-performance diver's watch makes a great impression. The 2020 model that preceded it was developed jointly with the German diving association VDST. Numerous features make it the ideal partner on land and underwater, among them the anti-magnetic Nivachron™ balance spring, a NATO strap based on recycled plastics and water resistance to 50 bar/500 m.

DS Powermatic 80

The latest three-hand model combines the elegant style of the 1940s with contemporary features. Bracelets can be changed at any time thanks to the quick-change system, and the innovative Powermatic 80 movement offers superior precision, a power reserve of 80 hours, and, thanks to the Nivachron™ balance spring, increased resistance to magnetic fields.



HISTORY & KNOW-HOW

TRENDS

The year 2021 was marked by several events testifying to the wealth of Mido's watchmaking expertise, including the auction of the iconic Mido Bugatti, whose case echoed the shape of a Bugatti grille, which once belonged to Ettore Bugatti, at a price of nearly CHF 300 000.

With the launch of the Multifort Patrimony, Mido paid tribute to its very first chronograph, the Multifort Multichrono from 1937: it combines the exact look of the original model with a movement driven by the best contemporary technology.

Finally, after the huge success of a first 2020 reissue, Mido proposed a new version of the Ocean Star Decompression Timer 1961 model. The strong codes of the vintage watch, i.e., the multicolored decompression scale, the "glassbox" sapphire crystal and the rotating bezel, were revived. Numerous bloggers around the world took part in the promotion of this exceptional timepiece.



CREATION

Ocean Star

To mark the resumption of the high-flying diving championship, Mido launched the Ocean Star 200 Red Bull Cliff Diving Limited Edition watch, thus reinforcing the vision and values that link it to the sport: aestheticism, a taste for performance and a sense of precision. This unique model, equipped with a Caliber 80 protected by a screw-down caseback engraved with the Red Bull Cliff Diving logo, offers water resistance to 20 bar (200 m) and a power reserve of up to 80 hours.

Commander

With its Commander Gradient, Mido dared to do the unexpected: it revealed the workings of the Caliber 80 movement through a transparent dial with a smoked gradation, a first for this collection. Precise and clean, the aesthetics of the Commander Gradient display contrasts: a polished black bezel, a satin-finish black case and bright orange touches on the hour-markers and hands – a reference to the brand's emblematic color.

Rainflower

The Mido Rainflower Coloris is a daring limited-edition watch with a sparkling iridescent mother-of-pearl dial adorned with eleven different shades of topaz. A rose-gold-colored PVD case and a comfortable matching bracelet in polished metal complete this perfect and radiant combination. Its feminine sensibility is complemented by the cutting-edge technology of the Caliber 80.

Baroncelli

The elegant and precise Baroncelli Chronometer Silicon embodies the purest Mido watchmaking spirit and is available in two new perfectly-matched versions. The signature of Baroncelli watches, a blued steel large seconds hand, sweeps across the slate-like dial. The women's version, with a diameter of 34 mm, features 12 diamonds; its men's counterpart has a diameter of 40 mm. Also equipped with the Caliber 80 – with a silicon balance spring guaranteeing great reliability and a power reserve of up to 80 hours – these COSC-certified watches give time its true measure: timelessness.

PRESENCE

Eager to strengthen its presence on an international scale, Mido took advantage of great opportunities by creating new partnerships.

In China, Mido is proud to be associated with the famous actor Ryan Zheng, the brand's new ambassador. He supported the promotion of the Commander Gradient, the flagship model of many roadshows, during an event. In the rest of Asia, Mido chose the South Korean actor Kim Soo-Hyun to enhance its renown.

In Mexico, the Commander collection was promoted through the #GoBig #DreamBig concept. A positive message was spread in collaboration with three friends of the brand, each sporting a watch from the collection, who invited everyone to celebrate each step toward achieving their dreams.

As Official Performance Partner of the Red Bull Cliff Diving World Series, Mido presented its new Ocean Star 600 Chronometer at the final event, which was held in Polignano a Mare, Italy.

The brand expanded its visibility with three new stores. The first Mido store in the Swiss market opened in Interlaken. In Mexico, the seventh boutique was inaugurated in the Perisur shopping center (Mexico City), in the presence of Juanchi Torre, Marco Tostado, Grettell Valdez and Alexander Acha, friends of the brand. In China, on Shanghai's famous Nanjing Road, 60 m² of space with a unique architectural atmosphere is now dedicated to Mido's most beautiful creations.

The brand also developed its online sales, launching five new e-commerce sites in Italy, France, Switzerland, Mexico and Japan.



HAMILTON: LEVEL UP!

TRENDS

Hamilton has been at the heart of cinema for decades and has a global reputation for celebrating the film industry's on-screen and behind-the-scenes heroes. In 2021, Hamilton took its storytelling to the next level: a bespoke timepiece was integrated into the world of Ubisoft's action-packed video game FAR CRY® 6. Built for action, not only in-game but also in real life, the military-inspired wrist gear continued the evolution of Hamilton's cinematic partnerships with a successful media campaign that reached new and existing global audiences.

CREATION

Ventura Elvis80 Skeleton Auto

The Ventura Elvis80 Skeleton Auto, an evolution of an enduring and visionary classic, celebrates cutting-edge watchmaking in all its forms with a striking view of the movement mechanics through its skeletonized dial. A futuristic legacy of the world's first electric watch launched in 1957, this Ventura is an icon for contemporary forward-thinkers.



PSR MTX

In 1970, Hamilton debuted the world's first digital watch – a timepiece described as “unbelievable” by an incredulous audience. Over 50 years later, the brand is still celebrating its belief in the unbelievable with the Hamilton PSR MTX. Inspired by a digital universe that challenges the status quo, the limited-edition watch was met with immediate success and quickly sold out.

PRESENCE

Hamilton Behind the Camera Awards

Once again, the brand hosted the 11th Hamilton Behind the Camera Awards in partnership with *LA Confidential*. Held in November, A-list actors, including Javier Bardem, Kristen Stewart, Mahershala Ali, Jake Gyllenhaal, Awkwafina and Regina King, took the stage to honor their off-screen colleagues. The star-studded Hollywood event received national and international media coverage.

Air Zermatt

With its Khaki Aviation Converter Automatic Chronograph in a limited edition, Hamilton celebrated a partnership of more than a decade with Air Zermatt. Launched at a VIP press and retailer event in Zermatt, the unique piece honored the heroics of the men and women dedicated to aerial rescue in one of the world's most extreme environments. The highly technical watch reflects the brand's continued commitment to serving the daring aviators of tomorrow.

Intra-Matic Chronograph H

The Intra-Matic Chronograph H, designed to measure moments and minutes, introduced a new hand-wound chronograph movement to one of Hamilton's most successful American Classic families. The vintage-inspired favorite is an authentic timepiece for the wrist, the heart and the soul.

Khaki Field Mechanical Bronze

One of the most successful product launches of the year featured Hamilton's first-ever bronze case. A celebration of its military heritage, the Khaki Field Mechanical Bronze's unique story unfolds with each wear as its case develops a distinct patina over time. Powered by the exclusive hand-wound H-50 movement, this authentic 38 mm favorite was widely acclaimed by press, retailers and customers.

Khaki Aviation Pilot Pioneer

From pocket to wrist, Hamilton's newest pilot watches celebrate the brand's military and aviation heritage. Inspired by the WWII-era Model 23 pocket watch, the three Khaki Aviation Pilot Pioneer models feature a combination of vintage aesthetics and contemporary technical features.

Hamilton x Janie Bryant

Hamilton's support of behind-the-scenes talent came full circle in an exciting collaboration with costume designer Janie Bryant. The former Hamilton Behind the Camera Award winner, known for her work on hit TV series like *Mad Men* and *Why Women Kill*, transformed three signature Hamilton timepieces into more contemporary styles. The six-piece capsule collection was launched at a VIP event in Hollywood to the watch press, entertainment and fashion media, and top retailers.



TIME TO CREATE AND COLLABORATE



Spending time with fans all over the world was top of the Flik Flak agenda in 2021. Intensive retail activity and timely collaborations ensured that every second counted.

Flik Flak dressed for success all year, teaming up with like-minded partners. Inspired by crocodiles and watermelons on the *Seaulater* and *Melonade* watches, *Victoria Shoes* launched fun footwear for minis in the spring. Color met comfort and extra chic came with a free tote bag offered when the sneakers were sold with a matching Flik Flak watch. French childrenswear brand *Tartine et Chocolat* came on board in the fall, presenting a special pack containing a matching floral-print watch, bracelet and pouch. As Expo 2020 Dubai pledged to connect minds and create the future, Flik Flak was on the scene in the Swatch pavilion with two watches featuring mascots Rashid and Latifa. And what better way to showcase the creativity of the future than with a space-themed drawing contest inspired by the Space Trip collection? Kids across Switzerland jumped at the chance to win a bodyflight or trampoline experience.



Flik Flak loves to host live events. The highest Flik Flak party ever took place in the Taipei 101 tower, while Germany created an event to launch the *NASA 3-2-1 Lift Off* watch. A friendly witch entertained guests at a Halloween party in Milan, where kids crafted treats in the form of candy bags and masks. As temperatures dropped, Flik Flak collaborated with influencers, parents and fashion editors in Toronto, inviting guests to get their skates on and take an icy spin.

Flik Flak is always keen to make fans everywhere feel welcome and at home in its colorful retail locations. The Corso Vercelli Swatch store in Milan got a special new kids' area and more Flik Flak corners are planned in other stores. Space-themed windows in Switzerland and Germany fired a wave of creativity to promote holiday gift-giving. As the countdown to the festive season began, store windows in Bordeaux, Frankfurt, Hamburg, Lille, Paris, Turin, Warsaw and Zurich drew people indoors to enjoy and purchase the gift of time.

EMOTIONS SHARED

Tourbillon Boutiques, located in Switzerland, Russia, Turkey, the Netherlands, and the United States, are privileged to offer some of Swatch Group's most fascinating brands.

The eye-catching creations of Breguet, Harry Winston, Blancpain, Glashütte Original, Jaquet Droz, Omega and Swatch attract the attention of a faithful and devoted clientele. Close partnerships with the brands enable Tourbillon to provide an impressive selection and superior service.

In 2021, Tourbillon introduced the newest creations in the familiar environment of the boutiques or during individual and private presentations. Each location has become a destination for watch connoisseurs and a reference for hospitality and expertise.

Loyal clients were invited to visit the manufactures of the brands, where the full extent of art, artisanship and innovation were on display, explained by the craftspeople and artists themselves. These exclusive visits strengthened the bond between clients, brands and Tourbillon by sharing their passion for fine watchmaking. Clients attended private screenings of the latest James Bond film in collaboration with Omega. Once again, the world's favorite spy did not disappoint a captivated audience and thanks to the brand's exceptional support, Tourbillon's guests enjoyed the long-awaited event.



Passion for the brands' values and their masterworks, along with personalized service, again led to the sale of some exceptional timepieces including a Breguet Classique Tourbillon Extra-Plat, Harry Winston's Ocean Biretrograde Black & White, an Alfred Helwig Tourbillon 1920 by Glashütte Original, a Loving Butterfly Automaton by Jaquet Droz, Blancpain's bold Fifty Fathoms X Fathoms and an Omega Speedmaster Caliber 321 in platinum.

Proximity and attention to detail combined with an individual, warm touch were once again keys to Tourbillon's success.



A YEAR OF REVIVAL



In 2021, Hour Passion, Swatch Group's multibrand watch and jewelry retailer specializing in the segments ranging from entry-level to luxury, continued its operations and development within a business climate that remained complex and affected by the slowdown in international tourist traffic.

At Milan's Malpensa Airport in Italy, a completely renovated Hour Passion boutique was inaugurated in a new location in the Schengen Area in Terminal 1B.

In Japan, in addition to a multibrand boutique, Hour Passion extended its offering to travelers at Kansai Airport with a luxurious Omega point of sale in Terminal 1.

With the completion of the connecting building between terminals 2B and 2D, a third Swatch store opened at Paris Roissy-CDG airport.

In Germany, Hour Passion was finally able to implement all its concepts for Berlin Airport. Scheduled to open in May 2011, the three stores had never been able to open to the public because various problems forced the airport's sudden closure within three weeks of its opening. After ten years of uncertainties, twists and scandals, the airport was finally inaugurated on October 31, 2020, and with it a new Swatch store. The Swatch "Delayed" watch specifically created for the inauguration is a playful nod to this incredible story. The other two planned Hour Passion stores opened in the summer of 2021.

By the end of 2021, the network had approximately 70 sales outlets in 20 countries in Europe, Asia and North America.

In response to the crisis situation, Hour Passion has been working on innovative solutions to stay close to its customers and markets. In terms of communication, the brand capitalized on numerous digital campaigns and internally, an online training program was successfully implemented.

With the benefit of a solid operating model and capitalizing on the new practices acquired during the crisis, Hour Passion continues to make progress in its core retail business while maintaining its focus on improving the customer experience.



SWATCH ART PEACE HOTEL



The Swatch Art Peace Hotel's focus on China-based artists enjoyed great success in 2021 and many new artists joined its community, whose members remained extremely lively and determined to stand united even in the most challenging times. They carried on the spirit that defined 2020, when the Swatch Art Peace Hotel remained open and hosted artists every single day of the year. With simple but effective safety protocols put in place, the community has been able to rebuild and maintain its signature energy, based on freedom, exchange and diversity.

To celebrate the project's 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 public discussions, from one about corporate cultural responsibility, hosted by Milan's prestigious Bocconi University and streamed to a worldwide audience, to a podcast called "Time of Art", telling the story of the project through an emotional report, also broadcast globally.



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 Mohammed El Marnissi from Belgium, for his project rich in creativity, innovation and extraordinary energy.

The Collezione Peggy Guggenheim and the Swatch Art Peace Hotel organized the closing, in January, of "SuperaMenti", a series of interactive workshops with contemporary artists – former resident artist Stefano Ogliari Badessi (S.O.B.) created "eyes of the laguna", a romantic and sustainable art project on water, aimed at younger audiences.

After a preview at the Locarno Festival in October, the very first traveling exhibition "WELCOME! 10 years of Swatch Art Peace Hotel" opened in the MAXXI contemporary art museum in Rome, the first step of a journey that will introduce the project throughout the world, always showcasing and staging artists' work and experiences as an integral part of the tale. The collaboration with MAXXI was alive throughout 2021, with several art talks and exchanges with artists. The revamped version of the exhibition traveled to Dubai in December for a period of four months, hosted at AlSerkal Cultural Foundation and giving top-notch visibility to the project and its protagonists in a unique, art-focused environment.





In 2021, several resident artists contributed their creativity to Swatch projects. For "Swatch Calling at Expo Dubai", they produced a Swatch X You canvas that allows customers to design their own Swatch watches in different creative environments, each celebrating the artist's country. South Korea's Dorothy M Yoon created a world of colors and positive messages, an explosion of energy and optimism, that became not only part of the store environments in Seoul and Shanghai, but also a set of Art Special watches, one of which is the Swatch Art Peace Hotel 10th anniversary celebration watch.

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, 45 artists were hosted in 2021, bringing the total number invited since its opening to 431 from 54 countries. Throughout the year, the Swatch Art Peace Hotel remained as inspiring, enriching, and inviting as it has been since it opened.



CITÉ DU TEMPS

The Omega Museum

The Omega Museum, which is now in its third year at the Cité du Temps location, continues to inspire visitors from around the world as it shares a fascinating, in-depth narrative that covers the iconic Swiss brand's entire journey through time, all the way back to its beginnings in the middle of the 19th century. Along with compelling showcases and immersive movies, there is plenty of interaction, ensuring that everyone will enjoy a hands-on Omega experience.

2021 highlighted the Museum's vast knowledge and its unparalleled Omega watch archive. For the Tokyo 2020 Olympic Games, the team delivered a number of vintage timepieces and timekeeping artifacts for display at the Omega Showcasing pavilion, while providing selected Olympic pieces for events and exhibitions in Omega's local markets.

Furthermore, the Museum once again proved to be a superb resource for the entertainment industry. A number of vintage Omega watches were loaned out for celebrities on the red carpet, and a separate selection of timepieces was provided for use in the upcoming film, *Wonka*.

For visitors to Biel, the Omega Museum is the ultimate way to explore the brand's passions and its most famous stories from 1848 to the present day. The on-site boutique also gives everyone a chance to purchase the newest watches and to see how the designs of yesterday have been transformed for the current collections.

If you've always imagined yourself as an Olympic Games athlete, you can try your skills on a nine-meter track, where Omega's Scan 'O' Vision MYRIA photofinish camera will capture you crossing the finish line.

You can then see over 100 years of women's watchmaking in the Museum's *Her Time* exhibition, which proudly shines a spotlight on the evolution of Omega's women's watches from early Lépine pendants to "secret jewelry watches" and today's latest creations.

With a lunar surface and a Lunar Rover parked nearby, guests can explore Omega's fascinating space story, and of course, for anyone wanting to get an inside look – literally – at the Speedmaster, the Museum houses a giant walk-in version of the brand's most iconic watch.

There's also a chance to see the timepieces worn by James Bond since 1995, and to step inside the magic of Co-Axial technology, to see exactly what makes Omega watches unlike any others on Earth.





PLANET SWATCH

Dedicated entirely to the story of time seen through the eyes of two paramount iconic Swiss Made brands, Cité du Temps hosts PLANET SWATCH, the Swatch brand's color-happy "non-museum", on the second floor.

Not Your Regular Museum

Everyone who disembarks at PLANET SWATCH steps into an entertaining, cheerful and playful atmosphere where videos, interactive games, art, photographs – and even more impacting, over 6500 Swatch watches in full ticking mode – tell the colorful and eventful history of the brand. Contemporary showroom and archive at once, this non-conformist museum is a delight for anyone on a discovery trip as well as Swatch fans and historians of all ages. Explorers can choose their own paths, and enter the world of Swatch via what interests them most. Following the colorful art, sports, history, innovation or Flik Flak paths, among the numerous iconic models on display are legendary Swatch Art Specials designed by leading artists from around the world, historic prototypes, and event specials linked to the Olympic Games as well as Xmas, Valentine's and Mother's Day Specials. Center stage, of course, is given to the latest introductions in the Swatch collections. Creativity and imagination are on display throughout, inspiring many a guest to design and purchase their very own Swatch on the spot, thanks to the Swatch X You interactive installation, and the proximity to the one-of-a-kind Swatch Drive-Thru Store.

PLANET SWATCH evolved with some new features, including 3D and interactive elements, a big hit with younger visitors. The Innovation Pillar introduces the new generation of Swatch materials, and some popular products such as the SISTEM51 FLYMAGIC.

PLANET SWATCH by the Numbers

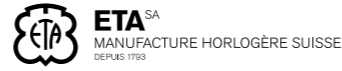
Since it was inaugurated on June 1st, 2019, PLANET SWATCH has welcomed nearly 100 visitors a day, six days a week: families, students from primary schools to universities, design lovers and Swatch collectors. More than 65000 fans and friends of the brand landed on the planet: the museum has proudly become a favored destination for Swiss and foreign tourists. PLANET SWATCH has also drawn noted celebrities and VIPs, among them Chinese pop star Karry Wang, representatives of the Swiss Council of States and Swatch Proteam athletes Matthias Dandois and Max Parrot. Former Swiss Federal Councilor Johann Schneider-Ammann also visited PLANET SWATCH as did current member of the Swiss Federal Council, Karin Keller-Sutter.



PRODUCTION AND ELECTRONIC SYSTEMS



After the Jack of trumps, the "Nell" (the trump nine) is the strongest and most valuable card. A simple nine is usually worth zero points, but the "Nell" brings it to a whopping 14!



ETA

ETA fulfilled its mission by adapting to a complex environment and was able to meet the expectations of the brands thanks to a rapid relaunch of production.

In order to provide mechanical movements with consistently-improving chronometric performance, ETA equipped itself with Chron15, a new fully-automated line dedicated to individual movement precision. It checks the movement in several positions and then adjusts its rate, using a laser, to the required level. Although the design of this line required a great deal of expertise, it was carried out entirely in-house.

At the same time, the rollout of movements equipped with a Nivachron™ balance spring, which is unaffected by magnetic fields, continued. The integration of this innovation into Mido's Baroncelli automatic caliber 80 model (ETA C07.611) enabled the brand to present its customers with a non-magnetic option for the first time. This enables ETA to offer entry-level and mid-range brands the opportunity to consolidate their positions in a highly competitive market.

ETA continued its strategy to develop new eco-friendly materials. After the 2020 launch of the Swatch BIORELOADED, made from castor oil-based plastic, the company reached a new milestone in 2021 with the production of Swatch BIOCERAMIC, an innovative material composed of bio-sourced plastic and ceramic powder. The efficiency of the tests and research carried out on this project have enabled the production of these two eco-friendly watch models on the same production and assembly lines as the traditional Swatch.

In the same vein, constant efforts are being made to reduce the company's ecological footprint. Most notably, a project to optimize the recycling of plastic waste was launched.



**SWATCH
BIG BOLD BIOCERAMIC**



Hands ↑

The hands of the TIGER POWER 2022 are manufactured on the production line in strips, without any piece-by-piece handling; however, they undergo a complete final aesthetic check, which ensures an impeccable finish.



Battery →

Silver oxide button cells have a high energy density and a stable operating voltage, making them the preferred power source for quartz watches such as the Swatch BIG BOLD TIGER POWER 2022. Renata has been producing silver oxide batteries since 1974, which means that it has unique know-how in this field. Since 2010, Renata has been producing mercury-free silver oxide batteries exclusively.



Quartz DS26-L3N ↑

In a quartz watch, time is divided by a quartz oscillator vibrating under the effect of electrical energy supplied by a battery. Micro Crystal manufactures the quartz used in Swatch watches by photolithography on its production lines in Switzerland. The long-term stability and the low power consumption of the component are guaranteed because the quartz is in a hermetic vacuum-sealed package.

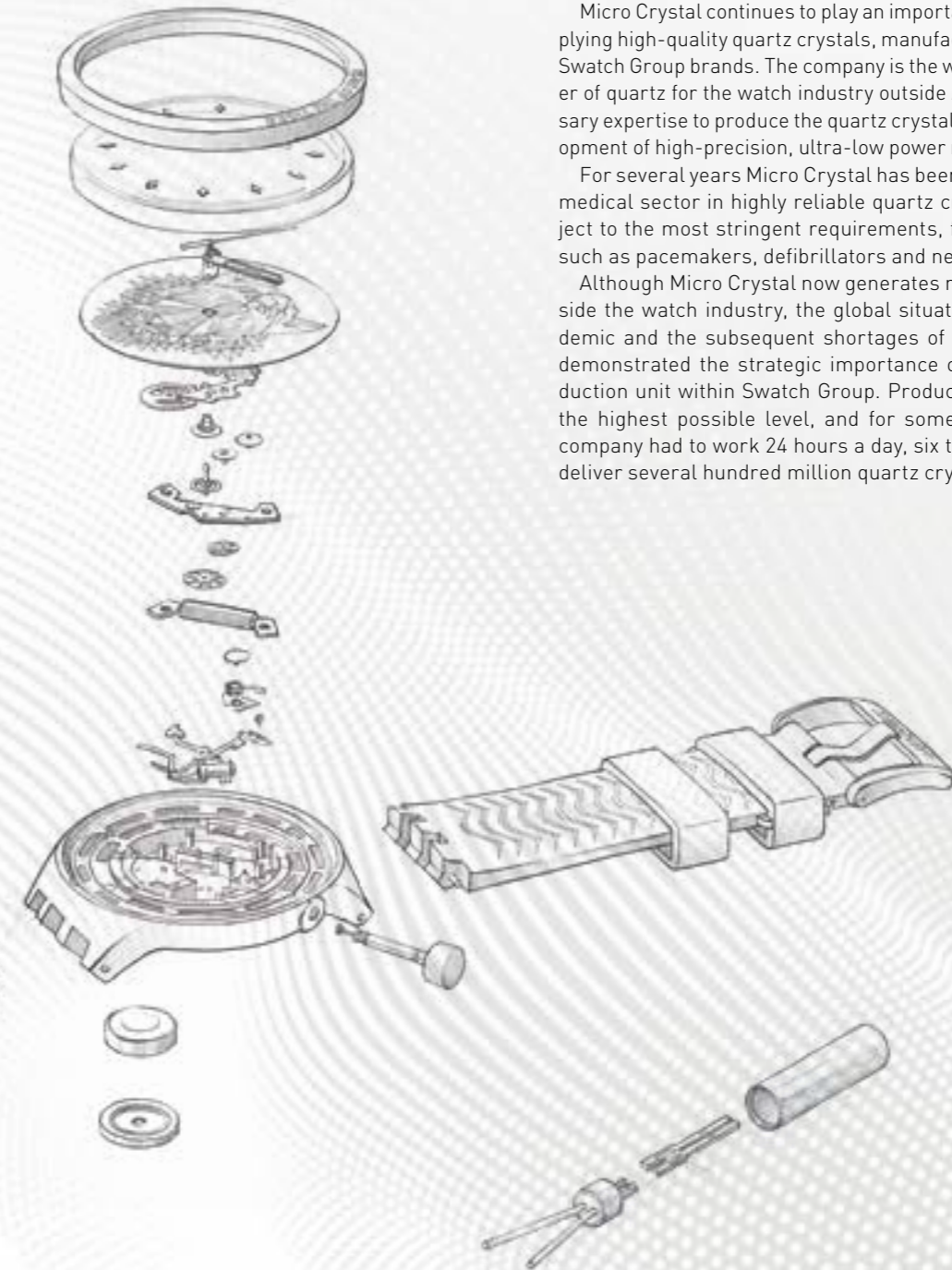


MICRO CRYSTAL

Micro Crystal continues to play an important strategic role in supplying high-quality quartz crystals, manufactured in Switzerland, to Swatch Group brands. The company is the world's only manufacturer of quartz for the watch industry outside Asia and has the necessary expertise to produce the quartz crystals required for the development of high-precision, ultra-low power miniature modules.

For several years Micro Crystal has been the world leader in the medical sector in highly reliable quartz crystals, which are subject to the most stringent requirements, for implantable devices such as pacemakers, defibrillators and neuro-stimulators.

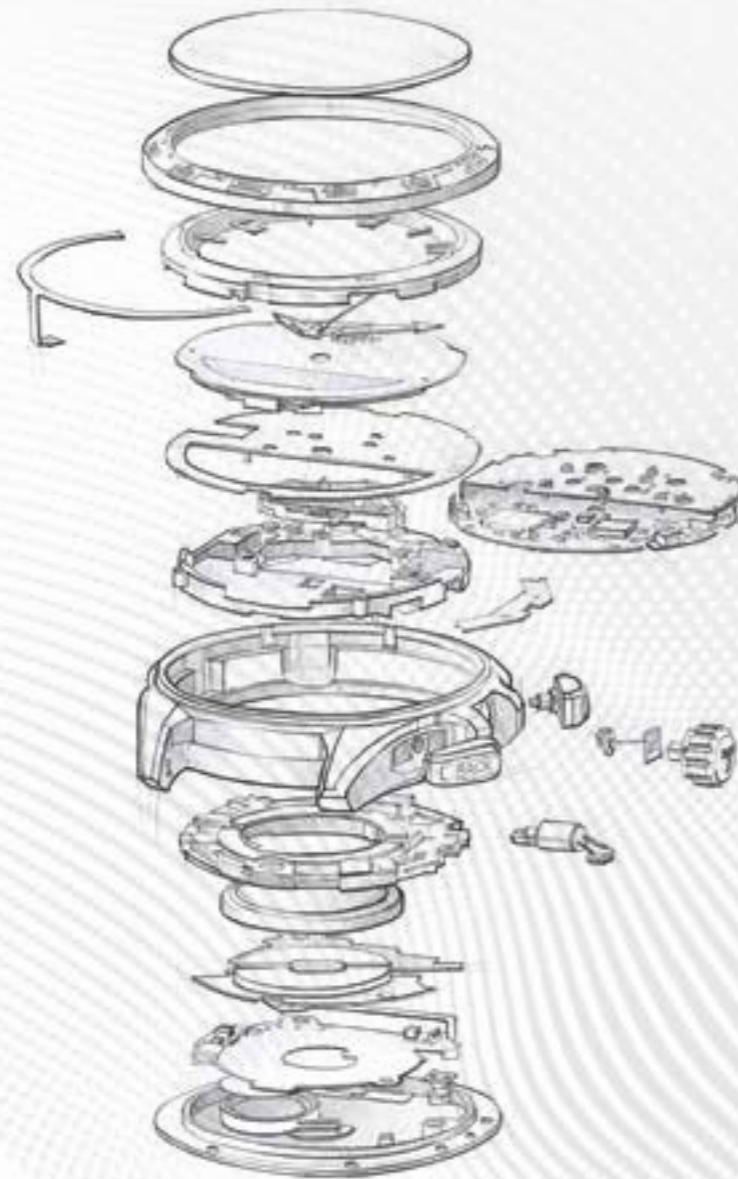
Although Micro Crystal now generates most of its turnover outside the watch industry, the global situation caused by the pandemic and the subsequent shortages of electronic components demonstrated the strategic importance of having a quartz production unit within Swatch Group. Production was maintained at the highest possible level, and for some production steps, the company had to work 24 hours a day, six to seven days a week, to deliver several hundred million quartz crystals.





Caliber E32.001 →

Following the 2020 launch of the Tissot T-Touch Connect Solar (ETA E32.001 equipped with the proprietary Swiss Made operating system), ETA continued the development of this first connected watch in 2021. The production of the various versions required to extend international distribution was a major challenge that ETA successfully met. This *tour de force* proved that the company's transformation, particularly in digital skills, has been a success that enables it to respond positively to the brands' new needs. At the same time, this pioneering project paved the way for considerable advances in the fields of data security, tracking and navigation. It represents the excellent collaboration between the different Swatch Group production companies, as well as a new and successful partnership between Swatch Group and the CSEM (Swiss Center for Electronics and Microtechnology).



RENATA

For the Swiss specialist in micro-batteries, 2021 was a very successful year with many innovations. Renata expanded its special range for the medical technology sector. The company was also able to develop new lithium primary cells that achieve the best values in the world in terms of capacity and current-carrying capability. This will further strengthen the company's competitiveness in the coming years. With the conclusion of important agreements and supply contracts with customers in the medical technology sector, Renata reached a significant milestone and the first deliveries have already been made. This encouraging development is due, among other things, to the newly installed production equipment for silver oxide cells, which ushered in a new era of manufacturing technology and was developed in close collaboration with CSEM (*Centre suisse d'électronique et de microtechnique*), Asulab and ETA.

← Battery

The ICR2430 rechargeable battery produced by Renata is a masterpiece both in terms of its charging capacity and the number of recharging cycles. After more than 500 cycles, the charge capacity is still over 80%. In addition, this button cell is particularly resistant to extreme temperatures, making it the perfect battery to accompany the Tissot T-Touch Connect Solar on all its adventures.



THE SWATCH GROUP ASSEMBLY

The Swatch Group Assembly (TSGA), Swatch Group's southernmost company in Switzerland, acquired two CNC machines, which manufacture tools and accessories in-house to make production work increasingly efficient. TSGA is also expanding its stock offer and its operational testing services for the brands. The development of lean manufacturing methodology was extended for its second year of implementation across all Longines departments.

In 2021, The Swatch Group Assembly strongly committed itself to consolidating synergies with Novi, in order to guide the development of a Profit Center aimed at pooling knowledge and assembly processes, and to open up an ever more intensive channel of communication and exchange between Ticino and French-speaking Switzerland.

Final assembly workshop ↓

A specialist in watch finishing, The Swatch Group Assembly ensures the assembly of the bracelets as well as the packaging of this first Swiss Made connected watch.



**TISSOT
T-TOUCH CONNECT SOLAR**



EM MICROELECTRONIC

Despite a turbulent period for the worldwide semiconductor market, marked by dramatic supply disruptions and unprecedented global production capacity shortage, EM Microelectronic experienced the best year in over a decade thanks to a solid growth in line with the global trends in its industry. The company delivered outstanding operational performance, thanks in particular to its front-end fab in Switzerland.

Leveraging its core competencies developed for serving Swatch Group's watchmaking needs, EM uses technology bricks for Timing, Energy, Sensing, Interfaces, Communication and Customization, to develop True Ultra-Low Power (TULP) products for Green IoT and user-friendly smart objects. Its solid industrial footprint and Swiss-quality, bespoke solutions make EM's customers unique in their very competitive markets.

In 2021, EM Microelectronic supported several key Swatch Group programs with essential technology bricks and manufacturing operations. These included the ramp-up of the new Tissot T-Touch Connect, as well as the 50th anniversary Hamilton PSR, integrating a broad array of EM technologies, from display to touch sensors and energy harvesting.

EM's business portfolio renewal continued its healthy journey, with more than 25% of 2021's business coming from new opportunities acquired over the past three years in new markets.

One of the major trends of 2021 was the wireless business growth, driven by the success of the EM9304 Bluetooth Low Energy IC deployed in numerous applications requiring connectivity in extremely small form factors and severe power consumption constraints. EM is currently introducing its next-generation flagship product, EM9305, scheduled for mass production in 2022 and backed by solid customer demand in several segments.

As a Swiss company with a watchmaking DNA and a core activity in ultra-low power microelectronics, EM has been at the forefront of the societal drive for sustainability for more than 45 years. Loyal to this credo and to this core specialty, EM published its first Sustainability Report in 2021.

Module →

Seven minutes. That's all it takes to get the T-Touch Connect Solar fully charged and ready to go using ambient light, thanks to a remarkable technological breakthrough developed by EM Microelectronic exclusively for Tissot. The advanced photovoltaic cells technology, paired with a Renata rechargeable battery, has been adapted to power a watch under any lighting conditions. The electronic components such as a Memory in Pixel display (MIP), a light source for the MIP, and the hand motor have outstandingly low power consumption, turning these seven-minute charges into a near perpetual power reserve unmatched by any other connected device. Rubattel et Weyermann prints the Tissot logo on the complex dial.

Chip ↑

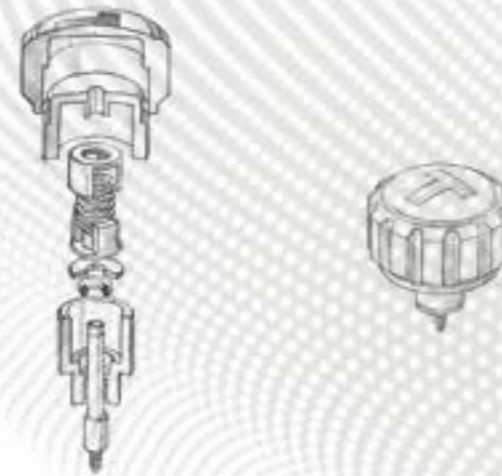
A chip is a very small piece of silicon containing millions of tiny electronic circuits. It is an essential part of a computer, smartphone, automobile or an electronic watch. Making chips is an extremely complex process requiring thousands of very precisely controlled steps that result in photolithographic patterned layers of various materials built one on top of another.

The Tissot T-Touch Connect Solar relies on several EM chips for the key electronic functions of timekeeping, driving the display and watch hands, harvesting the solar energy for its power reserve and others. As an example, the ultra-low power Touch Sensor Interface IC designed and manufactured by EM in its factory in Marin is able to scan up to 16 capacitive sensors sequentially, enabling the watch to operate a number of functions including, among others, perpetual calendar, countdown, chronograph, alarm, weather, and altimeter as well as newly integrated features like the activity tracker and message and call notification.

The user experience is enriched by cutting-edge touchscreen technology, protected under a sapphire crystal made by Comadur and integrated by EM Microelectronic.



TISSOT
T-TOUCH CONNECT SOLAR



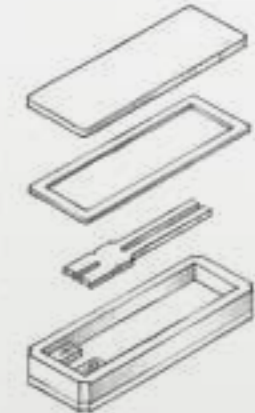
Electronic crown ↑

The Tissot T-Touch crown is both a crown and a pusher and can withstand around 400000 cycles, compared to only 10000 for a traditional crown. In addition to this technical achievement, water-resistance is guaranteed with a single seal.



Hands ↑

The hands for the Tissot T-Touch are manufactured on the production line in strips and are then finished as individual parts directly in the Universo factory before being delivered for assembly.



Quartz CM7V-T1A ↑

Quartz watches are extremely precise thanks to their high vibration frequency (32 kHz). Quartz movements are highly resistant to environmental stresses. The CM7V-T1A is a miniaturized version in a high-quality vacuum-sealed ceramic package, which guarantees its long-term stability and low power consumption.



**BLANCPAIN
LADYBIRD**

MOM
Manufacture de Montres de la Vallée de Joux

MOM LE PRÉLET

Following the creation of a traditional and technological enamel workshop in 2020, MOM Le Prélet successfully continued the transfer of the Group's Prestige activities at the beginning of the year with the integration of *guilloché* work, selective masking and manual satin-brushing. MOM Le Prélet specializes in high-end dials and is equipped with a versatile machine fleet which enables it to work with batch sizes ranging from one-of-a-kind models to medium-sized series.

In the spring, Glashütte Original was added to a customer portfolio that already includes Breguet, Harry Winston, Blancpain, and Jaquet Droz.

In 2021, with the acquisition of more than 3000 m² of land adjacent to the current site, an extension project was being studied in order to offer collaborative development and production facilities that meet Swatch Group requirements. In a future building that respects environmental standards, the objective is to combine modern technologies with traditional know-how.

Dial ↓

The choice of a dial is based on strict criteria and that of the Blancpain Ladybird reflects an elegant balance that shows neither too much nor too little. MOM Le Prélet applies a wide range of techniques to this delicate mother-of-pearl dial adorned with 58 brilliant-cut diamonds, transfers and gold indexes supplied by Nivarox-FAR.



Bezel and case-middle setting ↑

At DYB, *haute joaillerie* meets *haute horlogerie*. The purpose of the setting is to attract the eye and to enhance the watch. Adorning the case middle and the bezel with carefully selected precious stones requires the highest level of precision. Gem-setters take the nature of the gems and the case metal into account and use a range of techniques to achieve an impeccable finish.

DYB

DRESS YOUR BODY

In 2021, DYB consolidated its positioning in the high value-added watchmaking industry. While gem-setting remains its core business, the complementary know-how acquired over nearly 20 years in the jewelry field (*grand feu* enameling, beveling, engraving and casting) also enables it to offer its prestige customers exceptional finished pieces and artistic and innovative developments, from design to mass production. The automatic setting technology, which was integrated at the end of 2019, already offers very promising prospects for reducing costs on medium and large series over the next three years.

In the high-end segment, dial personalization and the fitting of hour-markers set with colored stones have proven to be services appreciated by Harry Winston, Breguet, Blancpain, Jaquet Droz and Glashütte Original.

In research and development, DYB remains active in the search for manufacturing processes using new materials and continues to devote time to the application of innovations, notably by taking part in micromachine projects in the machining and polishing sector (MicroFactory).

SIMON & MEMBREZ
HABILLAGES HORLOGER HAUT-DE-GAMME

SIMON ET MEMBREZ

The reorganization of the management along with the first phase of the updating of the machine fleet with new technologies facilitated improved support of the reliability and the efficiency of Simon Et Membrez's processes, as well as the enhancement of its employees' tasks. The company also initiated various industrial, commercial and communication projects in order to offer new services and innovative products. From now on, the strategy will be focused on Prestige with greater stability, always prioritizing customer satisfaction.



Bracelet ↑

Fluid and refined, in gold or steel, the Blancpain Lady Villeret Quantième Phase de Lune bracelet, known as the *mille mailles*, is a technical feat both in terms of the number of its links (531) and the many different sizes of its components. The construction is complex and requires the well-thought-out arrangement of eleven inner links with twenty different outer links. These links are held in place invisibly by fine pins that create perfect rows. Assembled and finished entirely by hand by Simon Et Membrez craftsmen, the bracelet is the perfect accompaniment to the elegant timepieces in the Villeret collection.



← Hands

The Lady Villeret has high-end gold hands whose machining and finishing operations are all carried out on a piece-by-piece basis.



**BLANCPAIN
VILLERET**

UNIVERSO
Manufacture d'aiguilles de montres depuis 1909

UNIVERSO

Universo has taken advantage of the last few years to create and improve its industrial processes for the production of appliques and indexes. The great advances made in this field enable the company to be increasingly competitive.

Thanks to the strengthening of skills in the field of laser cutting and processing, considerable productivity improvements were achieved. A new generation of cutting tools ensures stable quality and supply for larger volumes. At the same time, the strategy of developing small series with flexible production methods has made it possible to respond to the growing product mix.

From a technical perspective, Universo launched a number of projects in 2021 to enhance its offering in the different coloring technologies and in decoration, most notably in the area of selective decoration.



NIVAROX-FAR

In order to manufacture all the components needed to produce mechanical watches, Nivarox-FAR relies on the specific know-how of the traditional microtechnology trades, combined with new cutting-edge technologies, such as laser cutting, silicon or LiGA – a process combining photo-lithography (photo-resin structuring) and electroplating.

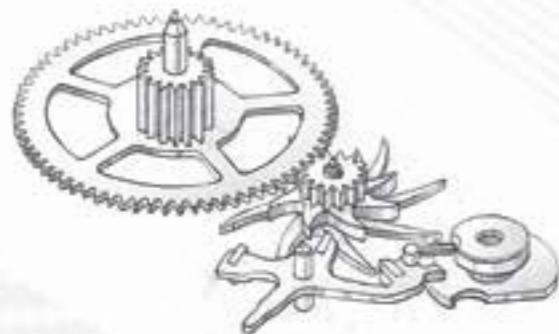
At the same time, Nivarox-FAR continues to expand its range of training courses by offering apprenticeships in an ever-increasing variety of professions: surface treatment assistant, electroplater, physics laboratory technician, watchmaking operator, commercial employee, computer scientist, production mechanic, micro-mechanic, polymechanic, mechanical technician, operating agent and logistics specialist. All of these apprenticeship positions are renewed, or even expanded, at the beginning of each academic year.

2021 was also marked by an important resumption of activity in the Nivarox-FAR precious metal foundry with the creation of patented alloys specific to the needs of Harry Winston, Breguet, Blancpain and Omega.

In the wake of the ethos instilled by Swatch Group, in addition to the RJC (Responsible Jewellery Council) certification, Nivarox-FAR is working on numerous projects to minimize its environmental impact through the use of lead-free materials, while at the same time limiting the consumption of water and fossil fuels.

Co-Axial escapement ↑↓

The escapement, the heart of all mechanical watches, regulates the oscillations of the balance wheel. Developed in close collaboration with Omega, the Co-Axial escapement has the advantage of reducing friction and increasing the rate of the watch's operation over the years. Notably, the Omega Master Co-Axial caliber is resistant to magnetic fields of 15000 gauss thanks to its silicon balance-spring and the use of the Nivagauss™ alloy developed by Nivarox-FAR in 2013.



MICROTECHNIQUE
COMPOSANTS DE HAUTE HORLOGERIE

CHH MICROTECHNIQUE

In order to optimize the entire production process, a decision was taken to build a new factory for CHH Microtechnique to consolidate the six industrial production sites, which have been spread across the Vallée de Joux, under one roof. The acceleration of the work in 2021 will allow a progressive occupation of these new premises in the course of 2022.

In addition, major investments have enabled the modernization and renewal of some of the machinery, including the acquisition of the latest-generation softening and polishing stations, the automation of certain presses and the improvement of the laser cutting machine.

An organization of the production lines was created at the end of the summer of 2021 and, following its trial phase, will be implemented in the new structure.



OMEGA
DIVER 300M CO-AXIAL
MASTER CHRONOMETER



Caliber Omega 8806 ↑

This exclusive automatic movement has been certified as a METAS-approved Master Chronometer. It resists magnetic fields of up to 15000 gauss and is equipped with a free sprung balance with a silicon balance spring and a Co-Axial escapement.

Two other developments in exclusive calibers enhanced the brand's collections in 2021: the Omega 8802/8803 Constellation with small seconds and the Omega 8934/8935 De Ville Trésor with small seconds and power reserve display.



← Oscillating weight

In previous Omega Seamaster James Bond models, the oscillating weight, which recharges the barrel spring with wrist movements, was decorated with the iconic secret agent's signature "007" motif. This detailed finish, combined with ultra-precise manufacturing, is a fine example of CHH's expertise.



RUBATTEL ET WEYERMANN

Rubattel et Weyermann, in its position as an industrial dial maker and driven by its lean manufacturing approach, continued its quest for excellence in 2021 by focusing on each and every production stage in a quantified and measured way.

The company introduced new technologies for – among other processes – the complete machining of dials, automatic monitoring and the automation of anodizing. A new surface treatment line was put into operation, allowing the company to dispense with acetone and, in the long term, other sensitive products. In addition, the success of PVD (Physical Vapor Deposition) technology enabled expanded capacity aimed at meeting the growing demand from the brands, both in terms of volume and color range.



Dial ↑

Also known as the "face of the watch", the dial gives a watch its personality and features numerous indications such as the hours, minutes, seconds and date. The Longines HydroConquest's elegant dial is made of ceramic. Its matt finish is created with a laser treatment, while the applied Arabic numerals feature a housing containing the luminescent material. The iconic wings of the brand's logo are also applied, while the minute track and markings are transferred.



Caliber A31.L11

Just 3.85 mm thick, this self-winding movement has a silicon balance spring with non-magnetic characteristics. It has excellent chronometric properties and a 72-hour power reserve.

In 2021, thanks to the exclusive development of the L893 caliber (ETA A31.501), the Heritage Classic model was equipped with a date indication and small seconds with a large pivot point distance.



LONGINES
HYDROCONQUEST



Barrel →

The barrel is a set of highly technical components consisting of a drum, a toothed cover and a central shaft around which a spring is wound. The performance of the barrel is essential for determining the autonomy (power reserve) of a mechanical movement. The industrialization and large-scale production of barrels and springs implemented at Nivarox-FAR since 2002 have allowed significant progress not only in terms of power reserve, but also in the regularity and constancy of energy distribution. These improvements make a concrete and positive contribution to the chronometry (precision timing) of mechanical watches.



LASCOR

LASCOR

Over the years, Lascor has strengthened its role as a manufacturer of high-end steel bracelets for Swatch Group brands. 2021 saw the industrialization, prototyping and large-scale production of steel links and clasps for important new models for such brands as Blancpain, Omega and Longines.

The complete verticalization of production now enables the processing of innovative materials in addition to standard steels. Indeed, these have been joined by, among others, nickel-free stainless steel and various titanium alloys.

Bracelet ↑

Designed to meet the criteria for robustness and reliability necessary in the marine environment, the Longines HydroConquest bracelet is made up of three rows of stainless-steel links shaped using the latest generation of milling machines. The central row is polished, while the side links are brushed (the finishing of these components is done by robot). To ensure the reliability of the bracelet, the links are laser-welded together. The clasp, equipped with a safety locking system, is particularly popular among divers.



**LONGINES
HYDROCONQUEST**



NOVI

As part of a refocusing of skills allocations, Novi transferred various T1 activities to other ETA sites. In the second half of 2021, Novi, along with The Swatch Group Assembly, participated in a project to create an Assembly Profit Center. This Center aims to provide Swatch Group with increasingly specialized and high-performance skills from T2 and T3 and to provide an assembly center in French-speaking Switzerland. Spaces and flows were redesigned and business relations with all brands were renewed, confirming the volumes from Blancpain, Omega, Longines, Mido, and Hamilton.

Water-resistance test ↘

For this movement, Longines can count on the combined assembly skills of The Swatch Group Assembly and Novi, who provide the casing, the dial, and the fitting of the hands as well as the final checks of this iconic diving watch. Indeed, each watch head undergoes a water-resistance test in a tank pressurized to 30 bar/300 m.



MANUFACTURE RUEDIN

In 2021, Manufacture Ruedin actively continued in its role of supporting the design of new products for Swatch Group brands.

For Omega, this collaboration bore fruit with the release of the James Bond Seamaster Co-Axial Master Chronometer as well as the Seamaster 300 family models with black and blue aluminum bezels. At Longines, efforts were focused on the HydroConquest family, with bezel color variants and the creation of the 39 mm case. At Rado, the Centrix family welcomed new L and S sizes for both quartz and automatic watches, as well as the development of the DiaStar 2.

Stemming from a constant concern to combat energy waste, the Jura manufacture has made a major investment to set up heat recovery from its air compressors (this recovered energy will be injected into the heating system of the production workshops). Filtration of machining oils after dewatering metal shavings has also been completed, thus greatly reducing the need for new oil to fuel the machines. Future projects to reduce energy consumption include eliminating the use of fuel oil.

Bezel ↓

The bezel is the rotating ring fitted on the case middle which, when rotating, can be used to record information such as the duration of an event. Manufacture Ruedin produces the bezel for the Longines HydroConquest in several stages. Three cut-out operations on a stainless-steel part make it possible to obtain the initial ring, while nine stamping operations give final shape to the bezel. Four grinding operations and an automated finishing operation prepare this shaped bezel to receive the ceramic disk produced by Comadur.



Case middle ↑

The case middle is one of the three main elements of the case: caseback, case middle (the part housing the movement) and the bezel. Starting with a stainless-steel plate, Manufacture Ruedin begins the manufacturing process of the Longines HydroConquest case middle, which includes five successive cut-out operations, seven stamping operations, three machining operations, one soldering operation and four finishing operations.



COMADUR

The vertical integration of ceramic production has successfully progressed at Comadur's Boncourt site. In addition, the development of new powder formulations has enabled the expansion of the colored ceramics range, which now includes more than 40 nuanced shades.

A Prestige cell dedicated to sapphire was completed at the La Chaux-de-Fonds (NE) site. Comadur also consolidated its manufacturing processes with the introduction of new five-axis simultaneous machining centers, enabling production of sapphire blanks with complex geometries, and new polishing machines specifically developed for Comadur, taking full control of the crystal polishing process. The use of PECVD (Plasma Enhanced Chemical Vapor Deposition) technology on the anti-reflective treatment line has consolidated the company's technological lead in this field.

Finally, the installation of an ultramodern laser machine park at the Col-des-Roches (NE) site facilitated the production of ceramic and sapphire components, as well as watch jewels, all at a controlled rate and quality.

Thanks to the combined efforts made during 2021, Comadur supported the Swatch Group brands and actively participated in the successful launches of numerous new products, including the Omega Seamaster Diver 300M Black Black, the Blancpain Fifty Fathoms Hodinkee and the Rado Captain Cook High-Tech Ceramic.



Crown ↑

The crown is a small part with multiple functions: it allows the wearer to wind a watch, adjust the time or change the date. It has to fit perfectly on the case. The crown of the Rado Captain Cook is an expression of MECO's great expertise in this field: design, functionality and an impeccable polished or micro-blasted finish.



Bezel and case middle ↑

The Rado Captain Cook case combines state-of-the-art processes and the assembly of components in high-tech ceramic materials developed and produced by Comadur.

The bezel produced from high-purity zirconia powder is compressed, sintered at nearly 1400°C and machined by ultra-modern 5-axis machining centers. It is then polished by tribofinishing, and the timer is engraved using the latest generation femtosecond laser.

The incorporation of polymer resin and Super-LumiNova® gives it an extraordinary legibility, ensuring the rotating bezel function of this exceptional diving watch.

Thanks to a complex injection process, the case middle is molded with near-definitive dimensions. Only functional dimensions are machined to guarantee the required precision for assembly of the other case components.

A silky matt finish completes the aesthetics of this central watch element, echoing the lateral zones of the bracelet which is also made from black zirconia by Comadur.



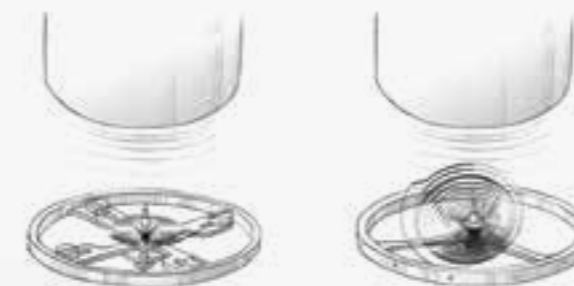
MECO

In its centenary year, MECO launched the MECO 2025 project. Dedicated primarily to the automation of the stamping, rework and polishing processes, it contributes to the reduction of throughput times through a variety of promising innovations. MECO was also able to maintain a high level of service thanks to the consolidation of the Forecasts project started the previous year. Finally, the strengthening of the technical offices allowed the filing of patents for technical innovations and concluded a three-year study on waterproofing with the re-compliance of old products. These new designs will have a tangible impact on the Group's brands.



Caliber C07.631 ↑

This automatic movement is equipped with a balance wheel with no ratchet mechanism and a Nivachron™ balance spring with non-magnetic features. With an 80-hour power reserve, it benefits from excellent precision stability thanks to the adjustment of the rate in the five main wearing positions.



Nivachron™ balance spring ↑

Nivarox-FAR is at the forefront of developing innovative alloys for the watch industry. An example is the patented titanium-based Nivachron™ balance spring in the Rado Captain Cook High-Tech Ceramic. Its non-magnetic properties give the watch several advantages, including increased resistance to magnetic fields and greater stability of precision in the face of the many magnetic fields encountered in everyday life.



RADO
CAPTAIN COOK
HIGH-TECH CERAMIC

SWISS TIMING,
CORPORATE, BELENOS



The most challenging Jass is arguably the *Sidi*. In this fascinating version of the game, each round, one of the teams decides which type of Jass will be played. There is not enough room on this page to explain all of the rules but in summary, it can be said that it involves bidding and bluffing and requires a healthy dose of good luck.



SWISS TIMING

Following a year's delay, Swiss Timing, working with Omega, delivered its high-end timekeeping and data handling at the Tokyo 2020 Olympic Games. Incredibly, its professionals carried out their tasks flawlessly with the full knowledge that only six months later, they would be in Beijing for the Olympic Winter Games. In addition to its usual timing, scoring and results distribution services, Swiss Timing delivered motion-sensing and positioning systems that collected real-time data, showing fans and commentators precisely how the athletes achieved their results. A new event, sport climbing, took advantage of the touch pad technology that has made such a splash in the pools. The climbers stopped their own times by hitting specially-adapted climbing touch pads at the top of the wall.

But Tokyo wasn't the only story. Working with Tissot, Swiss Timing again delivered its timekeeping services to all three Grand Tour road cycling races in 2021: the Giro d'Italia, the Tour de France and the

Vuelta a España. Tissot also reprised its role as Official Timekeeper for the NBA's 2020/21 season, which, due to the pandemic, operated under challenging circumstances. At the Diamond League's annual series of elite track and field meets, Swiss Timing and Omega recorded the performances of each world-class athlete. The FIS Alpine Ski World Cup returned to "business as usual" for the 2021/22 campaign and Swiss Timing was on the slopes with Longines during every nail-biting run. The International Swimming League (ISL), with swimmers from Europe, North America and Japan competing in an innovative team format, attracted new fans and raised awareness of its competitions, supported by Omega and Swiss Timing.

Swiss Timing loves a challenge and as 2021 came to a close, only a few weeks remained to the start of its second Olympic Games in six months. What a year!



MEN'S 100M FINAL
OLYMPIC STADIUM

RANK	LANE	BIB	NOC	NAME	TIME	B.T.
1	3	2426	ITA	L.M. JACONI	0.09	0.161
2	5	2040	USA	T. KERLEY	0.08	0.139
3	9	1425	CAN	A. DE GRASSE	0.09	0.155
4	2	2435	USA	A. SIMMONS	0.09	0.161
5	7	3953	USA	B. BAKER	0.09	0.168
6	6	1489	CHN	WU B.	0.08	0.167
7	8	2056	NGR	E. ADIGBOLE	DNF	
8	4	2951	GBR	Z. HUGHES	DQ	

Category: 100m Sprint (M) Men
 Venue: 01.08.2021 21:32:42 (EST)
 Photo: 01.08.2021 21:39:48
 Race ID: 18700008
 Version: 1.8

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SWATCH GROUP RESEARCH AND DEVELOPMENT

The Swatch Group Research and Development Ltd., founded in 2005, groups together 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 other Swatch Group companies.

ASULAB



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 advanced technologies and processes required for their manufacture. In 2021, Asulab was once again able to offer brands and manufacturers the benefit of its know-how and high-performance equipment for the production of original products, as well as for the industrialization of new processes and components.

The division consolidated its close contacts with the various Swatch Group companies, and adapted its technical program to the product needs of the brands, according to their priorities. The acquisition and implementation of new skills and technologies, which are essential to Asulab in order to open up new opportunities, were promoted through targeted collaborative work with renowned research institutes in Switzerland and abroad.

Thanks to Asulab's multidisciplinary skills and valuable collaboration with Swatch Group's internal partners, most objectives were achieved over the past year, despite a still tense health situation. Several products incorporated new phosphorescent mixtures with improved optical performance, in terms both of intensity and duration at night, as well as with regard to the esthetics of colors during the day. Another positive result was the creation of a green version of the hybrid digital display, both emissive (OLED) and reflective (LCD), for the iconic Hamilton PSR watch.

As part of the modernization of the production of another division, new equipment was designed, ordered and implemented with the process adaptations required for improving efficiency while avoiding supply interruptions and ensuring consistent product quality.

Other innovations were completed and will be industrialized for brands and factories. Significant developments in metal alloys and composites were also achieved and will soon enable the launch of original future products that meet market expectations.



MOEBIUS DIVISION

Moebius, whose mission is to produce lubricants and epilaemes used in the field of advanced microtechnology, is a division of The Swatch Group Research and Development Ltd. Its products are specially designed to meet the technical and specific requirements of the watchmaking industry. As part of its development and innovation program, and in order to meet the challenges of the future, Moebius has proposed a new lubricant for high-pressure contacts and new Fixodrop bottles better suited to the needs of watchmakers. Moebius actively collaborates with the Asulab division and Swatch Group companies such as ETA and Nivarox-FAR, Blancpain, Omega and Breguet.

CDNP



CDNP DIVISION (Centre de développement des nouveaux produits)

2021 reinforced CDNP's role as an incubator of innovative industrial technologies for the benefit of Swatch Group's manufacturing companies.

In particular, in the areas of machining and surface treatment of metal components, CDNP set up a platform for the industrial use of a disruptive polishing technology. It allows Swatch Group manufacturing companies to enhance their knowledge of this new process for finishing watch components, thus giving them exclusive competitive advantages. In addition, new machining technologies are currently being evaluated and integrated and may be available in 2022 in several Swatch Group component manufacturing units, ensuring a significant economic impact.

In 2021, substantial efforts were also made to introduce the new "Design thinking for digital" creative concept to Swatch Group brands and manufacturers. Several brands have already entrusted CDNP with the creation of digital twins of their products, which are then presented in the media - digital and print - and on e-commerce sites, where activity grew strongly during the year. The digitization of design, conception, construction and produc-

tion processes, as well as the additive manufacturing of materials such as polymers, metals or ceramics, offer brands a new field of expression for their products.

Drawing on Swatch Group's unique expertise in powder engineering, CDNP created new alloys and new additive processes that are currently being industrialized. The exclusive availability of these new materials and processes to the brands' product departments has already led to remarkable (r)evolutions, visible in several watchmaking products. With regard to additive manufacturing (3D printing), a training module was designed in collaboration with ETA in 2021 for the long-term inclusion in the curriculum for Swatch Group apprentices. Raising awareness among a wider public was also proposed in workshops led by CDNP.

CDNP's operational dynamics were thus refocused in 2021, while the internal consolidation of skills continued, driven by innovation at the exclusive service of Swatch Group's brands and production companies.



ICB INGÉNIEURS CONSEILS EN BREVETS

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

In 2021, ICB continued its efforts to identify technical innovations within the various Swatch Group companies and research and development divisions to ensure optimal protection of the Group's technological assets as effectively as possible. The filing of new patent applications to protect Swatch Group company developments, as well as providing support activities for Swatch Group companies in this regard, remained at levels similar to those in previous years.

ICB resorted to remote working for the first few months of the year for the majority of its employees and resumed face-to-face activities as soon as possible. The pandemic had no impact on the company's ability to provide all its services, in either 2020 or 2021.

This result is the fruit of the continuous awareness among those involved in research and development of the importance of patents in the strategy of an innovative company, as well as the maintenance of effective synergies between all the different Swatch Group and ICB company engineers and research teams. Once again, in the year under review, this collaboration was particularly important, both in the company's watchmaking and non-watchmaking sectors.

Significant 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 continued in a targeted manner, so as to cover the main markets and production sites.

Together 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.

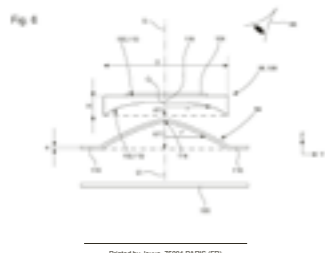
ICB's management maintained its strategy to control its own operating costs in 2021, while also focusing on controlling and stabilizing the operating costs inherent in maintaining and acquiring patent rights.

(19)		(11)	EP 3 842 875 A1
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(71)	Demandeur: Blancpain SA 1348 Le Brassus (CH)		
(72)	Inventeurs: • DEBAUD, Nicolas 1807 Bionay (CH)		

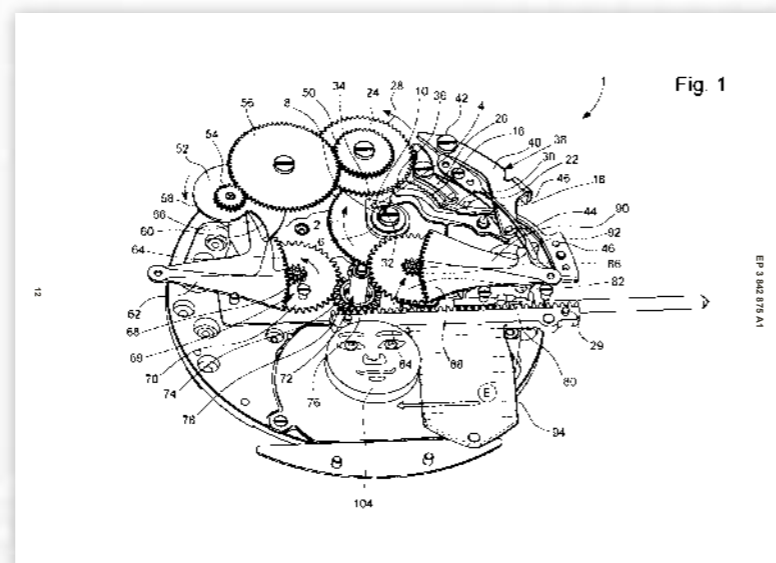
(54) **MECANISME D'AFFICHAGE DES PHASES DE LUNE**

(57) L'invention concerne un mécanisme d'affichage des phases de lune animé par un mouvement d'horlogerie, ce mécanisme d'affichage des phases de lune (1) comprenant un support transparent (98) muni d'une face supérieure (100) et d'une face inférieure (102) qui s'étend à distance de la face supérieure (100), une représentation (104) de la Lune étant reportée sur l'une des faces supérieure (100) ou inférieure (102) de ce support transparent (98), un substrat (106) étant disposé sous le support transparent (98), à distance de la face inférieure (102) de ce dernier, le mécanisme d'affichage des phases de lune (1) comprenant également un obturateur (94) qui est entraîné par des moyens d'entraînement (72) mus

par le mouvement d'horlogerie et qui est agencé pour se déplacer entre le support transparent (98) et le substrat (106), l'obturateur (94) et le substrat (106) présentant des contrastes d'affichage inversés l'un par rapport à l'autre, l'obturateur (94) étant déplacé d'une position initiale à une position finale pendant une durée d'un cycle lunaire, de manière à révéler jour après jour à un observateur l'aspect de la Lune qui passe de la nouvelle lune au premier quartier de lune, puis au premier quartier de lune à la pleine lune, puis au dernier quartier de lune et enfin à la nouvelle lune, l'obturateur (94) étant rappelé par les moyens d'entraînement de sa position finale à sa position initiale à la fin de la lunaison.



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SWATCH GROUP CORPORATE CUSTOMER SERVICE



CUSTOMER SERVICE 4.0

Swatch Group's vision of a Customer Service organization able to offer a fully-branded 360-degree customer journey started in 2021. In order to support the brands, which are committed to exceeding their customers' expectations, the former Corporate Customer Service division was transformed into the Customer Service Task Force. Operational excellence is achieved by translating the brands' needs and objectives into actions in the subsidiaries' customer service organizations. In the context of its new mandate, the CS Task Force supports each one with technical expertise, training initiatives, best practice approaches, new technologies and efficient real-time reporting. The strategy progressed well in 2021 and customers were treated in a brand-dedicated and customer-focused manner.



NICOLAS G. HAYEK WATCHMAKING SCHOOLS

The Nicolas G. Hayek Watchmaking Schools are dedicated to the development of watchmakers and to meeting the Group's need for skilled professionals in its Customer Service organizations. Graduates of the programs are able to provide state-of-the-art service for customers' watches, respect the exacting standards of the brands, and master the craftsmanship of watchmaking.

The essential mission of the schools is to train professional watchmakers and future specialists in customer service for the Group and the entire Swiss watch industry, preparing students not only to master traditional watchmaking arts and crafts but also to be equipped to deal with the continuous development of new products, materials, tools and methodologies.

Graduates start their careers after passing the internationally-acknowledged final watchmaker exams in a customer service subsidiary. After beginning their careers, they continue to hone their skills and, in time, can service even the most sophisticated complications in the brands' fine timepieces. The entire industry – in Switzerland and beyond – has benefited from their specialist training and education.

SWATCH GROUP SERVICES

EUROPEAN DISTRIBUTION CENTER DIVISION (EDC)

In 2021, EDC enhanced its e-commerce platforms in terms of volume and geographical coverage. Omega and Longines extended their activities to all major European markets and other brands developed their digital profiles in selected markets. Operational capacity and know-how were optimized to meet customers' expectations on value-added services like packaging, gifting and finishing. To keep the transport flows agile and to ensure a positive experience for end consumers, EDC adapted its existing services and introduced new ones. Even when EDC was affected by disruptions in transportation and capacity, it maintained its high customer-service standards. In collaboration with SG Logistics, EDC carefully analyzed brands' expectations and reviewed local requirements, leading to insights that will improve e-commerce customer journeys and meet the anticipated demand.

SWATCH GROUP LOGISTICS DIVISION (SGL)

SGL continued its planning, transportation and logistics process management activities in the countries and production companies. A platform was set up to centralize forecasts for the various Swatch Group brands, enabling suppliers to assess long-term needs as well as to reduce the production lead time. In addition, a study carried out in collaboration with EuLog on e-commerce activities highlighted current and future needs in order to improve the purchasing experience. SGL intensified its efforts to offer forward-looking solutions that meet the expectations of its customers.

All transportation networks were under pressure due to the health situation and other major international incidents (e.g., Suez canal blockage). The consequent reduction in capacity and increase in transit time and costs required a constant and collaborative effort with Swatch Group brands and external partners to find successful solutions adapted to the situation.

SWATCH GROUP INFORMATION TECHNOLOGIES DIVISION

2021 was an intensive year filled with challenges, which were tackled with all the measures required to enable a motivated return of the staff to the office following the lockdown. The IT Distribution department assisted the brands in the various countries with the implementation of numerous e-commerce solutions, the improvement of Retail and Customer Service solutions and ERP replacement projects by intensifying collaboration between the brands and the countries. The Group Applications department continued its efforts to modernize and replace existing applications. IT Systems & Infrastructure worked on a new connectivity concept for stores, the renewal of the infrastructure supporting ERP systems, and the continuous improvement of security systems (network and hardware).

The IT divisions also continued with activities launched a few years ago, such as upgrading the organization and knowledge in order to be able to respond competently to the technological changes that await Swatch Group in the near future. To this end, the IT division has been restructured in order to provide even better support to the business, with particular attention paid to SAP S/4 HANA, process automation and digitalization, along with application agility and convergence.

SWATCH GROUP INFORMATION SECURITY DIVISION

In 2021, the Information Security division experienced an increased demand for its information and user awareness communications due both to the pandemic and to Swatch Group employees' return to their offices. It also dealt with the challenges of a greater online presence, including e-commerce and digital marketing and their associated information security risks. The Information Security division was involved in a range of strategic projects and increasingly supported the growing need for digitalization in different business domains including production, logistics, and human resources, among others. The division's capabilities were extended and adapted to the requirements of each of the Group's business units. These enhancements led to stronger collaborations with Swatch Group entities in all matters related to information security. The Information Security division remained actively involved in application and digital security, cybersecurity monitoring and information security audits.



SWATCH GROUP GEMS DIVISION

As a purchasing center for diamonds and precious stones for Swatch Group brands, SG Gems brings together experts in gemology, logistics and purchasing. Participating in the development of its customers' products, SG Gems continued to advise them on selection and sourcing, drawing on its global knowledge of the market and gems. SG Gems ensures the Swatch Group brands a responsibly sourced supply under 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 level that is at the forefront of the market.

2021 was marked by a recovery in demand for diamonds and precious stones. Collaborations with key market players, close communication with suppliers, and careful monitoring of the supply chain enabled SG Gems to maintain high product standards. The division has benefited from the dedicated commitment of its employees.

REAL ESTATE DEVELOPMENT DIVISION

Despite the continuing health crisis, the Real Estate Development division was active with Swatch Group companies both in Switzerland and abroad in 2021.

The modernization and renovation of the real estate portfolio and infrastructure improvements continued, in particular with Blancpain in Paudex and Le Sentier (VD), Comadur in Boncourt (JU), ETA in Grenchen (SO), Longines in Saint-Imier (BE), Manufacture Ruedin in Boncourt (JU), MOM Le Prélet in Les Geneveys-sur-Coffrane (NE), Nivarox-FAR in Crêt-du-Loche, Le Locle in Fontaines (NE), Rado in Lengnau (BE), Simon Et Membrez in Delémont (JU), Tissot in Le Locle (NE), and The Swatch Group Assembly in Genestrerio (TI) as well as in Biel/Bienne (BE) with Certina, Omega and Swatch Group Services. These efforts are part of a policy of constantly reinforcing workplace safety and corporate values, as well as maintaining production facilities. They also reflect a determination to optimize and verticalize production flows, and to improve infrastructure in order to enhance production quality. They are, moreover, a concrete expression of the company's policy of drastically reducing water, fossil fuel and electricity consumption. Substituting renewable energy for its traditional alternatives remains a key objective for Swatch Group's brands and production companies.

The Real Estate Development division provided advice, undertook feasibility studies and drove design development projects for the various Swatch Group subsidiaries and brands.

Finally, Real Estate Development division specialists were extremely active in developing or renewing the vast network of boutiques on behalf of the most prestigious Swatch Group brands including Harry Winston's points of sale in Beijing, Milan and Shenzhen, as well as its shop-in-shops in key locations around the world. Omega enhanced its sales network with the complete renovation of its boutiques in Crans-Montana (VS) and Geneva (GE).



SWATCH GROUP IMMEUBLES

At Swatch Group Immeubles, 2021 was focused on digitization. Following the implementation of a document management system in 2018, the changeover from a server-based software for real estate management to a modern cloud-based solution took place during the year under review. At the same time, an insertion platform was implemented that allowed online advertisements to be centrally prepared and published. The platform also offers tenants the opportunity to submit their concerns to the administration via a ticket system, thus increasing the efficiency of internal work processes and facilitating customer access to the latter. In cooperation with owners, the aim is to operate CO₂-neutral properties by 2050. As a result, fossil heating systems will be continuously replaced over the next few years with modern systems such as teleheating, heat pumps and the like.





BELENOS CLEAN POWER

BATTERIES

In 2021, Belenos worked primarily on the competitiveness of its battery concepts. In order to be well prepared for the ongoing trend towards cost reductions of materials for traction batteries as well as for market entry, the company reduced the use of critical raw materials, such as vanadium, and optimized cathode blends and designs. At the same time, battery technology was continuously reviewed for its environmental impact, which development was directed toward minimizing. With the battery concept's dedicated focus on solid-state batteries with lithium metal anodes, research and development activities in this area were greatly intensified.

The targeted research and development activities delivered highly competitive results and have the potential to surpass existing technologies. Belenos adapted its collaboration with researchers and developers to the latest challenges and further intensified its relationships at home and abroad by selectively supplementing its project teams.

Research and development activities also benefited from the further optimization of the company's organization.

The adaptation and improvement of infrastructure and equipment – particularly supplementary tools for the analysis of batteries and their components – proved useful in localizing functional influences on test batteries and comparing them using benchmark tests.

Belenos' excellent networking with stakeholders in research and development, industry and government-related organizations supports the project teams in their endeavors and is an important factor in defining the goals for new projects while regularly reviewing those of ongoing ones.

In 2021, numerous patents were also either newly granted or applied for.

EL-LAB ELECTRONICS LABORATORY

The Belenos EL-Lab Electronics Laboratory in Grenchen (SO) specializes in the development of industrial electronics and makes its expertise in this field available to other Belenos departments and Swatch Group entities. The electronics it develops are produced in small series by Belenos on the ETA production and assembly lines.

Ideas, concepts and patents, including hardware and software, are implemented and produced as prototypes or test benches.

Over the past year, the EL-Lab team was expanded to meet the need for electronics used to support the electrochemical design of batteries being developed in Muttenz.

Alongside the development of new high-capacity battery cells, other electronic solutions for monitoring and managing battery cells were developed and tested (battery management system). In addition, a whole series of electronic interfaces was developed. All the data collected this way is now processed and used in a central electronic system.



SWATCH GROUP IN THE WORLD



The traditional Swiss card game Jass is usually played in two teams of two. While many versions of the game allow only two or three players, if you have additional guests, there are game variants for five or six players. The rules and scoring are adjusted according to the number of players.



SWISS MARKET

Winning, daring and lively, Swatch Group's watch brands and retail chains continued to expand in their local markets, with a wide range of events and activities.

As partner and official timekeeper to the Swiss Bocuse d'Or Academy for almost two decades, Blancpain renewed its support for the famous cooking competition, whose finals were held in Geneva (GE) in November.

Omega had several highlights in the Swiss market, including the return of the Omega Masters golf tournament to Crans-Montana (VS). It was postponed in 2020 so the brand's friends and customers were welcomed back to the mountains with even greater enthusiasm than usual. Other focal points in 2021 included the reopening of the Crans-Montana and Geneva boutiques, both of which completed their renovations and reopened proudly with a modern look and a fresh consumer experience.

Longines maintained its sporting commitments, notably as Title Partner and Official Timekeeper to the Longines CSIO in St. Gallen (SG), the Longines CSIO in Ascona (TI) and the finals of the Swiss Elite Jumping Championship in Humlikon (ZH). The brand also lent its expertise to the FIS Alpine Skiing World Cup events in Adelboden (BE), Wengen (BE), Crans-Montana (VS) and the finals in Lenzerheide (GR). The year culminated with the opening of a new Longines boutique on the Rue du Rhône in the heart of Geneva (GE). Featuring a new interior design concept, this exceptional venue houses the brand's first Collector's Corner, a space dedicated to the company's vintage watches.

Rado introduced its flagship product, the Captain Cook High-Tech Ceramic, to its customers during a two-week promotion at Jelmoli, Switzerland's most iconic store, and the brand set a new milestone in customer experience with the renovation of its shop-in-shop at Swatch Group's multi-brand shop in Geneva.

Tissot and professional mountain biker Kilian Bron released an exciting video in honor of their new partnership. To celebrate the new alliance, Kilian travelled with his mountain bike to Switzerland, one of the world's most beautiful playgrounds. His video captures the splendor of the cradle of watchmaking and highlights some of the brand's relationships with spectacular mountain peaks.

Mido opened its first boutique in Switzerland, in Interlaken (BE) while Hamilton celebrated ten years of partnership with Air Zermatt. The brand launched a limited edition of the Khaki Converter Automatic Chronograph at an event dedicated to mountain rescue.

In Zurich (ZH), the Swatch Flagship Store moved to new premises unlike any other on the famous Bahnhofstrasse. Among other things, it offers a flexible space for telling the brand's stories while providing an immersive experience for customers.



SWATCH GROUP AUSTRIA

Swatch Group Austria, following the lockdown at the beginning of the year, achieved steadily increasing monthly turnover. It continued successfully until November, when growth was slowed by another lockdown. However, numerous activities took place in 2021, including the relocation and redesign of the Breguet and Glashütte Original boutiques. Omega presented its new products at the Salzburg boutique and made use of the museum area at its Vienna boutique: along with a special Master Chronometer exhibition, the events related to the new James Bond film proved to be a major attraction. Longines conducted an Austria-wide communication campaign and organized an exclusive presentation of new products for journalists; it was also present at the year's major skiing events. Rado welcomed internationally-renowned designer Marina Hoermanseder to Vienna as a partner to the Vienna Design Week and demonstrated its commitment to tennis as a sponsor of the Erste Bank Open and the Rado Pro-Am. Rado's boutique in Vienna was transformed to reflect the brand's new design concept. Tissot successfully launched the T-Touch Connect Solar at the beginning of the year, while Swatch sponsored the European Beach Volleyball Championship in August where the Swatch Proteam, Tanja Hüberli and Nina Betschart, claimed the women's title.





SWATCH GROUP IRELAND

Despite restrictions in place for a large part of the year, business for Swatch Group Ireland grew strongly in 2021. Longines, Rado, and Tissot expanded their distribution in key locations. The Longines team welcomed the return of the Longines Irish Champions Weekend at the Curragh Racecourse, Ireland's greatest racing event. Along with celebrating a glorious weekend of racing, the team also hosted the Longines Young Designer Award with 65 entries and three incredible finalists. The story of winner Lia Cowan and her beautiful designs generated print, online, and social media coverage across Ireland.



SWATCH GROUP UNITED KINGDOM

It was an impressive year for Swatch Group UK, with business reaching pre-pandemic levels, the return of events and the opening of boutiques. Breguet partnered with the London Concours, the capital's luxury automotive garden party, to celebrate the world's most precious cars. Blancpain honored the winners of the *Ocean Photography Awards* in partnership with *Oceanographic* magazine in its Bond Street boutique. Omega marked the opening of the Tokyo 2020 Olympic Games and its role as Official Timekeeper with a VIP dinner. Celebrity guests enjoyed the exclusively-designed Nobu Omakase menu while listening to inspirational British Olympic gold medalists. The brand was delighted to see James Bond return in *No Time To Die* and opened an impressive Bond pop-up boutique and VIP members' house in the heart of the Burlington Arcade to celebrate the movie's premiere. Longines announced British actor Regé-Jean Page as a new Ambassador of Elegance and continued its high-profile equestrian partnerships, including horse racing at Royal Ascot and show jumping at the Global Champions Tour. Rado assumed the role of Official Timekeeper at the season-ending Champions Tennis tournament at the iconic Royal Albert Hall. To launch the PRX Powermatic 80 model, Tissot used innovative guerrilla marketing OOH projections that took over iconic buildings in high footfall commercial areas in London on Black Friday. Swatch's busy year featured the introduction of SwatchPAY! and the 1984 Reloaded launch at a cool 80's club experience with roller disco girls and tunes from 1984. The BIOCERAMIC was debuted at the new concession at Selfridges, which was highlighted by a window takeover. Swatch also opened a new store in Covent Garden. The new collection featuring the beloved Peanuts characters was a huge success, with a strong OOH campaign with screen takeovers in major sites and cities, including Oxford Circus tube station. The Flik Flak bus found a new home in the children's department in Selfridges.



SWATCH GROUP GERMANY

At the end of the year, Breguet, in collaboration with business magazine *Capital*, broadcast a live Master Class directly from its Düsseldorf boutique. Together with Michelin-starred chef Holger Bodendorf, Blancpain partnered with the Island Food Festival on the island of Sylt. Omega opened a boutique at the new Berlin airport and presented the Planet Omega exhibition at the KaDeWe, Berlin's luxury department store. Longines was also busy, celebrating the launch of a new product for the first time in two pop-up spaces at the Alsterhaus and the KaDeWe. Rado enjoyed success with its digital and face-to-face campaigns and acquired a strategically important POS in the financial metropolis of Frankfurt. Following a year-long break, Union Glashütte's famous vintage car rallies resumed, while in the digital world, the brand opened its own online store. Tissot was the official timekeeper for the 60th edition of the classic Eschborn-Frankfurt bicycle race, in which no fewer than 13 world-class teams and many big names took part. In May, Certina launched its e-commerce store in Germany, an important milestone long awaited by the team. For the first time, Mido produced a presentation film of its new products for jewelers, in which the watches were presented and described in detail in a personalized manner. Hamilton was very successful in its partnership with FAR CRY® 6, which resulted in a large number of watches sold, *WATCHPRO* coverage and a remarkable breakthrough with its target group of gamers. For the launch of its 1984 Reloaded collection, Swatch created a sensation in Frankfurt and Düsseldorf with the participation of numerous break-dancers and roller girls, attracting many customers to its boutiques, while Flik Flak continued its extremely successful collaboration with the famous bag brand ergobag.



SWATCH GROUP FRANCE

The French market experienced intense activity in 2021 and consolidated its positions, with each brand able to launch its new collections to a passionate clientele.

Breguet held two online conferences, one on *Breguet and Vinci, two inventors of genius* and the other on *Art and Time*. The new Reine de Naples products were presented at Place Vendôme with Nicolas Cloiseau, the Head Chocolatier of *La Maison du Chocolat*, who has also been named *Meilleur Ouvrier de France*. Blancpain sponsored the 2021 edition of the Michelin Guide France. Young chefs Coline Faulquier and Mory Sacko both won the Young Chef Award and were awarded their first star.

Omega set up numerous shop-in-shops and enhanced its image with the preview of the latest James Bond film in Paris, which was attended by Neymar Jr. Longines continued its partnerships with the Prix de Diane Longines in Chantilly, the Longines Global Champions Tour in Monaco, the Longines Paris Eiffel Jumping and the 100th edition of the Qatar *Prix de l'Arc de Triomphe* among others. The FIS Alpine Skiing World Cup in Val d'Isère and Courchevel Méribel launched the winter sports season. Rado maintained its commitment to tennis with the Open Parc in Lyon; the talented French actor Hugo Becker became a new Friend of the Brand. The Tissot boutique on the Champs-Élysées was inaugurated in its new setting, attended by CEO Sylvain Dolla and Tissot ambassador basketball player Tony Parker. The Tissot PRX was a huge success.

Mido demonstrated the precision and robustness of its timepieces at the Red Bull Cliff Diving competition in Saint-Raphaël. Hamilton held its *phygital* presentation of new products and celebrated its first partnership with a video game, FAR CRY® 6. Swatch partnered with two streamers in a live Twitch tournament to launch its BIG BOLD PLANETS collection and then took its audience back to childhood with Swatch X Peanuts. Flik Flak launched Sea Treasures with the Wings of the Ocean association and organized a waste collection initiative on the *Ile des Trois Frères*.



SWATCH GROUP NETHERLANDS

At the end of September, Omega was finally able to invite its retailers, media contacts and business partners to the red-carpet premiere of the new James Bond movie *No Time To Die*. It was a thrilling experience for everyone who attended. Lasse Walker, the Dutch professional kiteboarder, became one of Certina's successful new social media influencers. Thanks to its new partnership with FAR CRY® 6, Hamilton entered the world of action-adventure video gaming. It was promoted with a range of activities, in-

cluding digital billboards, banners on Twitch and a booth at the Masters Expo, where customers could play the game. And in 2021, Swatch traveled back in time to the 1980s! The brand celebrated the launch of its 1984 Reloaded Collection in style. A Swatch event created an exhilarating 80s-influenced vibe at *Amsterdam's Arcade Club* with an extravaganza that featured the BIOCERAMIC 1984 Reloaded Collection along with arcade games, roller skating, cotton candy, hit music from the 80s and lots of fun.



SWATCH GROUP BELGIUM

The commitment of the Swatch Group Belgium staff resulted in new challenges being met in 2021. Breguet was showcased at the Les Ambassadeurs boutique under the *Time to be a Gentleman* banner. The program included an afternoon of interviews with journalists followed by an excellent dinner for brand aficionados. In April, Omega unveiled its new address in the BeLux region with the opening of its first franchised boutique in Luxemburg, which features an elegant, luxurious space that invited customers to discover its collections. To enable sales staff to immerse themselves in the Rado universe, a *feel it!* box and the Rado Academy were designed to awaken the senses, tune in to new products and energize the art of offering advice. At several equestrian events, Longines highlighted its flagship collections while the World Road Cycling Championships in Flanders reinforced Tissot's visibility. The Belgian public was captivated by Balmain Watches' distinctly Parisian brand image, reflected both in its heritage and its new creations. Collaborating with its partners, Certina developed a space dedicated to automatic watches. Hamilton's collaboration with FAR CRY® 6 made it possible for the brand to secure additional showcases. Swatch invited members of the press and influencers to a 1984-themed disco-roller soiree: a resounding success in true Swatch style.



SWATCH GROUP LUXEMBURG

Throughout 2021, Swatch Group Luxemburg's companies further assisted Swatch Group's international development 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 SPAIN

For Swatch Group Spain, 2021 was a positive year with a chance to consolidate relationships with retailers, clients, media and VIPs while establishing creative ways to connect with current and new audiences. The brands strengthened these important ties with a commitment to real values and dynamism. Each one enhanced its unique identity, developed links to its local consumers and embraced the opportunity to respond to the public's trust with energy and optimism.

The 220th anniversary of the invention of the tourbillon brought Breguet lovers to Rabat Jewelry, where they experienced the Classique Tourbillon Extra-Plat Anniversaire 5365. Blancpain took advantage of the reopening of the legendary Hotel Rosewood Villa Magna in Madrid to present its new products in an idyllic setting. Glashütte Original introduced its new collection to journalists and business partners at several events throughout 2021. It was a busy year for Omega, with numerous activities focused on the Tokyo 2020 Olympic Games and the always-charismatic James Bond.

A highlight of the year for Longines Spain was the Longines FEI Jumping Nations Cup in Barcelona. Tissot maintained its high profile in Spain with its timekeeping role in such important sporting events as La Vuelta and the MotoGP™. It was an exciting year for Hamilton, which collaborated with brand ambassador, pilot Juan Velarde, to present the new Khaki Aviation watches. The media was also introduced to the capsule collection created by Hamilton in collaboration with the celebrated costume designer Janie Bryant. Swatch continued to surprise with an entertaining Peanuts-themed baseball game in which every guest could participate.

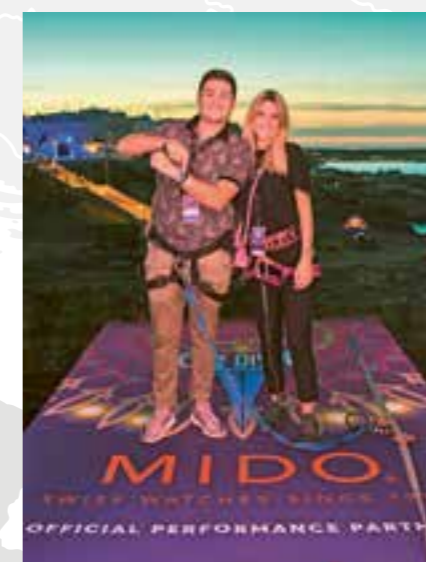


SWATCH GROUP GREECE

In 2021, Swatch Group Greece approached all challenges with a newly acquired sense of flexibility. In its distribution platforms, its operations and the use of new digital tools, the goal was to retain high standards and an uninterrupted communication and support for its sales network and customers. The year saw a solid increase in sales and an increased market share along with elevated awareness and an image of resilience across the entire Group. The majority of the brands invested in mass media communication along with the renewal of their presence in points of sale.

SWATCH GROUP ITALY

Swatch Group Italy enjoyed solid physical and digital sales in 2021. Breguet remained innovative and presented its Best Project award to a deserving young winner at Forbes' Under 30 event. At a press lunch organized by Blancpain, renowned Chef Niko Romito received the Michelin Chef Mentor Award and the brand announced a new partnership with Michelin-starred Revelation. Glashütte Original and Rado both introduced new collections and watch models at their respective press days while Omega unveiled its Speedmaster Chronoscope to the media at Milan's Villa Necchi Campiglio. Longines sponsored the FIS World Championship in Cortina and enjoyed great success with the Longines Global Champions Tour of Rome's at Circus Maximus and the Longines FEI Jumping World Cup™ in Verona. Rado introduced the Captain Cook High-Tech Ceramic along with renowned designers' interpretations of True Square. Tissot timed the Giro d'Italia cycling race and also opened a new Boutique in Rome. Mido, embracing a sport whose skills align perfectly with its values and watches, continued its Official Performance Partnership with the Red Bull Cliff Diving World Series 2021. Hamilton kicked off its partnership with FAR CRY® 6 on Twitch with gamer Dario Moccia, followed by a dedicated workshop for journalists on the relationship between cinema and gaming. Swatch launched its innovative bioceramic material at a special activation for its BIG BOLD X NASA digitally and at in-store events. It opened a new store at the Porte di Roma shopping center.



Some brands stood out with noteworthy events. Longines supported the Longines Nations Cup EEF Series, which took place in Athens at the Markopoulo Olympic Equestrian Center in June. Hamilton collaborated with video game FAR CRY® 6 and communicated the partnership through digital campaigns, POS visuals and an event for media and retailers.

Swatch generated a national buzz with projects that honored the bicentennial of the Greek War of Independence. The year ended with a Peanuts-themed holiday event for media partners and selected influencers, while Snoopy, Charlie Brown and the beloved Peanuts gang spread nostalgia and pop vibes on a sponsored catwalk during MadWalk, the country's most-talked-about fashion and music event.





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 marked the Tokyo Olympic Games and the premiere of *No Time To Die* with energetic campaigns and events in Copenhagen and Stockholm. Longines continued its digitalization journey, opening four dedicated Nordic e-shops. Local visibility was enhanced with the brand's Official Timekeeper role at prestigious sports events, notably in equestrian and winter sports. Rado announced a collaboration with Designers' Saturday, Norway's most important arena for new design and interior architecture. As a supporter of emerging young designers, Rado showcased the work of the finalists in the Designers' Saturday Award Best Talents at its stand in Oslo's *National Museum*. The event also gave visitors the opportunity to discover the Captain Cook family and the Rado True Square Designer Collection. Tissot Nordic's highlight was the simultaneous launch of its e-commerce sites and the T-Touch Connect Solar. Certina became official Timing Partner of the Visma Ski Classics Pro Tour, which features twelve prestigious cross-country ski events across Europe, including Vasaloppet, Sweden's renowned long-distance race. The brand enjoyed a strong TV presence and millions of views on local cross-country ski news websites. Swatch launched SwatchPAY! in the Nordics and raised awareness and interest at the MasterCard Innovation forum.

SWATCH GROUP POLAND

In 2021, Omega celebrated the premiere of the James Bond film *No Time To Die* with pre-release screenings in Warsaw for VIP customers and selected media. The brand also marked the Tokyo 2020 Olympic Games with a successful TV campaign.

Longines was the Official Timekeeper of the CSI05* Sopot Horse Show 2021 and the Warsaw Jumping competition. In central and eastern Poland, Rado rounded off a busy year with four points of sale whose company-branded furniture enhanced its image. Tissot successfully launched the T-Touch Connect Solar via its corporate e-commerce channel and through selected retailers. The launch was supported by extra visibility across POS, dedicated training, and a strong communication campaign crowned by an impressive outdoor mural in downtown Warsaw. Tissot's redesigned and expanded concept store reflected its strong market standing. Certina opened its official Polish online store, enabling local customers to purchase watches directly from the brand.

The most important Swatch event of the year was the launch of the BIOCERAMIC collection. One of the largest local marketing activations was the creation of a 'smog-eating' mural in downtown Warsaw, which, thanks to its innovative paint, removes pollution and purifies the air.



SWATCH GROUP RUSSIA

For Swatch Group Russia, 2021 was marked with events and activations that increased brand awareness and had a positive impact on sales.

Breguet continued its long-term cooperation with Angelina Vorontsova, the prima ballerina of Mikhailovsky Theatre. Blancpain was honored to celebrate the introduction of the first edition of the Michelin Guide dedicated to Moscow. The event was notably marked by the unveiling of the Michelin Young Chef Award, presented by Blancpain to Björn restaurant's Nikita Poderyagin, the first chef ever to receive this distinction in Moscow. Omega arranged a gala dinner with reserved seating for 100 guests. It was devoted to the premiere of *No Time To Die* and generated significant media coverage.

Expanding its presence in the Russian market, Longines opened its first flagship boutique in Moscow at Kuznetsky Most, 7. The brand celebrated the official opening with a gala dinner and debuted new models from the Longines Master Collection. Every second on the court of the Tennis Kremlin Cup was counted with Rado's new high-precision timing system, which also measured the speed of the players' serves. Rado maintained its collaboration with Julia Peresild, a celebrated Russian actress who, following her space flight to the ISS in October, became the first actress/cosmonaut.

Tissot continued to develop its retail network and, along with its official partners, has been developing a new concept for key flagship shop-in-shops and kiosks. In September, Tissot Russia's retailer conference in Saint Petersburg was attended by representatives of 50 companies. The event led to agreements with about ten key partners on the opening of new mono-branded pop-up stores in various regions in Russia. Balmain Watches and *Marie Claire* launched a special digital project highlighting the best new products in the 2021 collection. It coincided with the launch of the Russian version of balmainwatches.com, which enhanced the effectiveness of both activities. Hamilton's integration into the computer game *FAR CRY® 6* enjoyed a very strong activation, which gave it the opportunity to reach a new audience. The brand's capsule collection, created in collaboration with Janie Bryant, the costume designer for the science fiction film *Matrix Resurrections*, increased brand awareness during the festive season, supported by a Christmas campaign.

Swatch placed a strong focus on reinforcing its retail presence with two new stores in iconic districts of Moscow: one in the Afimall shopping mall in "Moscow Manhattan" and one in the Okhotny Ryad shopping center located just below Red Square. These were complemented by the renovation of two key stores in Yekaterinburg and Moscow with a fresh design and big digital screens on the windows, making it impossible not to notice Swatch.



SWATCH GROUP TURKEY

Swatch Group Turkey had a very good year in terms of sales performance. Despite lockdowns in the first semester, a strong demand remained for its products. There were exchange rate setbacks but Swatch Group Turkey constantly maintained a solid performance. The year's unique circumstances limited some marketing activities but Omega had a special screening of *No Time To Die* and launched its 007 watch. Offsetting the effects of unprecedented challenges, Longines focused on digital marketing. Rado strengthened its retailer relationships with individual presentations of its novelties. Tissot's active digital marketing raised brand awareness and demand. It also enhanced its retail expertise with the implementation of SIS programs. Hamilton celebrated its association with FAR CRY® 6 and amazed its audiences with attractive POS activations. Swatch continued healthy retail expansion. The BIG BOLD BIO CERAMIC, NASA, and BIG BOLD PLANETS launches created a buzz in the market by showcasing the brand's innovative and provocative character. There was a successful 1984 Reloaded event and an effective guerrilla outdoor advertising campaign that generated influencer activations, creating excitement among young urban and street culture communities.



SWATCH GROUP MIDDLE EAST

Swatch Group Middle East utilized all possibilities to reduce the impact of the pandemic, resulting in a much more successful year than expected. The Breguet boutique in Dubai Mall regularly developed its local client base through its *Guilloche & Tea* afternoons and with programs geared towards enhancing customer loyalty. It celebrated the 220th anniversary of the tourbillon with a mini-exhibition and implemented local-centric visual merchandising for Ramadan. Harry Winston continued to be The King of Diamonds and the top prestigious jewelry and timepiece brand. Its Salon in Dubai Mall witnessed an unprecedented turnout immediately following the easing of the pandemic-related restrictions. It highlighted some unique pieces from the latest high-jewelry collection launch as well as an amazing selection of new timepieces. Blancpain illuminated the façade of Dubai's iconic Burj Khalifa tower. Visitors to downtown Dubai enjoyed a captivating immersion into its diver's watch collection and underwater universe. The Fifty Fathoms display in the *Dubai Aquarium & Underwater Zoo* at Dubai Mall continued to attract a large number of visitors from all over the world. This collection was well received by both local high-end customers and international tourists. Omega initiated a powerful activation in the Middle East markets with the theme of *Recording Olympic Dreams* in line with its role as Official Timekeeper of the Olympic Games. The much-awaited *No Time To Die* and the eagerly-anticipated Omega Seamaster Diver 300M 007 Edition enjoyed an enthusiastic reception in the region. Key markets organized private screenings of the Bond epic. Longines reopened its boutique at the Dubai Mall and with its fresh look, it's an intimate invitation to experience the world of Longines and to discover its many facets. Rado strengthened its presence in the region with a new boutique in Dubai and its first boutique in Kuwait. Marketing activities focused on the launch of the Captain Cook High-Tech Ceramic with a 360° approach and increased its digital footprint. Tissot had double-digit growth, driven by qualitative distribution. It also activated the FIBA 3x3 World Tour Masters in Abu Dhabi to honor its partnership with basketball. Certina focused the spotlight on its products. The Aqua collection was once again extremely successful. Retailers focused on the DS PH200M and the DS Action Diver. Hamilton showcased its pioneering spirit by being the first branded watch integrated in-game in FAR CRY® 6. The Khaki Field Titanium FAR CRY® 6 Limited Edition is also available in real life and Rivoli maximized the impact of this partnership with digital and outdoor campaigns in Dubai and POS activations in key locations. Swatch upgraded its market presence with constant renovations and multiple relocations of its stores. It was the Official Timing Provider for Dubai Expo 2020 for which it introduced a new collection of special edition watches and four concept stores.





SWATCH GROUP CHINA

Swatch Group China continued its solid growth, particularly in the prestige, luxury, and high-range segments, despite the pandemic's impact. The trend was reflected in the Group's retail, e-commerce and duty-free businesses. The third quick service center opened in Xiamen MixCity, elevating customer satisfaction through improved convenience. Warehouses supported business development with new wireless operation and management systems.

Breguet took its national tour – Breguet, Inventor of the Tourbillon – 220th Anniversary – to five Chinese cities and unveiled an exhibition in Shanghai. Harry Winston timepieces continued to push creative boundaries and demonstrated unrivaled design and innovation. Blancpain launched its first e-commerce event in China, a WeChat Pop-up Boutique Sale where, incredibly, 81 pieces of the Fifty Fathoms Limited Edition were snapped up within a second. The brand enhanced its cultural influence with its multi-themed Talks in the Blancpain Lounge. Glashütte Original expanded its presence with the opening of corporate boutiques at the Beijing China Mall and at Chengdu IFS, while Jaquet Droz celebrated the 300th anniversary of its founder's birth with exclusive editions of the Grande Seconde Moon and the Bird Repeater. Omega unveiled the Beijing 2022 Olympic Winter Games Countdown Clock in the Host City. Ambassador Liu Shishi attended the presentation of the new Constellation watches in Beijing. Omega also welcomed a new brand ambassador, actress Zhou Dongyu. Its WeChat boutique attracted young customers.

Longines reached younger generations by collaborating with Tencent Media & Entertainment Live to hold an Elegant Summer Party as well as to unveil the new HydroConquest Collection.

This event was live-broadcast on Tmall. Rado also attracted younger customers with watches offering high-tech ceramic material, upgraded movements and trendy designs. It elevated its collaborations with ambassadors, actor Bai Yu and the newly-appointed actress Jin Chen. Union Glashütte expanded its distribution to 18 cities and started a partnership with fast-growing e-commerce platform, Poison, the destination for Gen Z in China.

Tissot debuted the PRX at its *The Future is Now* launch with brand ambassador Arthur Chen. Its collaboration with BJ SKP Mall also amplified its influence. Certina's new DS Action Diver 38 mm strengthened the brand's image and optimized its portfolio. Mido's 10th anniversary celebration of its Wuhan International Plaza store was attended by brand ambassador, actor Ryan Zheng. Hamilton introduced renowned Chinese film director, Frant Gwo, as a brand ambassador and delivered the powerful slogan, *Be your own hero*.

At the first China International Consumer Products Expo, Swatch displayed its Swatch X You collection at the Swiss Pavilion. Dozens of media and influencers appreciated the new BIG BOLD collection at the Swatch BB Next Digital Press Conference.



SWATCH GROUP MACAU

Swatch Group Macau had an excellent year in 2021 with strong sales and continued brand development, especially regarding retail expansion and renovations. Breguet displayed rare and exclusive timepieces at a VIP dinner with Rolls-Royce. Blancpain's new retail concept, which was launched at Galaxy, was well received by its customers. Omega continued to strengthen its qualitative presence with the opening of a new boutique at Wynn Palace and the relocation of its Galaxy boutique. Longines invited VIP customers to two elegant events celebrating the launch of the DolceVita and Master Moonphase. The Longines Residence Boutique Concept – the brand's first in Asia – was opened at Wynn Palace. Rado unveiled its first new boutique concept store at Galaxy. Tissot celebrated the launch of its Bellissima collection with an elegant spring floral pop-up. The brand renovated its Galaxy boutique, introducing L'Atelier, the first customer service corner. Mido's Ocean Star Decompression Timer 1961 Limited Edition won plaudits from collectors and connoisseurs. Swatch collaborated with six local artists to launch the Swatch X You Macau pop-up roadshow that started at Galaxy, before moving to the Venetian Macau.



SWATCH GROUP HONG KONG

All Swatch Group Hong Kong brands achieved positive sales growth in 2021. A major focus on developing the local market was a priority for each brand due to on-going border restrictions. Many branded activations and events took place throughout the year, which saw the brands enhance their customer experiences. Breguet celebrated the 220th anniversary of the invention of the tourbillon with an exhibition at K11 MUSEA. A Marine Voyage event took place on Victoria Harbour, with guests enjoying cuisine by the award-winning chef Christopher Ho. Blancpain debuted its new boutique concept with a standalone shop-in-shop at Elegant Times Square. Glashütte Original partnered with Oriental Watch to launch its new PanoMatic Lunar and SeaQ Reed Green. Omega continued to expand its local customer base, which saw the brand achieve positive sales growth across its boutique network. The latest James Bond movie and the Olympic Games created strong demand for the brand. A number of local events were organized, including a spectacular homage to James Bond attended by local VIPs and influencers. In December, the festive season was celebrated at Soho House with clients and friends.

Longines engaged with local clientele through individual previews of the Legend Diver and the Spirit Collection. Following tradition, Longines was the title partner and official timekeeper for the Longines Night Race and Longines Hong Kong International Race. Rado launched its Captain Cook pop-up store in New Town Plaza, creating awareness while also highlighting its new divers' watch collection.

Tissot launched its PRX collection with a cool 1970s-themed event at its Harbour City boutique in May, along with social media activations, in which many customers participated by posting their 1970s photos on the brand's Facebook page. The Mido Ocean Star Decompression Timer 1961 enticed local watch enthusiasts to dive into the entire Ocean Star collection. Hamilton was in-game with its new Khaki Field Titanium FAR CRY® 6 Limited Edition, which was very well received by local customers.

Swatch held a number of events throughout the year to support new collection launches. In June, the brand introduced its Space Collection at an event revealing the exclusive set with a unique themed experience. In October, it celebrated the release of the 1984 Reloaded collection with an 80s-inspired event for almost 200 guests with a live performance by Luna Is A Bep and DJ Johnnie Darka, which generated a strong social media buzz. In December, Swatch transformed its Causeway Bay flagship store into an exclusive Swatch X Peanuts Christmas concept store, located in the heart of the city. The store held a series of festive events and moments that made it a must-visit location over the holiday season.



SWATCH GROUP TAIWAN

For Swatch Group Taiwan, 2021 was a positive year with solid growth in the domestic market. Breguet celebrated the 220th anniversary of the tourbillon and Blancpain launched its Fifty Fathoms Photography Exhibition at Taipei 101, where it displayed the 2021 Ocean Photography Award winners. Glashütte Original and Jaquet Droz organized presentations of their new products along with VIP appreciation activities at their retailers while Omega's key focus was on digital public relations, which raised brand awareness. Longines drove customer traffic and awareness with a successful launch event and a roadshow for its new Master Collection. Rado leveraged the Captain Cook family successfully in the domestic market. The partnership between Tissot and Friend of the Brand conductor Ken Hsieh proved to be ideal: both have diverse talents and are unique in their respective fields. Mido increased awareness and traffic thanks to its partnership with South Korean actor, Kim Soo-Hyun. Hamilton hosted an event to launch its new products and generated an impressive number of pre-orders compared to previous years. Swatch presented its modern vintage 1984 Reloaded Collection with Golden Melody Award-winning band, EggPlantEgg, and Flik Flak organized a watchmaker workshop for kids at Taipei 101.





SWATCH GROUP SOUTH KOREA

In 2021, Swatch Group South Korea expanded its local market share by strengthening its retail operations and optimizing its distribution.

With a display of its masterpieces at the Galleria Department store, Breguet celebrated the 220th anniversary of the tourbillon. Blancpain invited press and VIP customers to its *Art de Vivre* presentation at Seoul's E-UM THE PLACE, where it successfully launched its new products. Glashütte Original met local customers at the opening of its first corporate store in the center of Seoul while Omega's public pop-up exhibition commemorated the release of *No Time To Die* and exhibited archival 007 watches and new products.

Longines enjoyed double-digit growth and celebrated several boutique openings with ambassador, actor Jung Woo-Sung. Rado successfully launched the Captain Cook High-Tech Ceramic with ambassador actor Ok Taec-Yeon, who wore it in the drama series *Vincenzo*. Tissot strengthened its e-commerce business with digital activities, including live e-commerce for the PRX launch and actor Sung Hoon's Seastar campaign. Mido held #OceanStar-themed relay roadshows throughout the year, which ambassador actor Kim Soo-Hyun visited to celebrate the special edition. The Hamilton Khaki Field Titanium FAR CRY® 6 Limited Edition, the brand's first in-game branded watch, was ready for virtual and real-world adventures.

In celebration of the 1984 Reloaded collection's rebirth in bioceramic, Swatch hosted an Instagram Live event and digital concert with singer Lee Seung-Yoon, who performed songs from 1984 and talked about the collection.



SWATCH GROUP JAPAN

Swatch Group Japan welcomed the long-awaited Tokyo 2020 Olympic Games with a colorful presence. The Nicolas G. Hayek Center, the Group's iconic tower in Ginza, benefited from a striking floral facelift. The Center, which opened in 2007, is known for its Hanging Garden, a wall of greenery that extends 14 stories from the ground floor to the building's roof. In time to greet athletes and Olympic fans from around the world, it was enhanced by an impressive display of orchids surrounding its four-story entrance. On the fifth through seventh floors, where Swatch Group brands have their Customer Service reception areas, a dazzling new wall of red blossoms offered a stunning contrast to the pure white environment.

Breguet celebrated the 220th anniversary of the tourbillon, launching the piece, Breguet Classique Tourbillon Extra-Plat Anniversaire 5365, in Kyoto Kiyomizu-dera Temple, a UNESCO World Heritage Site with a history dating back more than 1200 years. The watch and the venue provided the brand's clients with a truly breathtaking experience.

Blancpain continued to enhance brand awareness through expanded distribution and it unveiled a new-concept pop-up at Hankyu department store, inspiring visitors with its heritage and exquisite craftsmanship.

Jaquet Droz celebrated the 300th anniversary of its founder's birth with an event at the brand's Ginza Boutique, where the Grande Seconde Moon 300th Anniversary made its market debut.

At Omega's Sky Lounge event at the Cité du Temps, media and VIP guests had a chance to enjoy the Games and Olympic Gold Medalists were congratulated. Highlighting its role as Official Timekeeper, Omega enthralled the media with an impressive exhibition of its innovative timekeeping technology at the Fan Park in Odaiba.

Longines' cross-generational campaign, based on a father and son concept, featured two newly-appointed Japanese brand ambassadors, Masahiro Motoki and UTA. It raised awareness of the brand's timeless heritage and elegance, enhanced fan engagement and attracted new customers.

Tissot L'Atelier, the brand's new flagship boutique at the Nicolas G. Hayek Center, features a unique safe in the shape of Switzerland and offers a wide range of well-received customer services.

Swatch opened its own flagship store in the cultural hub of Harajuku, one of Tokyo's liveliest districts, where art, fashion, culture and innovation collide. Its Swatch X You printer thrilled young fans with the chance to customize their watches.



SWATCH GROUP INDIA

Following the end of the Covid-induced lockdown, Swatch Group India bounced back impressively, with sales exceeding pre-pandemic levels. Breguet expanded its presence with a new POS in Bengaluru and supported new products with qualitative PR, leading to strong sales growth. The new Reine de Naples 8938, a special request from India, received an excellent response. Blancpain enjoyed solid success with its customized, high value Métiers D'Art timepieces depicting deities. Its fifth POS opened in Bengaluru. Omega generated an enthusiastic response with its Olympic Games-related marketing campaign. The multi-faceted activation, which was highlighted by journalists' visits to Omega's Tokyo showcase, resulted in widespread coverage. The brand also ran a successful 360° campaign to promote its Bond association, including VIP preview screenings of *No Time To Die* and an exclusive story in *Vogue India*. Longines introduced the 2021 collection to its retailers with an offline Sales Salon and a virtual event on SpotMe. Its digital innovation helped it enter the youth segment. During Diwali, it used influencers to promote the Master Collection. Among Rado's initiatives was the virtual launch event of the first-ever True Square design edition from India with designer duo Thukral & Tagra. Rado celebrated its 10-year partnership with brand ambassador, actor Hrithik Roshan, with a high-impact ad campaign depicting the actor as a modern explorer to launch the Captain Cook High Tech Ceramic range. Tissot activated its *The Gift of Time* global campaign with a 360° communication plan across off- and online channels. Its focus on e-commerce gained impetus with its launch on the Tata CLiQ Luxury website. It also opened a boutique in Bengaluru. Balmain Watches also enhanced its e-commerce presence with the Tata CLiQ Luxury platform, giving it the opportunity to showcase its range to the ideal target audience. The Swatch PR launch of the 1984 Reloaded collection in Delhi was well attended by media and bloggers.



SWATCH GROUP THAILAND

Omega enhanced its position with individualized customer experiences. It started the year with the launch of the Speedmaster 3861, which received extensive media coverage and a positive response from retailers and customers at an exclusive event. A digital campaign supported Omega's Timekeeping Role at the Tokyo 2020 Olympic Games. It was followed by the long-awaited premiere of *No Time To Die* and the Seamaster 007 edition, which sold out immediately. Longines continued to gain local market share and introduced Thai actress Supassara Thanachat, the first woman to be named a Friend of the Brand, with the launch of the HydroConquest two-tone collection. It generated massive media coverage and sales throughout the year. Rado introduced its new products at a Discover and Feel presentation under a special Covid-free arrangement at the Kimpton Maa-Lai Bangkok lounge. After Rado kicked off the event with a video greeting, guests had a chance to enjoy a hands-on experience with the watches. Swatch celebrated its artwork-inspired collaboration with MoMA at its CentralWorld flagship store where it introduced the new watches to media, influencers and collectors in a museum-like setting.



SWATCH GROUP MALAYSIA

In 2021, Omega drove its sales in Malaysia by maintaining close contacts and relationships through its local CRM and marketing efforts. The brand also created unique experiences such as Malaysia's first Virtual Lunar Landing Event and customized Mid-Autumn Gifting. Omega's important role as Official Timekeeper at the Tokyo 2020 Olympic Games was celebrated with Bento boxes delivered to clients' and media representatives' homes during the lockdown. Toward the end of the year, the brand held its very first physical event in Malaysia since 2019, a VIP screening of the James Bond feature film, *No Time To Die*. Longines reinforced its local position with OOH advertising at key malls in both urban and suburban areas as well as on the country's busiest roads. Longines started a Click & Reserve system in all of its boutiques to provide customers with an exceptional and personalized shopping experience. Rado's launch of the Captain Cook High-Tech Ceramic was the key focus of all of its marketing campaigns. It also implemented its Shades of Time retail concept successfully in its new boutiques in Kota Bharu and Penang. Swatch opened its first street level store in Kuala Lumpur's Golden Triangle on Jalan Bukit Bintang.



SWATCH GROUP SINGAPORE

In 2021, Swatch Group Singapore focused on strengthening its brands' positioning and values. Breguet celebrated the 220th anniversary of the tourbillon while Harry Winston illustrated its affection for colors and its expressions of love in its Salon. Blancpain supported the latest edition of the Michelin Guide and Glashütte Original highlighted its Seventies Chronograph collection and the Senator Perpetual Calendar. Special guests were invited to Omega's event highlighting the watches it had created for James Bond films, all the way back to 1995's *Golden Eye*. Longines reached out to its local clientele via digital platforms. In collaboration with the Japanese design duo, YOY, Rado highlighted the True Square Undigital, which won the *Good Design™* and *iF Design Awards*. Tissot had a successful pre-launch of the PRX Powermatic 80 with invited media, watch collectors/influencers and VIP customers. Mido's Ocean Star 200C was launched with new Korean brand ambassador, actor Kim Soo-Hyun and for the first time, Hamilton integrated a branded watch, the Khaki Field Titanium FAR CRY® 6 Limited Edition into a video game developed by Ubisoft. Swatch conquered new territories with notable launches. Swatch X MoMA linked the brand to art lovers; BIOCERAMIC introduced its innovative sustainable material; and the brand celebrated Singapore's national day with a Swatch X You canvas created especially for the occasion by a local artist. An all-time favorite, the Swatch X Peanuts, ended the year on a note of positive nostalgia!



SWATCH GROUP AUSTRALIA

Despite pandemic-related disruptions, Swatch Group Australia reached positive quantitative and qualitative milestones. Breguet developed distribution, increased exposure to the local market and celebrated the 220th anniversary of the tourbillon while Blancpain promoted the travelling exhibition on the history of its Fifty Fathoms. Glashütte Original drove market share with a focus on its SeaQ collection and Jaquet Droz's exclusivity was enhanced by sales of Ateliers D'Art limited editions. Omega executed major campaigns around the 36th America's Cup, the Tokyo 2020 Olympic Games and *No Time To Die* and completed the renovation of its boutique at Sydney's Westfield Bondi Junction. Longines emphasized e-commerce development and amplified global digital campaigns and local content. The Longines DolceVita collection experienced strong sales during a key campaign. Rado hosted premium press in Tasmania for an exclusive preview of Captain Cook High-Tech Ceramic that resulted in a dramatic increase in media coverage value. It also launched the Ash Barty Limited Edition II. Tissot introduced corporate e-commerce from February, which generated exceptional sales, and executed a strong integrated marketing campaign around the T-Touch Connect Solar launch. In conjunction with Time+Tide, a popular luxury watch website, Mido launched the Ocean Star Decompression Timer 1961 in a limited edition. Swatch celebrated the work of Indigenous artist Jodi Freeman, collaborating on a Swatch X You canvas.





SWATCH GROUP USA

After 2020 ended with renewed growth for Swatch Group USA, 2021 was marked by record results for the brands.

Despite the health restrictions still in place during the first half of the year, and a total absence of foreign visitors, sales rose sharply in the first few months of 2021. The gradual reopening of the country from March, followed in July by the lifting of measures in the major US cities, further accentuated this rebound. Since the beginning of the summer, sales growth in such landmark cities as New York (NY), Los Angeles (CA) and Las Vegas (NV) gradually resumed.

Initially buoyed by an exceptional increase in sales in the states that experienced a population surge during the lockdown, notably Florida and Texas, Swatch Group USA saw this trend spread across the entire country from the beginning of the second half of the year, even resulting in record turnover in the fourth quarter, following the country's reopening to tourists in November.

Thanks to the responsiveness of its logistics department, Swatch Group USA was able to take full advantage of the market's appetite for its new products and to adapt quickly to demand. The phenomenal success of the new Omega Speedmaster, followed by the Tissot PRX Powermatic 80 model and the Swatch Peanuts collection, demonstrated Swatch Group's ability to react faster than its competitors and to acquire new market share. All of its distribution networks ended the year with record sales.

E-commerce continued to grow, with results even exceeding those in 2020, which had been a record year for all brands with an online presence. The corporate e-boutique is now the number one point-of-sale across all distribution networks.

The retail network also enjoyed strong growth throughout the year. This was driven in the first half by the implementation of digital automation principles (automatic replenishment, warranty card activation) and its ability to sustain demand. In the second half of the year, aggressive point-of-sale positioning and an improvement in the customer experience promoted by the brands also helped to increase sales.

In retail, extensive efforts were made to improve customer relations, such as inviting customers to make appointments or presenting the collections digitally. The gradual reopening of the boutiques demonstrated the ability of the brands, and Omega in particular, to attract a new, younger clientele eager to acquire the most iconic models. As a result, the network of boutiques, supplemented by Omega's opening in San Francisco (CA), ended the year with a record result higher than that achieved in 2019.

After a first quarter focused on digital marketing, all the brands reinvested heavily in traditional media with significant gains in market share. In the summer, brands relaunched event-based actions, with, for example, the Omega Olympic pool in the Miami Design District, speaking engagements at the *Tour de France* and the NBA for Tissot, and more recently, the Peanuts launch visible at Swatch flagship boutiques.



SWATCH GROUP CANADA

It was a year of accomplishments for Swatch Group Canada! Numerous Canadian publications featured highlights of Breguet's new products and heralded Blancpain's exquisite timepieces. Omega maintained its leadership in the luxury market and proudly unveiled its flagship boutique at the iconic Fairmont Hotel Vancouver. Longines hosted retailers and media at the FEI Jumping World Cup equestrian event at the Thunderbird Show Park in British Columbia, also launching its E-Boutique Canada. Rado created a nationwide out-of-house campaign for the debut of its Captain Cook High-Tech Ceramic collection while Tissot's T-Touch Connect Solar featured in multiple activations including the brand's partnership with the Toronto Raptors basketball team. Mido's elevated online presence continued to increase brand awareness. Hamilton successfully launched the FAR CRY® 6 collaboration, as well as e-commerce in Canada. Swatch sponsored the Snow Rodeo World Cup, along with mountain biking and skateboard events, and opened a unique mobile check-out-only store, replacing cash counters with tablets to the delight of the customers.

SWATCH GROUP MEXICO

It was a busy year for Swatch Group Mexico. Breguet introduced its new Marine models and the Type XXI Limited Edition. Blancpain announced its partnership with Oceana and the first expedition to Mexico's Baja California territory. With an interactive exhibition, Omega hosted a James Bond-themed event presenting watches from previous 007 films and the spy's latest Seamaster. Rado's new products stood out at the Nido de Quetzalcóatl event. Its venue – a surreal garden – captured the very essence of the new Captain Cook, True Square and True Great Gardens of the World collections. Mido launched the Ocean Star 200C with a locally produced campaign, which was followed by the limited edition of the Commander Catrín, a watch commemorating Mexican culture and tradition. The year ended with a presentation of the Commander collection, highlighted by the #GoBig #DreamBig concept. Swatch continued its Museum Journey with a series of unique creations inspired by works from the MoMA Collection. BIOCERAMIC watches made way for the Space Collection, which celebrated NASA's ability to awaken our imaginations and dreams of distant worlds. The Swatch X Christmas Holiday Special with the Peanuts gang arrived just in time for the festive season.





SWATCH GROUP SOUTH AFRICA

The Swatch e-commerce platform was successfully implemented in South Africa in 2021 and since its introduction, it has continued to grow at an impressive rate. E-commerce played an important role for both Swatch and Flik Flak because it is well suited to raising customer awareness and increasing the brands' visibility in a country as expansive as South Africa. It allowed both brands to reach outlying areas that do not have jewelry stores or the possibility of a physical retail presence. The ability to provide efficient service with quick turnaround times benefitted the brands immensely.

SUSTAINABILITY



Any player holding all four Jacks ("Buure") is very lucky indeed and receives an additional 200 points. This is the highest Wyys available and the chance of being dealt this lucky hand is less than one percent...

SUSTAINABILITY



Swatch Group's commitment to the Sustainable Development Goals (SDGs)

Swatch Group aims to meet the needs of current generations without jeopardizing the ability of future ones to satisfy their own needs. The company's sustainability management is based on the United Nations' 2030 Agenda, which was adopted by the UN Member States. The Agenda's 17 goals form the international and universally applicable framework for sustainable development. Every SDG is essential to securing the prosperity of people and the planet. Swatch Group has identified 13 SDGs that are particularly relevant for the company and its stakeholders, and which it can and will play a part in achieving. It has defined its commitments, and it will continue to refine them on an ongoing basis, adding goals, actions and KPIs.

Corporate responsibility

Taking responsibility for the protection of life, quality of life, health and safety, and the environment are among Swatch Group's fundamental concerns. The company endeavors to do the best it can in all areas and at all levels to live up to this responsibility. The Group's aim is to create value for its stakeholders, the environment and society as a whole. Environmental, ethical and social criteria have therefore always been an integral part of its corporate culture and its sourcing policy. The Executive Group Management Board, the Extended Group Management Board and the management of the units ensure on a daily basis that this culture of responsibility is implemented and that all employees at all levels sustain and practice this approach. Swatch Group strives to ensure that resources are used efficiently and sparingly to guarantee that its products are manufactured and marketed in a sustainable and environmentally friendly manner, and thereby secure its long-term success. The use of recyclable materials and substances as well as environmentally friendly production methods are taken into consideration as early as the planning and development phase of each new product. In 2001, Swatch Group began to set clear environmental and efficiency targets and to implement effective measures throughout the Group in order to play its part in preserving the environment. The company is also actively committed to protecting international human rights and fighting all forms of corruption in connection with its business activities.



	DESCRIPTION	SWATCH GROUP'S COMMITMENTS
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Ensure no work-related fatalities • Prevent work-related injuries and illnesses
	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 development
	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"> • Take measures to minimize water use when constructing new buildings • Take care to minimize water use in production and use of circuit water as much as possible
	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Products are developed so that they can be operated with sustainable energy as far as possible and that they use minimal 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 a 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 watchmaking 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 plastics
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Become climate neutral by 2050 • Continually increase the energy efficiency of the company's facilities and processes • Develop products with a minimal 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 in relation to 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
	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

KEY FIGURES 2021

575

Apprentices as of 12/31/2021

-4%

Electricity consumption compared to 2019

-40%

Hazardous waste compared to 2019

202

New patent applications

-21%

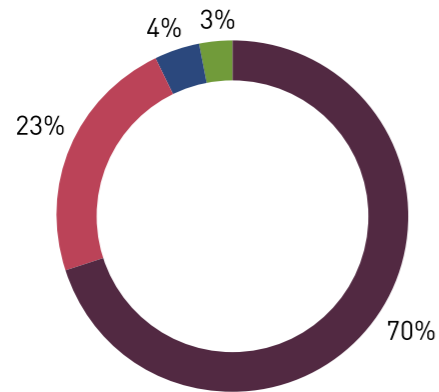
Emissions from stationary combustion compared to 2019

-2%

Water withdrawal compared to 2019

Energy consumption

- Electricity
- Heating
- Hydrogen
- Transport



For the first time, Swatch Group is providing a comprehensive account of its sustainability performance by documenting it in a separate sustainability report in accordance with the GRI Standards.

Just scan the QR code or visit www.swatchgroup.com to find the entire report.

CORPORATE GOVERNANCE



A player who holds both the King and Queen of trumps holds a *Stöck* and earns an additional 20 points.

1. Group structure and shareholders

1.1 Group structure

The 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. The 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 none but 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
Telekurs:	UHRN, 1	registered shares
	UHR, 1	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 of 31 December 2021, the Hayek Pool, related parties, institutions and persons control 62 387 049 registered shares and 738 711 bearer shares, totalling 43.3% (previous year 43.6%) of all the votes.

The Hayek Pool comprises the following members per 31 December 2021 :

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 and institutions close to the Hayek Pool but which do not formally belong to the Hayek Pool 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, ETA Wohlfahrtsstiftung, Fonds de prévoyance d'Universo, Fondation Technocorp, Fondation de prévoyance de The Swatch Group Les Boutiques SA, Fonds de prévoyance SSIH and CP Caisse cadre

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 42.9%) of all the votes; third party Pool members are represented therein, they comprise 3.3% of all the voting rights.

On 31 December 2021, no other individual shareholder or group of shareholders holding more than 5% is 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

The Swatch Group holds no cross-shareholdings.

2. Capital structure

2.1 Capital

On 31 December 2021, 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 31.12.2021			117 719 775.00

2.2 Authorized and conditional capital

No authorized and conditional capital existed as of 31 December 2021.

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
31.12.2019	116 919 500	28 936 000	117 719 775.00
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

The detailed evolution of equity, reviewed by the auditors for the consolidated financial statements for the years 2020 and 2021, is published on page 177. For The Swatch Group Ltd, it is published for the years 2020 and 2021 in note 9 on page 220. With regard to the previous years we refer to the annual reports 2017, 2018 and 2019.

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 the 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 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.

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 even though the percentage limits have 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 shall be regarded as a shareholder without voting rights until the company has recognized him as a shareholder with voting rights. If the company fails to refuse the purchaser's application for recognition within 20 days, he 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

The 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 of 31 December 2021, reference is made to Note 13 on page 189. In 2021, 186 964 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
2019	60 779	196	2021
2020	62 807	204	2021
2021	63 378	206	2021
Total	186 964		

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

Year of issue	Number of registered shares	Number of beneficiaries	Year of subscription/payup
2020	60 972	188	2022
2021	61 513	197	2022
2021	61 669	197	2023
Total	184 154		

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.

3. Board of Directors

3.1 Members of the Board of Directors

The Board of Directors on 31 December 2021 is composed as follows:

Nayla Hayek, Swiss citizen, Dr h.c. European University Montreux, Montreux, is Chairwoman of the Board of Directors of the Swatch Group since 30 June 2010. Mrs Nayla Hayek has been on the Board of Directors of the Swatch Group since 1995. As a member of the World Arabian Horse Organization (WAHO), and as international Arabian horse judge, Mrs Hayek's top-level contacts contribute to many of the business and promotional activities of the 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 is 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 KrombacherBrauerei 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. President of the Executive Group Management Board since 2003 and member of the Board of Directors since 2010. Mr Hayek has worked with the Swatch Group since 1992, firstly 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. Mr Nicollier resigned from his activities as astronaut at the European Space Agency ESA in March 2007. As an astronaut he was particularly active in the space missions Atlantis 1992, Endeavour 1993, Columbia 1996 and Discovery 1999. The aim of the Endeavour and Discovery missions was the execution of reparation works on the Hubble Space Telescope which were 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, does not have any 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 him a 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 Vicepresident of the board. 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. Mr Jean-Pierre Roth 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 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 acts as Vice President of the Arab Bank (Switzerland) Ltd.

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 holds since 2014.

Except where mentioned otherwise, none of the members of the Board of Directors exercises an executive function in the Swatch Group, or was part of the management of a company of the 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 the 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 Chairman 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 2022
Georges Nicolas Hayek	2010	up to 2022
Prof. Dr h.c. Claude Nicollier	2005	up to 2022
Dr Jean-Pierre Roth	2010	up to 2022
Ernst Tanner	1995	up to 2022
Daniela Aeschlimann	2016	up to 2022

On the occasion of the General Meeting 2021 the members of the board of directors were re-elected for another term of one year. Mr Jean-Pierre Roth has been 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 2021, 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 has appointed a Vice-Chairman (Mr Ernst Tanner) from its midst. The office of Secretary to the Board of Directors is carried out 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 substituted, 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 conducted 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 2021.

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 2021.

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 three times.

The members of the Executive Group Management Board regularly attend the ordinary meetings of the Board of Directors (second part). Beside 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, such 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 budget 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 the 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 The Swatch Group Ltd.

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 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 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)

At 31 December 2021

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. President of the Executive Group Management Board since 2003 and member of the Board of Directors since 2010, Mr Hayek has worked with the Swatch Group since 1992, firstly 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 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 is a member of the Group Management Board. Since 2016 Mr. Aeschlimann is President of Omega Ltd. Prior to that, he was 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, 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 Mr Bühler 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 is CEO of DYB, responsible for new industrial technologies for the Group and responsible for Comadur in the Executive Group Management Board. He represents the 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).

Dr Mougahed Darwish, Swiss citizen, holds a doctorate in Physics from the EPFL. He has been a member of the Extended Group Management Board since 1994 and of the Executive Group Management Board since 2005, responsible for EM Microelectronic, Micro Crystal, Renata and Oscilloquartz. Mr Darwish has been with the Group since 1979, starting as Project Manager for the Xicor-Ébauches joint venture. Previously, he had been active in research and development for the Centre électronique horloger (CEH, today Centre Suisse de l'électronique et de microtechnique SA, CSEM). From 1985 to 2007 he managed EM Microelectronic as CEO. Mr Darwish represents the Group on the Board of Directors of the CSEM as well as on the Board of FLRH (Fondation en faveur d'un Laboratoire de Recherches Horlogères); he is a member of the Swiss Academy of Technical Science. Since 2008, Mr Darwish is a member of the Board of Directors of Belenos Clean Power Holding AG and actively supports several projects.

Marc Alexander Hayek, Swiss citizen, Dr h.c. European University Montreux, holds a bachelor degree in Economics and has undergone 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 is 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 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, Swatch Group Belgium, Swatch Group Netherlands, Swatch Group Luxembourg, Swatch Group Greece and Swatch Group South Africa. Mr Kenel has been with the 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 the 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 of companies. Mr Kenel represents the 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 of 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 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 the Swatch Group, he had worked with international groups in Switzerland and abroad (Shell, Philips).

François Thiébaud, French citizen, studied at the ICG Institut Contrôle de Gestion, Paris and Law at the University of Besançon, and 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 the 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 during 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, has been a member of the Extended Group Management Board since 2005 and is responsible for Longines, Swatch Group Taiwan, and Swatch Group Austria. Mr Breschan is the President of Longines since July 2020. Before, 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 activity for 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, master's degree from Toulouse Business School, member of the Extended Group Management Board since 2020. Sylvain Dolla has been president of Tissot since July 2020. Mr. Dolla 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 technologies companies in Paris, London, Atlanta and Dubai.

Daniel Everts, Swiss citizen, lic. iur., attorney-at-law, MBA from INSEAD in Fontainebleau, France. Member of the Extended Group Management Board since 2019, responsible for Swiss Timing, Swatch Group Nordics (Sweden, Norway, Denmark, Finland), and Swatch Group Poland. Daniel Everts joined Swatch Group in 2010. Since 2016, he holds 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).

Yann Gamard, French citizen, holds an MBA from Lausanne and has been a member of the Extended Group Management Board since 1998. He is responsible for the watch brand Swatch as well as the distribution logistics for watches in Europe and for batteries worldwide. He joined the Swatch Group in 1995 (Swatch AG). He subsequently assumed responsibility for the telecom business of the Swatch Group and was thereafter appointed as Country Manager for the USA, responsible for Hamilton and later on for Glashütte Original, as well as for further European countries. Before joining the Group, Mr Gamard held various roles with Procter & Gamble and Cartier.

Hans-Rudolf Gottier, Swiss citizen, holds an electrical engineering degree from the University of Applied Sciences (HES) in Biel and is a member of the Swatch Group's Extended Management Board since 2013, where he is responsible for the companies Renata and Micro Crystal as well as for the FEPS in Shenzhen. Mr Gottier began his career in Swatch Group in 1980 as head engineer of the quartz production. Since 1990, he is the CEO of Micro Crystal Ltd. During this period, Micro Crystal was developed from being an internal quartz supplier for the watch business to being a worldwide quartz supplier. Over the 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 importation of large machinery and installations.

Roger Juillet, Swiss citizen, has been a member of the Extended Group Management Board of Swatch Group since 2019. He has been CEO of Nivarox-FAR since 2012 and a member of the Executive Board of ETA since 2019. In addition, Mr. Juillet is responsible for Meco and Swatch Group Assembly on the level of the Extended Group Management Board. Mr. Juillet joined the Group in 1969. He has held various positions in a number of Group companies. For example, he joined ETA in 1985 and was appointed Group Manager Automation after working for FHF (Fabrique d'Horlogerie de Fontainemelon) for several years. In 1998, he assumed the role of production manager for microtechnology components at Nivarox-FAR. Three years later, Mr. Juillet was appointed Production Manager Components and Assembly at the same subsidiary and then took over the management of this key Swatch Group company on 1 April 2012.

Mireille Koenig, Swiss citizen, lic. iur., lawyer, LL.M. (Chinese Law) from Hong Kong University. Member of the Extended Group Management Board since 2019, 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. Cobiانchi in Verbania, Italy. He joined Swatch Group in 1999 and is Head of Information Technology at Swatch Group level since 2005. Mr Polizzi is a member of the management of Swatch Group Services, and is President and CEO of Swatch Group Italy since 2019. He is a member of the Extended Group Management Board since 2013. Also on this level, he 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 has been Chief Information Officer at Tod's S.p.A. Before joining Swatch Group, Mr Polizzi used to work at Whirlpool where he was engaged in various information technology positions at the international level.

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 cancellation 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

During the reporting period, there were no changes in the Executive Group Management Board or the Extended Group Management Board.

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 honour 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 2021 may be consulted on page 223.

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 thereof propose additional motions 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 own shares and those represented by him. 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 Swatch Group Statutes in conjunction with Art. 699 and 700 CO].

6.5 Entries in the share register

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

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 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 performs since 1992 the function of external auditor of the Group. Before that, the predecessor organizations 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 auditor's fees have been charged to the 2021 annual accounts:

(CHF million)	Audit	Taxes	Other Services	Total
PricewaterhouseCoopers	4.2	0.7	1.2	6.1
Other Auditing Companies	0.5	0.4	0.3	1.2
Total 2021	4.7	1.1	1.5	7.3
Total 2020	4.7	1.2	1.4	7.3

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 is determined. The appointment of the auditor is subject to an approval procedure.

9. Information policy

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

- 25 January 2022 Publication of key figures 2021
- 17 March 2022 Publication of the annual report 2021 / Press conference (subject to Covid-19 restrictions)
- 24 May 2022 General Meeting
- 29 July 2022 Publication of 2022 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 under 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 the annual results and half-year results of the Swatch Group, 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 quiet periods. There are no exceptions to these quiet periods.



FINANCIAL STATEMENTS 2021

CONSOLIDATED FINANCIAL STATEMENTS
FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD

Of course, Jass also has its own way of recording the points: each team writes the 100s in its half of the slate in the top row, the 50s in the middle row, and the 20s in the bottom row. On the right side, the plus and minus points are noted. A seasoned Jass player recognizes the exact score and thus the leading team at a glance.

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FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD **214****THE SWATCH GROUP LTD SECURITIES** **229****1. Key figures Group**

[CHF million]	2021	2020	Change in %		Total
			at constant rates	currency effect	
Net sales	7 313	5 595	29.6%	1.1%	30.7%
Operating result	1 021	52			
– In % of net sales	14.0%	0.9%			
Net result	774	–53			
– In % of net sales	10.6%	–0.9%			
Equity	11 605	10 965			
– As a % of balance sheet total	84.8%	85.0%			
Dividend in CHF 1)	2021	2020			
– Per bearer share	5.50	3.50			
– Per registered share	1.10	0.70			

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.

2. Environment / Financial year

Development net sales and operating result

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%
2020 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
Net sales	5 337	268	8	-18	5 595
Operating result	179	-6	-121	0	52
- In % of net sales	3.4%	-2.2%			0.9%

Comparisons have been made with 2019, which was not impacted by Covid-19.

At constant exchange rates, Group net sales were -7.4% below 2019 (second half: -2.6% below 2019). Net sales for the 4th quarter even exceeded 2019 levels, at constant exchange rates. Brands in all price segments contributed to this result. The negative currency impact on sales was CHF -322 million or -3.9% compared with 2019. The Watches & Jewelry segment (excluding Production) realized an operating margin of 17.7%, considerably higher than the 15.2% recorded in 2019.

The travel activity, which was still severely restricted in some cases, led to regional shifts in sales compared with 2019. Mainland China and the USA realized historical record sales levels. Despite a retail network reduced by 22%, equally high sales levels as in 2019 were realized in the Group's own retail business. In particular, the strong performance of e-commerce was a contributing factor.

Sales in the Production sector almost reached 2019 levels in the last months of the year. Order books were considerably higher than at the end of 2019, and production capacity utilization normalized, whereby strong product demand for some brands far exceeded available capacity.

The long-term Group strategy to strengthen "Workplace Switzerland" through targeted investment in local production sites paid off in particular for the Electronic Systems segment. Strong demand for electronic components and button cell batteries led to increased sales of +14.8% at constant exchange rates compared with 2019. Operating result reached CHF 27 million, corresponding to a margin of 8.6%. Swiss Timing, particularly as official timekeeper for the Olympic Summer Games in Tokyo, also contributed to the result.

Development net result

(CHF million)	2021	2020
Operating result	1 021	52
Net financial result	-10	-16
Ordinary result	1 011	36
Non-operating result	0	0
Result before income taxes	1 011	36
Income taxes	-237	-89
Net result	774	-53
- In % of net sales	10.6%	-0.9%
Basic earnings per share in CHF	2021	2020
- Registered shares	2.96	-0.20
- Bearer shares	14.78	-0.99

The net financial result for the year under review closed with a loss of CHF -10 million (previous year: loss of CHF -16 million), primarily influenced by a strongly negative net currency result. 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 23.4% in the year under review or CHF -237 million (previous year: CHF -89 million). Thanks to improved earnings in many Group companies, existing non-capitalized carryforward tax losses could be used and the amount of current unrecognized tax losses reduced. As a result, the effective tax rate decreased by 2.1% in comparison with 2019, which was not impacted by Covid-19. A detailed analysis of income tax expense is disclosed in Note 27 to the consolidated financial statements.

Net result totaled CHF 774 million compared to CHF -53 million in previous year.

In the current year, basic earnings per share amounted to CHF 2.96 for registered shares (previous year: CHF -0.20) and CHF 14.78 for bearer shares (previous year: CHF -0.99). 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 1.10 per registered share and CHF 5.50 per bearer share at the Annual General Meeting on 24 May 2022 (previous year: CHF 0.70 per registered share and CHF 3.50 per bearer share).

FINANCIAL REVIEW

Development balance sheet structure

(CHF million)	2021	2020
Current assets	10 107	9 238
Current liabilities	1 377	1 212
Equity	11 605	10 965
- As a % of balance sheet total	84.8%	85.0%

Current liabilities were covered by current assets by a factor of 7.3 (previous year: 7.6). 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 11.6 billion (previous year: CHF 11.0 billion). The equity ratio was 84.8% of total assets (previous year: 85.0%).

Development liquidity

(CHF million)	2021	2020
Cash and cash equivalents at 1 January	1 540	1 148
Cash flow from operating activities	1 298	819
Cash flow from investing activities	-727	-126
Cash flow from financing activities (incl. foreign exchange rate differences on cash)	-224	-301
Cash and cash equivalents at 31 December	1 887	1 540

After-tax operating cash flow generated in 2021 was CHF 1 298 million, an increase of +58.5% against the previous year.

Across all segments, Swatch Group invested a total of CHF 303 million in non-current operating assets¹⁾ in 2021. Free cash flow²⁾ amounted CHF 1 033 million (+53.0% compared to previous year), respectively 14.1% of Net sales (previous year: 12.1%).

The dividend payment of CHF 181 million (previous year: CHF 284 million) was the main cash flow from financing activities. The net liquidity³⁾ at the end of the year was CHF 2 558 million.

3. Outlook

Group Management anticipates double-digit sales growth in local currencies in 2022. This will be ensured by numerous, and in some cases, spectacular new products from the brands in all segments. Omega, as timekeeper for the Olympic Winter Games in Beijing, will be present worldwide in the media in February, and in September, Tissot, as timekeeper for the Asian Games in Hangzhou, will be visible far beyond the Chinese market.

At the end of 2021, order books in the Electronic Systems segment were twice as high as at the end of 2019, which will lead to sales growth in the current year.

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	2021 CHF million	%	2020 CHF million	%
Net sales	(4, 5a)	7 313	100.0	5 595	100.0
Other operating income	(5b)	281	3.8	122	2.2
Changes in inventories		19	0.3	-364	-6.5
Material purchases		-1 524	-20.8	-983	-17.6
Personnel expense	(11)	-2 206	-30.2	-1 972	-35.2
Depreciation and impairment on property, plant and equipment	(8)	-396	-5.4	-420	-7.5
Amortization and impairment on intangible assets	(9)	-42	-0.6	-43	-0.8
Other operating expenses	(6a)	-2 424	-33.1	-1 883	-33.7
Operating result		1 021	14.0	52	0.9
Other financial income and expense	(18)	4	0.0	-3	-0.0
Interest expense	(18)	-5	-0.1	-3	-0.0
Share of result from associates and joint ventures	(18, 34)	-9	-0.1	-10	-0.2
Ordinary result		1 011	13.8	36	0.7
Non-operating result	(5c)	0	0.0	0	0.0
Result before income taxes		1 011	13.8	36	0.7
Income taxes	(27b)	-237	-3.2	-89	-1.6
Net result		774	10.6	-53	-0.9
<i>Attributable to shareholders of The Swatch Group Ltd</i>		765		-51	
<i>Attributable to non-controlling interests</i>		9		-2	
Earnings per share in CHF	(15)				
Registered shares					
Basic earnings per share		2.96		-0.20	
Diluted earnings per share		2.95		-0.20	
Bearer shares					
Basic earnings per share		14.78		-0.99	
Diluted earnings per share		14.77		-0.99	

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

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2021		31.12.2020	
		CHF million	%	CHF million	%
Current assets					
Cash and cash equivalents	(19)	1 979	14.5	1 585	12.3
Financial assets, securities and derivative financial instruments	(20)	677	4.9	207	1.6
Trade receivables	(5d)	710	5.2	685	5.3
Other current assets	(22)	136	1.0	212	1.6
Inventories	(7)	6 389	46.7	6 315	49.0
Prepayments and accrued income	(23)	216	1.6	234	1.8
Total current assets		10 107	73.9	9 238	71.6
Non-current assets					
Property, plant and equipment	(8)	2 771	20.3	2 929	22.7
Intangible assets	(9)	144	1.0	144	1.1
Investments in associates and joint ventures	(34)	21	0.1	29	0.2
Other non-current assets	(26)	186	1.4	106	0.9
Deferred tax assets	(27d)	449	3.3	451	3.5
Total non-current assets		3 571	26.1	3 659	28.4
Total assets		13 678	100.0	12 897	100.0

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

CONSOLIDATED BALANCE SHEET

Equity and liabilities	Notes	31.12.2021		31.12.2020	
		CHF million	%	CHF million	%
Current liabilities					
Financial debts and derivative financial instruments	(21)	98	0.7	92	0.7
Trade payables		313	2.3	281	2.2
Other liabilities	(24)	258	1.9	182	1.4
Provisions	(10)	112	0.8	69	0.5
Accrued expenses	(25)	596	4.4	588	4.6
Total current liabilities		1 377	10.1	1 212	9.4
Non-current liabilities					
Financial debts	(21)	2	0.0	3	0.0
Deferred tax liabilities	(27d)	430	3.2	465	3.6
Retirement benefit obligations	(12)	42	0.3	43	0.3
Provisions	(10)	68	0.5	51	0.4
Accrued expenses	(25)	154	1.1	158	1.3
Total non-current liabilities		696	5.1	720	5.6
Total liabilities		2 073	15.2	1 932	15.0
Equity					
Share capital	(14a)	118		118	
Capital reserves	(14b)	-971		-970	
Treasury shares	(14d)	-131		-141	
Goodwill recognized		-1 370		-1 372	
Translation differences		-442		-490	
Retained earnings		14 336		13 752	
Equity of The Swatch Group Ltd shareholders		11 540	84.4	10 897	84.5
Non-controlling interests		65	0.4	68	0.5
Total equity		11 605	84.8	10 965	85.0
Total equity and liabilities		13 678	100.0	12 897	100.0

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(CHF million)	Notes	2021	2020
Operating activities			
Net result		774	-53
Share of result from associated companies and joint ventures	(34)	9	10
Income taxes	(27b)	237	89
Depreciation on non-current assets	(8, 9)	437	463
Impairment	(8, 9)	1	0
Changes in provisions and retirement benefit obligations		54	-23
Gains/losses on sale of non-current assets		2	-16
Other non-cash items		-1	73
Changes in net working capital:			
- Trade receivables		-19	124
- Inventories		-19	370
- Other current assets, prepayments and accrued income		0	67
- Trade payables		27	-12
- Other liabilities and accrued expenses		51	-45
Dividends received from associated companies and joint ventures	(34)	1	1
Income tax paid	(27c)	-256	-229
Cash flow from operating activities		1 298	819
Investing activities			
Investments in property, plant and equipment		-251	-208
Proceeds from sale of property, plant and equipment		10	7
Investments in intangible assets		-44	-41
Proceeds from sale of intangible assets		1	19
Investments in other non-current assets		-8	-4
Proceeds from other non-current assets		27	83
Investments in current financial assets		-388	0
Purchase of marketable securities		-139	-132
Sale of marketable securities		65	150
Cash flow from investing activities		-727	-126
Financing activities			
Dividends paid to shareholders	(16)	-181	-284
Dividends paid to non-controlling interests		-15	-11
Purchase of treasury shares		-12	0
Sale of treasury shares		12	24
Change in non-current financial debts		-1	0
Change in current financial debts		-37	20
Repurchase of non-controlling interests	(31c)	0	0
Cash flow from financing activities		-234	-251
Net impact of foreign exchange rate differences on cash		10	-50
Change in cash and cash equivalents		347	392
Change in cash and cash equivalents			
- Balance at beginning of year		1 540	1 148
- Balance at end of year	(19)	1 887	1 540

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CHF million)	Attributable to The Swatch Group Ltd shareholders							Non-controlling interests	Total equity
	Share capital (Note 14a)	Capital reserves (Note 14b)	Treasury shares (Note 14d)	Goodwill recognized	Translation differences	Retained earnings	Total		
Balance at 31 December 2019	118	-948	-195	-1 372	-285	14 087	11 405	88	11 493
Net result						-51	-51	-2	-53
Currency translation of foreign entities					-205		-205	-7	-212
Dividends paid						-284	-284	-11	-295
Employee stock option plan (Note 13)		-1	9				8		8
Sale of treasury shares		-21	45				24		24
Transactions with non-controlling interests		-0					-0	0	0
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 33)				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

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, Seedorf 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 2022 and will be submitted to the Annual General Meeting of Shareholders for approval on 24 May 2022.

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

The Group is not affected by the new standard *FER 40 Consolidated financial statements of insurance entities*, which became effective on 1 January 2021. It is expected that the new standard, *FER 28 Government Grants (implementation 2024)*, will have no significant impact on the consolidated financial statements. No further changes to 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. The Group recognizes impairments on inventories subject to market risk or with risk of obsolescence. In doing so, historical experience, anticipated future requirements, and the life cycle of the individual products are taken into account. Impairments are regularly evaluated by the individual subsidiaries, based on Group guidelines, and adjusted when necessary. Details to inventory write-downs are disclosed in Note 7.

Provisions. Recognition and adjustment of provisions is carried out continuously, based on Group guidelines. For warranty provisions, calculation parameters such as anticipated repair and return volumes are adjusted to reflect current empirical values at least four times annually. Provisions for dismantling obligations are reviewed and updated at least once annually. 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. The adjustment to these provisions, based on latest estimates, takes place on an ongoing basis. Details to provisions can be found in Note 10.

Income taxes. The Group operates worldwide and is subject to taxation in over 40 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. The Group is obligated to cooperate transparently with tax authorities. Details to income taxes and tax positions are disclosed in Note 27.

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.

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%

2020 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
- Third parties	5 335	256	4		5 595
- Group	2	12	4	-18	0
Net sales	5 337	268	8	-18	5 595
Operating result	179	-6	-121	0	52
- In % of net sales	3.4%	-2.2%			0.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

b. Net sales by geographical region

(CHF million)	2021	2020
Switzerland	386	340
Other Europe	1 297	998
Total Europe	1 683	1 338
Greater China	3 080	2 487
Other Asia	1 535	1 187
Total Asia	4 615	3 674
Total America	901	490
Total Oceania	74	56
Total Africa	40	37
Total	7 313	5 595

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)	2021	2020
Sale of goods	7 286	5 578
Rendering of services	27	17
Total net sales	7 313	5 595

b. Other operating income

In the year under review, other operating income amounted to CHF 281 million (previous year: CHF 122 million). The increase compared to the previous year is mainly due to the timekeeping services rendered in the year under review for the Olympic Games.

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)	31.12.2021	31.12.2020
Trade receivables – gross	721	698
Allowance for impaired receivables	-11	-13
Total trade receivables – net	710	685

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

(CHF million)	2021	2020
Balance at 1 January	-13	-18
Translation differences	0	1
Utilization	3	2
Reversal	1	5
Creation	-2	-3
Balance at 31 December	-11	-13

6. Expenses

a. Other operating expenses

(CHF million)	2021	2020
Marketing, sales and administration	-1 006	-790
Subcontracting and other direct costs of sales	-270	-195
Maintenance, rents and energy	-899	-836
Other operating expenses	-249	-62
Total other operating expenses	-2 424	-1 883

The increase in other operating expenses compared to the previous year is mainly due to the timekeeping services rendered in the year under review for the Olympic Games.

b. Research and development costs

Costs for research and development activities amounted to CHF 245 million in the year under review, representing 3.4% of net sales (previous year: CHF 223 million or 4.0% 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)	31.12.2021	31.12.2020
Raw materials, auxiliary material and supplies	492	470
Goods in progress	433	395
Semi-finished goods	1 678	1 757
Finished goods	3 441	3 342
Spare parts for customer service	345	351
Total inventories	6 389	6 315

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

(CHF million)	2021	2020
Additional write-downs	-55	-52
Reversal of write-downs	5	4
Net impact in the income statement	-50	-48

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 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>	<i>418</i>				
<i>of which undeveloped properties at 31.12.2021</i>	<i>31</i>				

(CHF million)	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	Advances and construction in progress	Total
Historical cost, 31 December 2019	2 650	4 224	815	55	7 744
Translation differences	-18	-39	-28	0	-85
Additions	20	109	62	7	198
Disposals	-6	-119	-52	0	-177
Transfers	15	-3	3	-15	0
Historical cost, 31 December 2020	2 661	4 172	800	47	7 680
Accumulated amortization, 31 December 2019	-931	-3 099	-525	0	-4 555
Translation differences	6	29	20	0	55
Annual depreciation	-77	-248	-95	0	-420
Impairment	0	0	0	0	0
Depreciation on disposals	4	115	50	0	169
Transfers	0	-1	1	0	0
Accumulated amortization, 31 December 2020	-998	-3 204	-549	0	-4 751
Net book values					
Balance at 31 December 2019	1 719	1 125	290	55	3 189
Balance at 31 December 2020	1 663	968	251	47	2 929
<i>of which investment properties at 31.12.2020</i>	<i>423</i>				
<i>of which undeveloped properties at 31.12.2020</i>	<i>31</i>				

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 33).

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 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

	Capitalized development costs	Software	Other intangible assets	Total
(CHF million)				
Historical cost, 31 December 2019	189	208	119	516
Translation differences	0	-2	-1	-3
Additions	12	15	13	40
Disposals	-1	-2	-5	-8
Transfers	22	3	-25	0
Historical cost, 31 December 2020	222	222	101	545
Accumulated amortization, 31 December 2019	-153	-171	-42	-366
Translation differences	0	2	0	2
Annual amortization	-21	-18	-4	-43
Impairment	0	0	0	0
Amortization on disposals	1	2	3	6
Transfers	0	0	0	0
Accumulated amortization, 31 December 2020	-173	-185	-43	-401
Net book values				
Balance at 31 December 2019	36	37	77	150
Balance at 31 December 2020	49	37	58	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 2019	91	8	28	14	141
Translation differences	-2	0	-2	-1	-5
Additional provisions	42	1	6	19	68
Reversal of provisions	-6	-1	-1	0	-8
Provisions used during the year	-64	-5	-2	-5	-76
Balance at 31 December 2020	61	3	29	27	120
<i>thereof current provisions</i>	45	2	4	18	69
<i>thereof non-current provisions</i>	16	1	25	9	51
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>	70	2	5	35	112
<i>thereof non-current provisions</i>	31	1	29	7	68

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 19 million (previous year: CHF 10 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERSONNEL

11. Personnel expense

(CHF million)	2021	2020
Wages and salaries	-1 802	-1 807
Short-time work allowances	61	278
Social security costs	-322	-305
Employee stock option plan (Note 13)	-9	-8
Pension costs (Note 12)	-134	-130
Total personnel expense	-2 206	-1 972

Short-time work, introduced in the previous year due to Covid-19, was ended in the year under review. Compensation from insurers was deducted from personnel expense (see table above).

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

(unaudited)	2021	2020
Average annual headcount	31 503	33 870
Total headcount at 31 December	31 444	32 424
<i>Men</i>	15 647	16 071
<i>Women</i>	15 797	16 353
<i>Swiss contracts</i>	16 082	16 655
<i>Non-Swiss contracts</i>	15 362	15 769

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

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

2020	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	397	0	0	0	11	11
Pension plans without surplus / deficit	0	0	0	0	-6	-6
Pension plans with surplus	3	0	0	0	-5	-5
Pension plans with deficit	-312	-1	0	1	-125	-124
Pension plans without own assets	0	-42	8	-6	0	-6
Total	88	-43	8	-5	-125	-130

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

b. Summary of pension costs

	2021			2020		
	Switzer-land	Abroad	Total	Switzer-land	Abroad	Total
(CHF million)						
Contributions to pension plans	-120	-10	-130	-112	-13	-125
Total contributions	-120	-10	-130	-112	-13	-125
Change of economic benefits from surpluses	0	0	0	0	0	0
Change of economic obligations from deficits	0	-4	-4	0	-5	-5
Total changes of economic effects from surpluses / deficits	0	-4	-4	0	-5	-5
Total pension costs	-120	-14	-134	-112	-18	-130

c. Shares held by pension institutions

Number of shares of The Swatch Group Ltd	31.12.2021		31.12.2020	
	Registered shares	Bearer shares	Registered shares	Bearer shares
	3 258 600	775	3 702 746	11 875

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.

Balance of registered shares in the employee stock option plan	2021	2020
Balance at 1 January	2 529 896	2 742 335
Exercised shares	-186 964	-212 439
Balance at 31 December	2 342 932	2 529 896

Options outstanding	2021	2020
Options outstanding at 1 January	184 925	200 206
Granted	186 560	199 700
Forfeited or lapsed	-367	-2 542
Exercised	-186 964	-212 439
Options outstanding at 31 December	184 154	184 925

Expiry date of outstanding options	31.12.2021	31.12.2020
2021		122 829
2022	122 485	62 096
2023	61 669	
Total	184 154	184 925

The personnel expense recorded in the income statement of the year under review amounted to CHF 9 million (previous year: CHF 8 million).

Valuation of options		2021		2020	
		Portion exercisable in 1 year	Portion exercisable in 2 years	Portion exercisable in 1 year	Portion exercisable in 2 years
Grant date		31.05.2021	31.05.2021	31.05.2020	31.05.2020
Expiry date		31.05.2022	31.05.2023	31.05.2021	31.05.2022
Share price on grant date	CHF	62.35	62.35	37.34	37.34
Exercise price	CHF	4.00	4.00	4.00	4.00
Day value on grant date	CHF	58.35	58.35	33.34	33.34

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		Bearer shares		Share capital in CHF
	at CHF 0.45		at CHF 2.25		
31.12.2019	116 919 500		28 936 000		117 719 775.00
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

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 155 million (previous year: CHF 165 million). This amount consisted of CHF 131 million related to treasury shares held (previous year: CHF 141 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 2019	3 178 416	173	65 000	22	195
Acquisitions 1)	0	0	0	0	0
Disposals 2)	-633 995	-46	-25 000	-8	-54
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

1) In the year under review, 40 000 bearer shares were acquired at an average price of CHF 302.20. In the previous year, no shares were acquired.

2) In the year under review, no registered shares were sold (previous year: 421 556 at an average price of CHF 41.50). As part of the employee stock option plan (see Note 13), 186 964 registered shares were exercised (previous year: 212 439). In addition, 40 000 bearer shares were sold in the year under review at an average price of CHF 288.65 (previous year: 25 000 at an average price of 227.22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CAPITAL AND TREASURY

15. Earnings per share

a. Basic

	2021	2020
Net result attributable to shareholders of The Swatch Group Ltd (CHF million)	765	-51
Percentage of registered shares outstanding in comparison with the share capital outstanding	44.2%	44.2%
Percentage of bearer shares outstanding in comparison with the share capital outstanding	55.8%	55.8%

Registered shares

	2021	2020
Net result attributable to registered shareholders (CHF million)	338	-23
Average number of shares outstanding	114 471 966	114 169 222
Basic earnings per share (CHF)	2.96	-0.20

Bearer shares

	2021	2020
Net result attributable to bearer shareholders (CHF million)	427	-28
Average number of shares outstanding	28 883 462	28 872 923
Basic earnings per share (CHF)	14.78	-0.99

b. Diluted

Registered shares

	2021	2020
Net result attributable to registered shareholders (CHF million)	338	-23
Average number of shares outstanding – basic (as above)	114 471 966	114 169 222
Potential number of shares from options outstanding	170 424	166 808
Average potential number of shares outstanding – diluted	114 642 390	114 336 030
Diluted earnings per share (CHF)	2.95	-0.20

Bearer shares

	2021	2020
Net result attributable to bearer shareholders (CHF million)	427	-28
Average potential number of shares outstanding	28 883 462	28 872 923
Diluted earnings per share (CHF)	14.77	-0.99

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 11 May 2021, the Annual General Meeting approved the distribution of the following dividend:

Dividend paid	Dividend per share		Total dividend CHF million
	CHF		
Registered shares	0.70		82
Bearer shares	3.50		101
Total dividend			183
Dividend not paid out on own shares			-2
Total dividend paid			181

At the Annual General Meeting on 24 May 2022, 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 2022:

Proposed dividend	Dividend per share		Total dividend CHF million
	CHF		
Registered shares	1.10		129
Bearer shares	5.50		159
Total dividend			288

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)	31.12.2021	31.12.2020
Cash and cash equivalents (Note 19)	1 979	1 585
Financial assets, securities and derivative financial instruments (Note 20)	677	207
Short-term accessible liquidity reserves	2 656	1 792
Committed credit facilities	816	822
/. Utilized credit facilities	-98	-89
Total short-term accessible liquidity reserves and undrawn credit facilities	3 374	2 525

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)	2021	2020
Interest income	15	17
Result from marketable securities at fair value	12	3
Net currency result	-19	-19
Other financial expense	-4	-4
Other financial income and expense	4	-3
Interest expense	-5	-3
Share of result from associates and joint ventures	-9	-10
Net financial result	-10	-16

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)	31.12.2021	31.12.2020
Current accounts and liquid assets	1 414	1 025
Short-term deposits with financial institutions	565	560
Total cash and cash equivalents - balance sheet	1 979	1 585

(CHF million)	31.12.2021	31.12.2020
Cash and cash equivalents	1 979	1 585
Current account overdrafts (Note 21)	-92	-45
Total funds net cash - statement of cash flows	1 887	1 540

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)	31.12.2021	31.12.2020
Equity securities	106	69
Bond securities	175	133
Investment funds and other investments	3	4
Total marketable securities at fair value	284	206
Current financial assets	388	0
Derivative financial instruments	5	1
Total financial assets, securities and derivative financial instruments	677	207

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)	31.12.2021			31.12.2020		
	Contract value	Positive fair value	Negative fair value	Contract value	Positive fair value	Negative fair value
Forward contracts in						
CNY	60	1	0	79	1	0
EUR	231	1	0	320	0	-2
GBP	57	0	-1	69	0	-1
HKD	264	2	0	0	0	0
USD	273	1	0	320	0	-1
Other currencies	73	0	0	79	0	0
Total	958	5	-1	867	1	-4

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)	31.12.2021	31.12.2020
Current account overdrafts	92	45
Short-term bank debts	5	43
Derivative financial instruments	1	4
Total current financial debts and derivative financial instruments	98	92
Total non-current financial debts	2	3
Total financial debts	100	95

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 2021	98	0	2	100
At 31 December 2020	92	1	2	95

The carrying amounts of the Swatch Group's financial debts were denominated in the following currencies:

(CHF million)	31.12.2021	31.12.2020
CHF	93	51
JPY	0	37
Other currencies	7	7
Total	100	95

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)	31.12.2021	31.12.2020
VAT to be refunded	62	59
Other receivables	74	153
Total other current assets	136	212

23. Prepayments and accrued income

(CHF million)	31.12.2021	31.12.2020
Prepaid sales, marketing and administration costs	65	82
Income tax assets	17	18
Prepaid leasing costs	28	26
Other prepayments and accrued income	106	108
Total prepayments and accrued income	216	234

24. Other liabilities

(CHF million)	31.12.2021	31.12.2020
Advance payments received	105	73
Income tax liabilities	19	8
VAT liabilities	57	25
Other tax liabilities	17	15
Social benefits liabilities	32	33
Other liabilities	28	28
Total other liabilities	258	182

25. Accrued expenses

(CHF million)	31.12.2021	31.12.2020
Accrued salaries and social benefits	139	118
Accrued sales, marketing and administration costs	145	156
Accrued income taxes	128	125
Accrued sales reductions	54	54
Accrued leasing costs	172	171
Other accrued expenses	112	122
Total accrued expenses	750	746
<i>thereof current</i>	<i>596</i>	<i>588</i>
<i>thereof non-current</i>	<i>154</i>	<i>158</i>

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 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

	Non-current accruals	Security deposits	Other financial assets	Total
(CHF million)				
Balance at 31 December 2019	35	93	197	325
Translation differences	-1	-6	-5	-12
Additions	1	4	3	8
Disposals	-0	-10	-67	-77
Balance sheet transfer	-7	-10	-121	-138
Balance at 31 December 2020	28	71	7	106

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)	2021	2020
Result before income taxes	1 011	36
Group's applicable tax rate	21.4%	22.0%
Income taxes at applicable tax rate	-216	-8
Effect of:		
- Differences in tax rates 1)	-29	-71
- Tax rate changes on deferred taxes	-5	51
- Recognition and offset of tax loss carry-forwards not recognized in prior years	30	6
- Non-recognition of tax loss carry-forwards	-20	-62
- Non-taxable income	3	3
- Non-tax-deductible expenses	-11	-7
- Income taxes of prior periods	9	-1
- Other items	2	0
Total income taxes	-237	-89
Group's effective tax rate	23.4%	247.2%

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 23.4 % (previous year: 247.2 %).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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b. Income tax expenses

(CHF million)	2021	2020
Current income taxes	-275	-209
Income tax of prior periods	9	-1
Deferred taxes	29	121
Total income taxes	-237	-89

c. Current income tax

Net current income tax liability (CHF million)	2021	2020
Balance at 1 January	-115	-136
Recognized in income statement	-266	-210
Recognized in equity	0	-1
Income taxes paid	256	229
Translation differences	-5	3
Balance at 31 December	-130	-115
Current income tax assets	17	18
Current income tax liabilities	-147	-133

d. Deferred tax

The deferred tax assets and liabilities relate to the following balance sheet items:

(CHF million)	31.12.2021			31.12.2020		
	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
Inventories	320	-319	1	329	-302	27
Trade and other receivables	1	-14	-13	1	-15	-14
Property, plant and equipment	21	-88	-67	20	-97	-77
Intangible assets	9	-6	3	10	-6	4
Provisions	20	-40	-20	13	-39	-26
Retirement benefit obligations	6	0	6	6	0	6
Accrued expenses	65	-29	36	65	-32	33
Tax losses	69	0	69	57	0	57
Other	12	-8	4	13	-37	-24
Total deferred tax assets / liabilities	523	-504	19	514	-528	-14
Deferred tax assets			449			451
Deferred tax liabilities			-430			-465

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)	2021			2020		
	Not recognized	Recognized	Total	Not recognized	Recognized	Total
Up to five years	213	1	214	227	3	230
More than five years	363	279	642	414	235	649
No expiry date	107	28	135	176	21	197
Total at 31 December	683	308	991	817	259	1 076

The potential tax effect resulting from the utilization of previously unrecognized carryforward tax losses amounted to CHF 139 million in the year under review (previous year: CHF 161 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 27 million).

Total assets pledged by Group companies to guarantee their commitments amounted to CHF 79 million at the end of the year under review (previous year: CHF 102 million), of which less than CHF 1 million served to secure financial debts (previous year: CHF 16 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)	31.12.2021	31.12.2020
Less than 1 year	377	357
Between 1 and 5 years	964	1 039
Over 5 years	696	830
Total	2 037	2 226

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 538 million were recognized in the income statement of the year under review, compared to CHF 536 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 502 million (previous year: CHF 588 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 62 387 049 registered shares and 738 711 bearer shares, equivalent to 43.3% of all voting rights (previous year: 43.6%) 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: 42.9%).

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)	2021	2020
Short-term employee benefits	23.6	19.5
– of which in salaries	8.2	8.5
– of which in bonus	14.8	10.1
– of which in expense allowances	0.6	0.6
– of which in other benefits	0.0	0.3
Share-based compensation	7.7	4.8
Contributions to pension plans	0.8	0.7
Other social benefits	2.6	2.0
Total	34.7	27.0

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 57 999 147 registered shares and 737 976 bearer shares, representing 40.3% of all voting rights (previous year: 40.2%). 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 35b) 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)	2021		2020	
	Associates and joint ventures	Other related parties	Associates and joint ventures	Other related parties
Purchases	59	9	52	9
Sales	4	0	9	0
Receivables	1	0	1	0
Payables	4	0	3	1
Guarantees received	0	0	0	0
Loans granted	1	0	2	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 33). 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

	2021	2020
Number of companies at 1 January	152	153
Foundations	0	1
Group internal mergers	-4	0
Liquidations	-1	-2
Number of companies at 31 December	147	152
<i>of which associates</i>	5	5
<i>of which joint ventures</i>	2	2

b. Exchange rates

Currency	Unit	Average rates	Prevailing rates	Average rates	Prevailing rates
		2021	31.12.2021	2020	31.12.2020
CNY	1	0.1425	0.1440	0.1361	0.1357
EUR	1	1.0823	1.0385	1.0736	1.0860
HKD	1	0.1180	0.1177	0.1210	0.1142
JPY	100	0.8314	0.7975	0.8830	0.8585
USD	1	0.9176	0.9180	0.9382	0.8860

31. Business combinations

a. Acquisition of subsidiaries

There were no acquisitions in the year under review and the previous year.

b. Divestments of businesses

In September 2021, the distribution of several Group brands in South Africa was handed over to a partner. No companies were sold in the previous year.

c. Changes in non-controlling interests

There were no changes in non-controlling interests in the year under review. In November 2020, the Group's share in the company Belenos Clean Power Engineering AG was reduced from 60% to 51%. The transaction amounted to less than CHF 1 million and had no impact on the Group's equity.

32. Discontinued operations

The business unit Calvin Klein was discontinued in 2021, due to the expiration of the license agreement. This unit reached the following key figures, with net sales realized mainly in Europe (over 60%) and Asia (over 30%) in the year under review:

(CHF million)	2021	2020
Net sales	21	40
Operating result	-32	-47

Customer service for Calvin Klein products will also be guaranteed after 2021 until the end of the contractually agreed term. In future, this immaterial activity will no longer be disclosed as discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATION AND GROUP STRUCTURE

33. 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)	2021			2020		
	Goodwill Group companies	Goodwill associated companies	Total	Goodwill Group companies	Goodwill associated companies	Total
Historical cost 1 January	1 389	48	1 437	1 389	48	1 437
Additions	0	0	0	0	0	0
Disposals	-2	0	-2	0	0	0
Historical cost 31 December	1 387	48	1 435	1 389	48	1 437
Theoretical accumulated amortization 1 January	-1 184	-48	-1 232	-1 082	-45	-1 127
Theoretical annual amortization	-101	0	-101	-102	-3	-105
Theoretical impairment	0	0	0	0	0	0
Theoretical amortization on disposals	2	0	2	0	0	0
Theoretical accumulated amortization 31 December	-1 283	-48	-1 331	-1 184	-48	-1 232
Theoretical net book value 31 December	104	0	104	205	0	205

In the year under review, business operations in South Africa were discontinued. Consequently, the historical value of CHF 2 million in acquired goodwill for the company The Swatch Group (South Africa) (Proprietary) Ltd was derecognized (see Note 31b).

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)	31.12.2021	31.12.2020
Equity per balance sheet	11 605	10 965
Theoretical capitalization of net book value of goodwill	104	205
Theoretical equity including net book value of goodwill	11 709	11 170

(CHF million)	2021	2020
Net result per income statement	774	-53
Theoretical amortization of goodwill	-101	-105
Theoretical net result after goodwill amortization	673	-158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATION AND GROUP STRUCTURE

34. Investments in associates and joint ventures

All associates and joint ventures (see Note 35b) are recognized using the equity method.

(CHF million)	2021	2020
Balance at 1 January	29	45
Share of result from associates and joint ventures	-9	-10
Dividends received	-1	-1
Investments	0	0
Translation differences	2	-5
Balance at 31 December	21	29

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.

In the year under review and the previous year, there were no significant changes in investments in associates and joint ventures.

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

35. The Swatch Group Companies

As at 31.12.2021

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%
Simon et Membrez S.A., Delémont	Watch cases	CHF 0.10	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%
HOOR 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.	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	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	80%
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 Ruijing Retail Co., Ltd., Shanghai	Retail	CNY	20.25	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%
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., Glen Iris	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%
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 22.94	9%
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%
New Horizons General Trading LLC, Dubai	Retail	AED 0.30	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 2021, the consolidated balance sheet as at 31 December 2021, 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 2021 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 Auditing Standards. 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 45,000,000

We concluded full scope audit work at 70 reporting units in 28 countries. These 70 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



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 45,000,000
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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 2,500,000 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 are audited by PwC exclusively 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 visit the local management and the local auditor of the most significant Group companies every three years according to a rotation plan. During these site visits, 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 2021 consolidated financial statements, we participated in the audit closing meetings of five 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, Japan, South Korea, Italy, and the United States of America via a virtual meeting and visited the Group company in Russia.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 6,389 million on the balance sheet as at 31 December 2021 and they represent a significant share of total assets (about 47%).

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 2021 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.

Responsibilities of the Board of Directors 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.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

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 Swiss Auditing Standards 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 further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 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 Bröderlin
Audit expert
Auditor in charge



Tobias Handschin
Audit expert

Basel, 2 March 2022



FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD

FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD

Income statement

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INCOME STATEMENT OF THE SWATCH GROUP LTD

	Notes	2021 CHF million	2020 CHF million
Income from investments in subsidiaries	(1)	528	697
Other income		6	5
Personnel expense		-45	-39
Other expenses		-17	-18
Depreciation and impairment	(2)	-29	-124
Financial expenses	(3)	-20	-16
Financial income	(4)	40	30
Ordinary result		463	535
Non-operating result		0	0
Extraordinary result		0	0
Profit before income taxes		463	535
Income taxes		-2	-2
Net income		461	533

BALANCE SHEET OF THE SWATCH GROUP LTD

Assets	Notes	31.12.2021		31.12.2020	
		CHF million	%	CHF million	%
Current assets					
Cash and cash equivalents		446	5.2	419	5.1
Assets with an observable market price	(5, 8)	669	7.8	189	2.3
Other current receivables					
– from Group companies	(6)	2 615	30.4	2 573	31.1
– from third parties		27	0.3	27	0.3
Prepayments and accrued income		3	0.0	3	0.0
Total current assets		3 760	43.7	3 211	38.8
Non-current assets					
Loans to Group companies	(6)	468	5.4	855	10.3
Loans to third parties		1	0.0	0	0.0
Investments in subsidiaries and associates	(7)	4 370	50.8	4 196	50.8
Property, plant and equipment		5	0.1	6	0.1
Intangible assets		1	0.0	1	0.0
Total non-current assets		4 845	56.3	5 058	61.2
Total assets		8 605	100.0	8 269	100.0

BALANCE SHEET OF THE SWATCH GROUP LTD

Equity and liabilities	Notes	31.12.2021		31.12.2020	
		CHF million	%	CHF million	%
Current liabilities					
Financial debts and derivative financial instruments	(8)	94	1.1	54	0.7
Other current liabilities					
– to Group companies		27	0.3	29	0.4
– to third parties		8	0.1	4	0.0
Accrued expenses		17	0.2	12	0.1
Non-current liabilities					
Non-current provisions		90	1.0	90	1.1
Total liabilities		236	2.7	189	2.3
Equity					
Share capital		118	1.4	118	1.4
Statutory capital reserve		123	1.4	124	1.5
Statutory reserve		10	0.1	10	0.1
Reserve for treasury shares		0	0.0	0	0.0
Voluntary reserve		7 739	90.0	7 289	88.2
– Profit brought forward		49		147	
– Net income for the year		461		533	
Available earnings		510	5.9	680	8.2
Treasury shares		-131	-1.5	-141	-1.7
Total equity	(9)	8 369	97.3	8 080	97.7
Total equity and liabilities		8 605	100.0	8 269	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)	2021	2020
Dividends	470	645
Other income from investments in subsidiaries	58	52
Total	528	697

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 29 million (previous year: CHF 124 million).

3. Financial expenses

(CHF million)	2021	2020
Interest expense	-2	-1
Result from marketable securities at fair value	-5	-4
Net currency result	-11	-9
Other financial expense	-2	-2
Total	-20	-16

NOTES TO THE FINANCIAL STATEMENTS

4. Financial income

(CHF million)	2021	2020
Interest income	19	22
Income and gains on securities	21	8
Total	40	30

5. Assets with an observable market price

(CHF million)	31.12.2021	31.12.2020
Current financial assets	388	0
Marketable securities	195	112
Precious metals	81	76
Derivative financial instruments (see Note 8)	5	1
Total	669	189

6. Receivables and loans

These positions mainly include deposits of surplus cash with the Group-internal finance company in Luxembourg as well as financing of subsidiaries.

7. Investments in subsidiaries and associates

The list of 146 legal entities, including minority investments, held directly or indirectly by The Swatch Group Ltd and consolidated at Swatch Group level, is published in Note 35 of the consolidated financial statements in this report.

Investments in subsidiaries amounted to CHF 4 370 million or 50.8% of total assets at the end of the year under review (previous year: CHF 4 196 million or 50.8% of total assets).

8. Financial debts and derivative financial instruments

At the end of the year under review, current account overdrafts of CHF 92 million were open (previous year: CHF 45 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)	31.12.2021			31.12.2020		
	Contract value	Positive fair value	Negative fair value	Contract value	Positive fair value	Negative fair value
Forward contracts						
- Third parties	888	5	-1	782	0	-4
- Group	276	0	-1	317	1	-5
Total	1 164	5	-2	1 099	1	-9

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.

NOTES TO THE FINANCIAL STATEMENTS

9. Equity

Compared to the end of the previous year, equity increased by CHF 289 million to CHF 8 369 million in the year under review. At the end of the year under review, the equity ratio amounted to 97.3% of total assets (previous year: 97.7%).

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 31.12.2019	118	148	10	0	6 759	961	-195	7 801
Allocated in 2020					530	-530		0
Dividend paid out						-284		-284
Change in treasury shares		-24					54	30
Net income						533		533
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

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
31.12.2020	116 919 500	28 936 000	117 719 775.00
31.12.2021	116 919 500	28 936 000	117 719 775.00

Principal shareholders at 31 December 2021

At the end of the year under review, the Hayek Pool, its related companies, institutions and individuals held 62 387 049 registered shares and 738 711 bearer shares, equivalent to 43.3% of all voting rights (previous year: 43.6%). 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: 42.9%).

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 450 million was appropriated from available earnings at 31 December 2020 (previous year: CHF 530 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 11 May 2021, a dividend of CHF 0.70 per registered share and of CHF 3.50 per bearer share was appropriated from available earnings as at 31 December 2020. The total dividend amount paid to shareholders in the year under review came to CHF 82 million on the registered shares and CHF 101 million on the bearer shares. In accordance with the resolution relating to the use of available earnings approved by the above-mentioned Annual General Meeting, no dividends were paid on the treasury shares held by the Swatch Group. This amount, which would have totaled CHF 2 million, thus remains as an integral part of equity at the end of the year under review. Finally, CHF 450 million was appropriated from available earnings at 31 December 2020 and allocated to the voluntary reserve.

Treasury shares

Treasury shares held by The Swatch Group Ltd at the end of the year under review corresponded to 1.0% (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	Registered shares 1)		Bearer shares	
	2021	2020	2021	2020
The Swatch Group Ltd				
Balance at 1 January	2 544 421	3 178 416	40 000	65 000
Acquisitions 2)	0	0	40 000	0
Disposals 3)	-186 964	-633 995	-40 000	-25 000
Balance at 31 December	2 357 457	2 544 421	40 000	40 000
Other consolidated companies				
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	2 357 457	2 544 421	40 000	40 000

1) Of which, at the end of the year under review, a total of 2 342 932 registered shares were reserved for the employee stock option plan (previous year: 2 529 896 shares).

2) In the year under review, the Group acquired 40 000 bearer shares at an average price of CHF 302.20. In the previous year, no shares were acquired.

3) In the year under review, no registered shares were sold (previous year: 421 556 at an average price of CHF 41.50). As part of the employee stock option plan (see Note 13 of the consolidated financial statements), 186 964 registered shares were exercised (previous year: 212 439). In addition, 40 000 bearer shares were sold in the year under review at an average price of CHF 288.65 (previous year: 25 000 at an average price of CHF 227.22).

Off-balance-sheet items

Number of full-time equivalents

In the year under review, the annual average number of full-time equivalents was 137 (previous year: 139).

Leasing liabilities

The balance of liabilities arising from buy or purchase-like contracts and other leasing commitments which do not expire or cannot be cancelled within 12 months amounted to less than CHF 1 million at the end of the year under review and previous year.

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.

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, 4 750 registered shares and options valued at CHF 0.3 million (previous year: 5 000 registered shares and options valued at CHF 0.2 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	
		2021	2020	2021	2020	2021	2020
Community of heirs N. G. Hayek represented by Marianne Hayek		56 695 202	56 695 202	737 796	737 796		
Nayla Hayek	BoD Chairwoman	228 208	208 208			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	199 491	175 491			24 000	24 000
Raynald Aeschlimann	MB Member	40 867	33 867			7 001	7 001
Pierre-André Bühler	MB Member	20 966	18 966			8 002	8 002
Dr. Mougahed Darwish	MB Member	74 268	87 668	40	40	2 602	2 602
Marc A. Hayek	MB Member	182 899	169 065	140	140	14 501	13 835
Dr. Thierry Kenel	MB Member / CFO	100 253	90 253			10 001	10 001
Florence Ollivier-Lamarque	MB Member	61 498	71 498			5 002	5 002
Dr. Peter Steiger	MB Member	130 999	120 999			10 001	10 001
François Thiébaud	MB Member	181 382	170 048			10 168	12 502
Lionel A Marca	EMB Member	1 282	314			1 200	968
Matthias Breschan	EMB Member	2 034	4 034			3 000	3 000
Sylvain Dolla	EMB Member	2 233	1 300			1 468	401
Daniel Everts	EMB Member	2 300	1 700			600	600
Yann Gamard	EMB Member	12 700	9 000			5 501	5 501
Hans-Rudolf Gottier	EMB Member	42 700	37 700			5 002	5 002
Roger Juillet	EMB Member	4 045	2 845			1 200	1 200
Mireille Koenig	EMB Member	4 320	3 520			900	800
Calogero Polizzi	EMB Member	11 500	8 500			3 000	3 000
Total		57 999 247	57 910 278	739 986	739 986	133 151	133 420

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 2022 and will be submitted to the Annual General Meeting of Shareholders for approval on 24 May 2022. 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)	2021	2020
Net income	461	533
Profit brought forward	49	147
Available earnings	510	680
Allocation to voluntary reserve	-200	-450
Payment of a 2020 dividend, i.e.:		
- CHF 0.70 per registered share with a par value of CHF 0.45		-82
- CHF 3.50 per bearer share with a par value of CHF 2.25		-101
Payment of a 2021 dividend, i.e.: 1)		
- 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	
Dividends not paid out on own shares held by the Group 2)		2
Balance carried forward	22	49

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 11 May 2021, 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, which comprise the income statement for the year ended 31 December 2021, the balance sheet as at 31 December 2021 and notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 215 to 223 and pages 205 to 208) as at 31 December 2021 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 Auditing Standards. 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 entity 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 35,000,000

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 entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiaries and associates

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 35,000,000
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 2,500,000 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.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 2021, investments in subsidiaries and associates of The Swatch Group Ltd amounted to CHF 4,370 million (about 51% 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 2021 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>

Responsibilities of the Board of Directors 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 entity'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 entity 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 Swiss Auditing Standards 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 further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 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 2022



THE SWATCH GROUP LTD SECURITIES

Average number of shares outstanding / Average share capital	2021 basic	2020 basic	2019 basic	2018 basic	2017 basic
Number of registered shares of CHF 0.45	114 471 966	114 169 222	113 428 394	115 449 571	116 755 450
Number of bearer shares of CHF 2.25	28 883 462	28 872 923	28 814 317	29 268 442	29 567 412
Total average number of shares outstanding	143 355 428	143 042 145	142 242 711	144 718 013	146 322 862
Share capital registered shares in CHF	51 512 385	51 376 150	51 042 777	51 952 307	52 539 953
Share capital bearer shares in CHF	64 987 790	64 964 077	64 832 213	65 853 995	66 526 677
Total average share capital in CHF	116 500 174	116 340 227	115 874 991	117 806 302	119 066 630

Key data per registered share (nom. CHF 0.45) in CHF	2021	2020	2019	2018	2017
Consolidated net result attributable to shareholders	2.96	-0.20	2.84	3.23	2.77
Cash flow from operating activities 1)	5.01	3.17	4.75	3.60	4.78
Consolidated equity 1)	44.82	42.41	44.63	43.07	42.67
Dividend 2)	1.10	0.70	1.10	1.60	1.50

Key data per bearer share (nom. CHF 2.25) in CHF	2021	2020	2019	2018	2017
Consolidated net result attributable to shareholders	14.78	-0.99	14.18	16.14	13.86
Cash flow from operating activities 1)	25.06	15.83	23.76	18.01	23.89
Consolidated equity 1)	224.12	212.07	223.17	215.33	213.33
Dividend 2)	5.50	3.50	5.50	8.00	7.50

Stock price (adjusted) in CHF	2021	2020	2019	2018	2017
Registered shares high	64.30	52.75	62.60	91.30	80.95
Registered shares low	45.68	28.56	46.62	54.05	60.60
Registered shares at year-end	53.45	46.76	51.15	56.80	74.50
Bearer shares high	333.90	280.50	322.00	499.10	414.60
Bearer shares low	235.50	151.00	247.70	275.60	307.50
Bearer shares at year-end	279.00	241.50	270.00	286.70	397.40

Key ratios (year-end)	2021	2020	2019	2018	2017
Average return on equity 3)	6.9%	-0.5%	6.6%	7.7%	6.8%
Dividend yield registered shares 4)	2.1%	1.5%	2.2%	2.8%	2.0%
Dividend yield bearer shares 4)	2.0%	1.4%	2.0%	2.8%	1.9%
Market capitalization in CHF million	14 322	12 455	13 793	15 887	21 497

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



Is it any surprise that the Swiss are so good at arithmetic? Even at a young age, they learn to subtract any number from 157, the total score in a regular Jass game, and can add up the points of all the cards in a flash. Whichever team wins all the tricks scores a match. In this case, 100 additional points are added, so that the total score is 257.

COMPENSATION REPORT**Compensation Committee****Compensation system****Additional contractual elements****Compensation for the members of the Board of Directors and Group Management Board (KL/EKL)****232****233****234****236****237**

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:

		2021	2020
Grant date		31.05.2021	31.05.2020
Share price on grant date	CHF	62.35	37.34
Exercise price	CHF	4.00	4.00
Day value on grant date	CHF	58.35	33.34

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)

2021	Name	Function	Compensation for functions in the BoD 1) (CHF)	Compensation for executive functions			Total 6) (CHF)	
				Base compensation 2) (CHF)	Bonus 3) (CHF)	Share options 4) (CHF)		Other compensation 5) (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

2020	Name	Function	Compensation for functions in the BoD 1) (CHF)	Compensation for executive functions			Total 6) (CHF)	
				Base compensation 2) (CHF)	Bonus 3) (CHF)	Share options 4) (CHF)		Other compensation 5) (CHF)
	Nayla Hayek	Chairwoman	195 501	1 002 108	900 000	666 800	276 979	3 041 388
	Ernst Tanner	Vice-Chairman	142 299				7 772	150 071
	Daniela Aeschlimann	Member	136 015				9 742	145 757
	Georges Nicolas Hayek 7)	Member	134 807				8 478	143 285
	Prof. Dr. h.c. Claude Nicollier	Member	133 588				7 079	140 667
	Dr. Jean-Pierre Roth	Member	133 588				7 079	140 667
	Total		875 798	1 002 108	900 000	666 800	317 129	3 761 835

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 14 000 for functions in the Compensation Committee and the Audit Committee (previous year: CHF 16 500) 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 666 800.

5) Other compensation includes pension benefits in the amount of CHF 64 999 (previous year: CHF 67 192). The remaining social benefits (employer's contributions) amounted to CHF 316 694 (previous year: CHF 249 937). No long-term service awards were paid out either in the year under review or the previous year.

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.

b. Executive Group Management Board (KL) and Extended Group Management Board (EKL)

2021	Base com- pensation 1)	Bonus 2)	Share options 3)	Share options 3)	Other com- pensation 4)	Total 5)
	(CHF)	(CHF)	(number)	(CHF)	(CHF)	(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

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 result in a total value of CHF 3 750 750 (-10.0% compared to the previous year's value of CHF 4 167 500).

2020	Base com- pensation 1)	Bonus 2)	Share options 3)	Share options 3)	Other com- pensation 4)	Total 5)
	(CHF)	(CHF)	(number)	(CHF)	(CHF)	(CHF)
Georges Nicolas Hayek (MB President / CEO)	1 502 105	1 870 000	24 000	800 160	408 475	4 580 740
Total other members	5 703 182	7 330 830	101 000	3 367 340	2 274 928	18 676 280
Total	7 205 287	9 200 830	125 000	4 167 500	2 683 403	23 257 020

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 709 026 (previous year: CHF 643 403). The remaining social benefits (employer's contributions) amounted to CHF 2 293 189 for the year under review (previous year: CHF 1 744 404). Other compensation also includes further benefits and long-term service awards in the amount of CHF 31 475 (previous year: CHF 295 596).

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

We have audited the content of sections 4a-e of the compensation report dated 2 March 2022 of The Swatch Group Ltd for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of The Swatch Group Ltd for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG




Thomas Brüderlin
Audit expert
Auditor in charge



Tobias Handschin
Audit expert

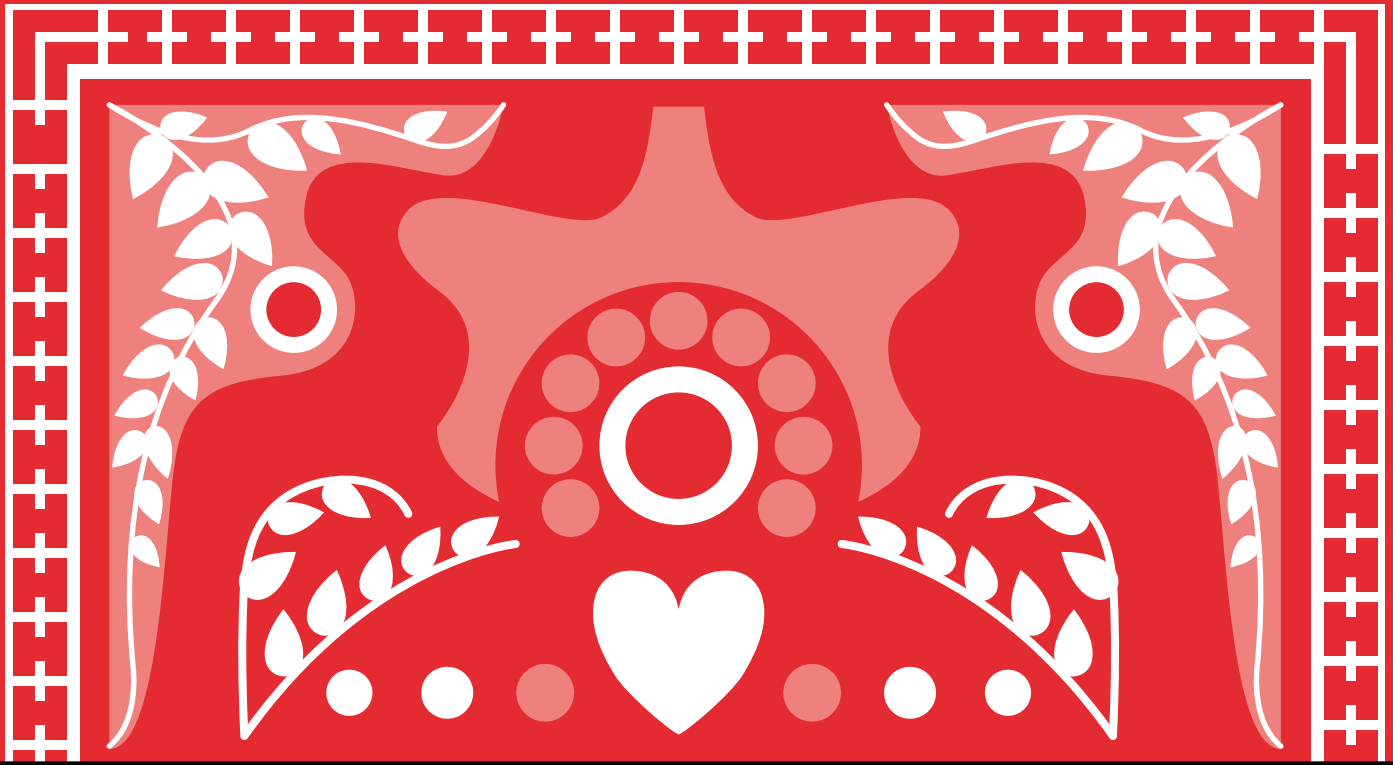
Basel, 2 March 2022



The image features a decorative border with floral and geometric motifs. At the top and bottom, there are semi-circular patterns with a central heart and a row of dots. The corners are adorned with stylized leaves and a circular wheel-like element. The central area is a large, rounded rectangle with a light gray background, containing a paragraph of text and four small icons: a heart in the top-left, a leaf in the top-right, a clover in the bottom-left, and a diamond in the bottom-right.

However, merely reaching the set number of points is not enough to secure victory. Once the score has been reached, the team must declare victory by thanking the opposing team; otherwise, the victory will not be recognized.





The Swatch Group Ltd

P.O. Box, Seevorstadt 6, CH-2501 Biel/Bienne, Switzerland

Phone: +41 32 343 68 11, Fax: +41 32 343 69 11

E-mail: www.swatchgroup.com/contactus

Internet: www.swatchgroup.com

