

Annual Report 2024



Financial Statements 2024



FINANCIAL STATEMENTS 2024

CONSOLIDATED FINANCIAL STATEMENTS	128
Financial review	129
Consolidated income statement	133
Consolidated balance sheet	134
Consolidated statement of cash flows	136
Consolidated statement of changes in equity	137
Notes to the consolidated financial statements	138
General information	138
1. General information	138
2. Basis of preparation	138
3. Events after the balance sheet date	139
Important operating positions	140
4. Segment information	140
5. Revenues and trade receivables	141
6. Expenses	142
7. Inventories	143
8. Property, plant and equipment	143
9. Intangible assets	145
10. Provisions	147
Personnel	148
11. Personnel expense	148
12. Retirement benefit obligations	148
13. Employee stock option plan	150
Capital and Treasury	151
14. Share capital and reserves	151
15. Earnings per share	152
16. Dividends paid and proposed	152
17. Financial risk management	153
18. Net financial result	154
19. Cash and cash equivalents	154
20. Financial assets, securities and derivative financial instruments	154
21. Financial debts and derivative financial instruments	155
Notes to the consolidated balance sheet	156
22. Other current assets	156
23. Prepayments and accrued income	156
24. Other liabilities	156
25. Accrued expenses	156
26. Other non-current assets	157
Other information	158
27. Income taxes	158
28. Commitments and contingencies	160
29. Related party transactions	161
Consolidation and Group structure	162
30. Consolidation	162
31. Business combinations	163
32. Investments in associates and joint ventures	164
33. Acquired goodwill	165
34. The Swatch Group Companies	166
FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD	174
THE SWATCH GROUP LTD SECURITIES	188

FINANCIAL REVIEW

1. Key figures Group

(CHF million)	2024	2023	Change in %		Total
			at constant rates	currency effect	
Net sales	6 735	7 888	-12.2%	-2.4%	-14.6%
Operating result	304	1 191			-74.5%
– In % of net sales	4.5%	15.1%			
Net result	219	890			-75.4%
– In % of net sales	3.3%	11.3%			
Equity	12 217	12 258			-0.3%
– As a % of balance sheet total	87.3%	86.1%			
Dividend in CHF 1)	2024	2023			
– Per bearer share	4.50	6.50			
– Per registered share	0.90	1.30			

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

With its 16 brands, the Swatch Group is present in all segments, and is a fully verticalized company, from production to distribution. The Group has an ideal set-up worldwide, with its own retail network including e-commerce and its own customer service. The Group continuously makes long-term investments, not only in research and development of innovative and unique products, but also in the close to 150 production facilities in Switzerland and in worldwide distribution. As a result, the Group occupies an unparalleled position in the Swiss as well as the worldwide watch industry.

FINANCIAL REVIEW

2. Environment / Financial year

Development net sales and operating result

2024 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
Net sales	6 418	330	8	-21	6 735
Operating result	410	12	-118	0	304
- In % of net sales	6.4%	3.6%			4.5%
2023 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
Net sales	7 546	359	9	-26	7 888
Operating result	1 298	27	-134	0	1 191
- In % of net sales	17.2%	7.5%			15.1%

At constant exchange rates, Group net sales were 12.2% below the previous year. The negative currency impact amounted to CHF 192 million or 2.4%.

The Watches & Jewelry segment (without Production) ended the 2024 reporting year with a considerable decline in sales and a correspondingly low operating margin of 10.6% [previous year: 17.2%], which was partly attributable to the deliberate maintenance of marketing investments, such as for the Olympic Games in Paris.

The huge drop in demand for consumer goods in China (including Hong Kong SAR and Macau SAR) and in the Southeast Asian markets, which are heavily dependent on Chinese tourists, persisted in the second half of 2024. Sales in these key regions for the Group's brands declined by around 30% overall. The share of total sales in China (including Hong Kong SAR and Macau SAR) amounted to 27%, in comparison with 33% in the previous year.

The key markets of the USA, Japan, India and the Middle East achieved record sales in their local currencies. In the USA, the largest market for watches before China, Omega, Longines and Swatch performed very well, and Tissot exceeded the USD 100 million in sales mark for the first time. In Japan, the third-largest export market for Swiss watches, high double-digit growth was achieved, with Harry Winston, Omega, Longines and Tissot who have significantly strengthened their positions. The Swatch brand is continuing a high in Japan. The Rivoli Group achieved considerable sales growth, and the new distribution company in Saudi Arabia performed very well. The retail share of the Watches & Jewelry segment's total sales rose to 47%.

The prestige brands Breguet and Blancpain were particularly affected by the challenging market environment. Harry Winston and Omega, on the other hand, performed well, as did the brands in the medium price segments with Rado, Longines and Tissot. Demand for the *MoonSwatch* and *Scuba Fifty Fathoms* Swatch remained very high throughout the entire year, thanks to various market launches, and improved even further in the second half of the year thanks to the success of the new *Mission to the Super Blue Moonphase* and *Mission to Earthphase* models.

Significantly lower sales in the Production segment, resulting from a decline in orders, both from third parties and from the Group's own brands, led to a strongly negative operating result for the segment. The Group is sticking to its strategy of maintaining production capacities and avoiding redundancies. This will lead to a rapid improvement in the result for the segment in 2025, if sales improve. And all the more so since practically all markets worldwide are on course for growth, and issues with consumption are only being seen in the Greater China region.

Sales from the Electronic Systems segment rose in the second half of the year, reaching the previous year's level. For the year, the segment reported sales of CHF 330 million (-7.0% at constant exchange rates, -8.1% at current rates). Operating profit amounted to CHF 12 million [previous year: CHF 27 million]. The order books at the end of the year were up 25% year on year.

FINANCIAL REVIEW

Development net result

(CHF million)	2024	2023
Operating result	304	1 191
Net financial result	39	-41
Ordinary result	343	1 150
Non-operating result	2	2
Result before income taxes	345	1 152
Income taxes	-126	-262
Net result	219	890
- In % of net sales	3.3%	11.3%
Basic earnings per share in CHF	2024	2023
- Registered shares	0.75	3.35
- Bearer shares	3.74	16.76

The net financial result for the year under review closed with a gain of CHF 39 million (previous year: loss of CHF 41 million). The positive result was mainly due to a significant reduction in foreign exchange losses compared with the previous year. 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 36.5% in the year under review or CHF 126 million (previous year: 22.7% or CHF 262 million). A detailed analysis of income tax expense is disclosed in Note 27 to the consolidated financial statements.

Net result totaled CHF 219 million or -75.4% compared to the previous year.

In the current year, basic earnings per share amounted to CHF 0.75 for registered shares (previous year: CHF 3.35) and CHF 3.74 for bearer shares (previous year: CHF 16.76). 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 0.90 per registered share and CHF 4.50 per bearer share at the Annual General Meeting on 21 May 2025 (previous year: CHF 1.30 per registered share and CHF 6.50 per bearer share).

FINANCIAL REVIEW

Development balance sheet structure

(CHF million)	2024	2023
Current assets	10 006	10 502
Current liabilities	1 022	1 220
Equity	12 217	12 258
– As a % of balance sheet total	87.3%	86.1%
Average return on equity 1)	1.8%	7.3%

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

Current liabilities were covered by current assets by a factor of 9.8 (previous year: 8.6). 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 12.2 billion (previous year: CHF 12.3 billion). The equity ratio was 87.3% of total assets (previous year: 86.1%).

Development liquidity

(CHF million)	2024	2023
Cash and cash equivalents at 1 January	1 616	2 176
Cash flow from operating activities	333	615
Cash flow from investing activities	–470	–768
Cash flow from financing activities (incl. foreign exchange rate differences on cash)	–382	–407
Cash and cash equivalents at 31 December	1 097	1 616

After-tax operating cash flow generated in the year under review was CHF 333 million, a decrease of 45.9% against the previous year. Across all segments, Swatch Group invested a total of CHF 568 million in non-current operating assets¹⁾ in the year under review (previous year: CHF 803 million).

The dividend payment of CHF 335 million (previous year: CHF 311 million) was the main cash flow item from financing activities. The net liquidity²⁾ at the end of the year was CHF 1 376 million (previous year: CHF 1 988 million).

3. Outlook

2025 promises positive momentum worldwide. The Group's extensive industrial basis, as well as its strong brand presence, with many exciting new products across all price segments, mean that a positive performance in 2025 can be expected. Demand in China will continue to be rather restrained. The expectation is that the habits and behaviour of Chinese consumers will continue to change, which will open up plenty of new opportunities for the strongly positioned brands.

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

2) 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	2024 CHF million	%	2023 CHF million	%
Net sales	(4, 5a)	6 735	100.0	7 888	100.0
Other operating income	(5b)	263	3.9	136	1.7
Changes in inventories		213	3.2	687	8.7
Material purchases		-1 345	-20.0	-1 864	-23.6
Personnel expense	(11)	-2 506	-37.2	-2 550	-32.3
Depreciation and impairment on property, plant and equipment	(8)	-368	-5.5	-346	-4.4
Amortization and impairment on intangible assets	(9)	-48	-0.7	-44	-0.6
Other operating expenses	(6a)	-2 640	-39.2	-2 716	-34.4
Operating result		304	4.5	1 191	15.1
Other financial income and expense	(18)	44	0.6	-36	-0.5
Interest expense	(18)	-3	-0.0	-4	-0.0
Share of result from associates and joint ventures	(18, 32)	-2	-0.0	-1	-0.0
Ordinary result		343	5.1	1 150	14.6
Non-operating result	(5c)	2	0.0	2	0.0
Result before income taxes		345	5.1	1 152	14.6
Income taxes	(27b)	-126	-1.8	-262	-3.3
Net result		219	3.3	890	11.3
Attributable to shareholders of The Swatch Group Ltd		193		869	
Attributable to non-controlling interests		26		21	
Earnings per share in CHF	(15)				
Registered shares					
Basic earnings per share		0.75		3.35	
Diluted earnings per share		0.75		3.35	
Bearer shares					
Basic earnings per share		3.74		16.76	
Diluted earnings per share		3.74		16.75	

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

CONSOLIDATED BALANCE SHEET

Assets	Notes	31.12.2024		31.12.2023	
		CHF million	%	CHF million	%
Current assets					
Cash and cash equivalents	(19)	1 103	7.9	1 683	11.8
Financial assets, securities and derivative financial instruments	(20)	293	2.1	380	2.7
Trade receivables	(5d)	612	4.3	672	4.7
Other current assets	(22)	107	0.8	195	1.4
Inventories	(7)	7 641	54.6	7 309	51.4
Prepayments and accrued income	(23)	250	1.8	263	1.8
Total current assets		10 006	71.5	10 502	73.8
Non-current assets					
Property, plant and equipment	(8)	3 162	22.6	3 029	21.3
Intangible assets	(9)	151	1.1	153	1.1
Investments in associates and joint ventures	(32)	34	0.2	13	0.1
Other non-current assets	(26)	186	1.3	84	0.6
Deferred tax assets	(27d)	453	3.3	448	3.1
Total non-current assets		3 986	28.5	3 727	26.2
Total assets		13 992	100.0	14 229	100.0

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

CONSOLIDATED BALANCE SHEET

Equity and liabilities	Notes	31.12.2024		31.12.2023	
		CHF million	%	CHF million	%
Current liabilities					
Financial debts and derivative financial instruments	(21)	20	0.2	75	0.5
Trade payables		270	1.9	317	2.2
Other liabilities	(24)	213	1.5	164	1.2
Provisions	(10)	95	0.7	97	0.7
Accrued expenses	(25)	424	3.0	567	4.0
Total current liabilities		1 022	7.3	1 220	8.6
Non-current liabilities					
Financial debts	(21)	2	0.0	2	0.0
Deferred tax liabilities	(27d)	507	3.7	516	3.6
Retirement benefit obligations	(12)	44	0.3	42	0.3
Provisions	(10)	71	0.5	64	0.5
Accrued expenses	(25)	129	0.9	127	0.9
Total non-current liabilities		753	5.4	751	5.3
Total liabilities		1 775	12.7	1 971	13.9
Equity					
Share capital	(14a)	118		118	
Capital reserves	(14b)	-978		-971	
Treasury shares	(14d)	-132		-114	
Goodwill recognized		-1 416		-1 352	
Translation differences		-754		-900	
Retained earnings		15 274		15 416	
Equity of The Swatch Group Ltd shareholders		12 112	86.6	12 197	85.7
Non-controlling interests		105	0.7	61	0.4
Total equity		12 217	87.3	12 258	86.1
Total equity and liabilities		13 992	100.0	14 229	100.0

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(CHF million)	Notes	2024	2023
Operating activities			
Net result		219	890
Share of result from associated companies and joint ventures	(32)	2	1
Income taxes	(27b)	126	262
Depreciation on non-current assets	(8, 9)	414	390
Impairment	(8, 9)	2	0
Changes in provisions and retirement benefit obligations		4	16
Gains/losses on sale of non-current assets		1	-2
Fair value gains/losses on marketable securities		4	-12
Expenses for employee stock option plan	(13)	7	8
Other non-cash items		-39	81
Changes in net working capital:			
– Trade receivables		71	-72
– Inventories		-220	-698
– Other current assets, prepayments and accrued income		32	-73
– Trade payables		-30	25
– Other liabilities and accrued expenses		-60	26
Dividends from associated companies and joint ventures	(32)	2	1
Income tax paid	(27c)	-202	-228
Cash flow from operating activities		333	615
Investing activities			
Investments in property, plant and equipment		-503	-730
Proceeds from sale of property, plant and equipment		3	20
Government grants related to assets		1	0
Investments in intangible assets		-46	-55
Proceeds from sale of intangible assets		2	1
Investments in other non-current assets		-19	-18
Proceeds from other non-current assets		9	12
Acquisition of subsidiaries – net of cash		0	-2
Repurchase of non-controlling interests	(31c)	-6	0
Investments in current financial assets and securities		-241	-439
Proceeds from current financial assets and securities		330	443
Cash flow from investing activities		-470	-768
Financing activities			
Dividends paid to shareholders	(16)	-335	-311
Dividends paid to non-controlling interests		-23	-17
Purchase of treasury shares		-50	0
Sale of treasury shares		1	1
Change in non-current financial debts		0	0
Change in current financial debts		-3	0
Cash flow from financing activities		-410	-327
Net impact of foreign exchange rate differences on cash		28	-80
Change in cash and cash equivalents		-519	-560
Change in cash and cash equivalents			
– Balance at beginning of year		1 616	2 176
– Balance at end of year	(19)	1 097	1 616

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to The Swatch Group Ltd shareholders							Non-controlling interests	Total equity
	Share capital (Note 14a)	Capital reserves (Note 14b)	Treasury shares (Note 14d)	Goodwill recognized	Translation differences	Retained earnings	Total		
(CHF million)									
Balance at 31 December 2022	118	-971	-123	-1 350	-547	14 858	11 985	66	12 051
Net result						869	869	21	890
Currency translation of foreign entities					-353		-353	-9	-362
Change in goodwill (Note 33)				-2			-2		-2
Dividends paid						-311	-311	-17	-328
Employee stock option plan (Note 13)		0	9				9		9
Purchase of treasury shares							0		0
Transactions with non-controlling interests							0		0
Balance at 31 December 2023	118	-971	-114	-1 352	-900	15 416	12 197	61	12 258
Net result						193	193	26	219
Currency translation of foreign entities					146		146	7	153
Change in goodwill (Note 33)				-5			-5		-5
Dividends paid						-335	-335	-23	-358
Employee stock option plan (Note 13)		-3	9				6		6
Purchase of treasury shares			-50				-50		-50
Transactions with non-controlling interests (Note 31c)		-4	23	-59			-40	34	-6
Balance at 31 December 2024	118	-978	-132	-1 416	-754	15 274	12 112	105	12 217

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 16 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 5 March 2025 and will be submitted to the Annual General Meeting of Shareholders for approval on 21 May 2025.

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 new standard *FER 28 Government Grants*, which entered into force on 1 January 2024, had no significant impact on the consolidated financial statements. More detailed information is disclosed in Note 5b.

The standard *FER 30 Consolidated Financial Statements*, which includes the additional requirements for consolidated financial statements, was revised and entered into force on 1 January 2024. The changes mainly relate to the recognition of step-acquisitions, goodwill and translation differences related to loans with equity character. The revised standard now requires, among other things, the separate identification and recognition of intangible assets not previously recognized by the acquired subsidiary, if they are relevant to the decision to obtain control. Furthermore, accumulated translation differences have to be recycled through the income statement not only when a foreign subsidiary is sold, but also when an entity is liquidated or closed. The financial impact of the revised standard is limited to the separate recognition of decision-relevant intangible assets from acquisitions and the recycling of accumulated translation differences related to liquidated or closed entities through the income statement. The accounting policies for Intangible assets [Note 9], Consolidation [Note 30] and Goodwill [Note 33] have been adjusted accordingly.

No further changes to the standards have been published.

c. Accounting estimates and judgments

The preparation of consolidated financial statements in conformity with Swiss GAAP FER requires the use of certain accounting estimates and judgments which have an impact on the assets and liabilities, income and expenses reported, as well as the disclosure of contingent liabilities. These estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations and assessments of future events that are assumed to be reasonable under the given circumstances. Real results may differ from these estimates. Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Any changes are recognized in the period in which the estimate is revised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

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

The BEPS 2.0 project launched by the OECD regarding global minimum taxation of companies with an annual turnover of more than EUR 750 million came into force in various countries on 1 January 2024, including Switzerland. The new rules of the minimum tax standard only led to insignificant additional taxes of less than CHF 1 million in the 2024 annual financial statements. On the one hand, this is because Switzerland only introduced a domestic top-up tax as of 1 January 2024 and the Group has an effective tax rate of over 15% in Switzerland. On the other hand, only the branch in Ireland is subject to differential taxation abroad for the financial year 2024. From 2025, Switzerland will introduce the international top-up tax IIR (Income Inclusion Rule) and levy additional taxes on profits of Swatch Group companies abroad that are taxed locally at a lower rate than 15%. The Group expects that these top-up taxes will not be material and will mainly concern countries in the Middle East, Macau SAR and Ireland.

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.

2024 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
– Third parties	6 415	316	4		6 735
– Group	3	14	4	–21	0
Net sales	6 418	330	8	–21	6 735
Operating result	410	12	–118	0	304
– In % of net sales	6.4%	3.6%			4.5%

2023 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
– Third parties	7 544	340	4		7 888
– Group	2	19	5	–26	0
Net sales	7 546	359	9	–26	7 888
Operating result	1 298	27	–134	0	1 191
– In % of net sales	17.2%	7.5%			15.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPORTANT OPERATING POSITIONS

b. Net sales by geographical region

(CHF million)	2024	2023
Switzerland	500	579
Other Europe	1 368	1 543
Total Europe	1 868	2 122
Greater China	1 833	2 630
Other Asia	1 722	1 796
Total Asia	3 555	4 426
Total America	1 188	1 198
Total Oceania	93	106
Total Africa	31	36
Total	6 735	7 888

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)	2024	2023
Sale of goods	6 708	7 864
Rendering of services	27	24
Total net sales	6 735	7 888

b. Other operating income

Other operating income includes income from timing services provided at the Olympic Games, insurance benefits, rental income, capitalized expenditures and government grants.

Government grants in accordance with FER 28 can be related to assets or income. Asset-related contributions are recognized in the balance sheet under *Accrued expenses* (gross method) and recognized in the income statement over the useful life of the asset. Income-related contributions are recognized directly in the income statement at the same time as the corresponding expenses.

In the year under review, other operating income totaled CHF 263 million, of which CHF 2 million related to government grants (previous year: CHF 136 million, of which CHF 2 million related to government grants). Neither in the year under review nor in the previous year government grants were linked to conditions yet to be fulfilled or contained repayment obligations. The increase in *Other operating income* in the year under review was mainly due to the timing services provided at the Olympic Games in Paris.

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)	31.12.2024	31.12.2023
Trade receivables – gross	618	678
Allowance for impaired receivables	-6	-6
Total trade receivables – net	612	672

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

(CHF million)	2024	2023
Balance at 1 January	-6	-8
Translation differences	0	0
Utilization	1	1
Reversal	0	1
Creation	-1	0
Balance at 31 December	-6	-6

6. Expenses

a. Other operating expenses

(CHF million)	2024	2023
Marketing, sales and administration	-1 051	-1 204
Subcontracting and other direct costs of sales	-353	-380
Maintenance, rents and energy	-1 023	-1 057
Other operating expenses	-213	-75
Total other operating expenses	-2 640	-2 716

b. Research and development costs

Costs for research and development activities amounted to CHF 273 million in the year under review, representing 4.1% of net sales (previous year: CHF 275 million or 3.5% 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)	31.12.2024	31.12.2023
Raw materials, auxiliary material and supplies	660	690
Goods in progress	408	565
Semi-finished goods	2 287	2 117
Finished goods	3 918	3 565
Spare parts for customer service	368	372
Total inventories	7 641	7 309

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

(CHF million)	2024	2023
Additional write-downs	-47	-53
Reversal of write-downs	8	3
Net impact in the income statement	-39	-50

8. Property, plant and equipment

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

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

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

	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	Advances and construction in progress	Total
(CHF million)					
Historical cost, 31 December 2023	2 923	4 361	854	71	8 209
Translation differences	17	31	15	2	65
Additions	38	261	115	74	488
Disposals	-6	-171	-29	-4	-210
Divestments of businesses (Note 31)	0	0	-19	0	-19
Transfers	14	-10	13	-17	0
Historical cost, 31 December 2024	2 986	4 472	949	126	8 533
Accumulated amortization, 31 December 2023	-1 178	-3 414	-587	-1	-5 180
Translation differences	-5	-22	-12	0	-39
Annual depreciation	-78	-194	-94	0	-366
Impairment	0	0	0	-2	-2
Depreciation on disposals	6	162	34	3	205
Accumulated depreciation on divestments of businesses (Note 31)	0	0	11	0	11
Transfers	0	0	0	0	0
Accumulated amortization, 31 December 2024	-1 255	-3 468	-648	0	-5 371
Net book values					
Balance at 31 December 2023	1 745	947	267	70	3 029
Balance at 31 December 2024	1 731	1 004	301	126	3 162
<i>of which investment properties at 31.12.2024</i>	<i>529</i>				
<i>of which undeveloped properties at 31.12.2024</i>	<i>31</i>				

	Land, buildings and properties	Technical equipment & machinery	Other equipment & fixtures	Advances and construction in progress	Total
(CHF million)					
Historical cost, 31 December 2022	2 657	4 219	838	83	7 797
Translation differences	-51	-64	-54	-1	-170
Additions	263	313	105	55	736
Disposals	-9	-102	-43	0	-154
Transfers	63	-5	8	-66	0
Historical cost, 31 December 2023	2 923	4 361	854	71	8 209
Accumulated amortization, 31 December 2022	-1 129	-3 370	-591	-1	-5 091
Translation differences	16	48	42	0	106
Annual depreciation	-76	-192	-78	0	-346
Impairment	0	0	0	0	0
Depreciation on disposals	9	100	42	0	151
Transfers	2	0	-2	0	0
Accumulated amortization, 31 December 2023	-1 178	-3 414	-587	-1	-5 180
Net book values					
Balance at 31 December 2022	1 528	849	247	82	2 706
Balance at 31 December 2023	1 745	947	267	70	3 029
<i>of which investment properties at 31.12.2023</i>	<i>527</i>				
<i>of which undeveloped properties at 31.12.2023</i>	<i>29</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.
- Other intangible assets such as brand values, rights of use or customer lists.

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 2023	287	246	99	632
Translation differences	0	1	1	2
Additions	3	15	28	46
Disposals	-21	-6	-5	-32
Transfers	6	6	-12	0
Historical cost, 31 December 2024	275	262	111	648
Accumulated amortization, 31 December 2023	-226	-209	-44	-479
Translation differences	0	-1	0	-1
Annual amortization	-26	-18	-4	-48
Impairment	0	0	0	0
Amortization on disposals	21	6	4	31
Transfers	0	0	0	0
Accumulated amortization, 31 December 2024	-231	-222	-44	-497
Net book values				
Balance at 31 December 2023	61	37	55	153
Balance at 31 December 2024	44	40	67	151

	Capitalized development costs	Software	Other intangible assets	Total
(CHF million)				
Historical cost, 31 December 2022	243	236	126	605
Translation differences	0	-4	-3	-7
Additions	16	15	24	55
Disposals	-6	-9	-6	-21
Transfers	34	8	-42	0
Historical cost, 31 December 2023	287	246	99	632
Accumulated amortization, 31 December 2022	-208	-204	-47	-459
Translation differences	0	3	2	5
Annual amortization	-23	-16	-5	-44
Impairment	0	0	0	0
Amortization on disposals	5	8	6	19
Transfers	0	0	0	0
Accumulated amortization, 31 December 2023	-226	-209	-44	-479
Net book values				
Balance at 31 December 2022	35	32	79	146
Balance at 31 December 2023	61	37	55	153

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 2022	90	4	34	27	155
Translation differences	-5	0	-3	-2	-10
Additional provisions	84	2	7	14	107
Reversal of provisions	-3	-2	-1	-1	-7
Provisions used during the year	-70	-1	-3	-10	-84
Balance at 31 December 2023	96	3	34	28	161
<i>thereof current provisions</i>	<i>66</i>	<i>2</i>	<i>6</i>	<i>23</i>	<i>97</i>
<i>thereof non-current provisions</i>	<i>30</i>	<i>1</i>	<i>28</i>	<i>5</i>	<i>64</i>
Translation differences	2	0	0	1	3
Additional provisions	74	2	6	12	94
Reversal of provisions	-6	-2	-1	-1	-10
Provisions used during the year	-67	0	-2	-13	-82
Balance at 31 December 2024	99	3	37	27	166
<i>thereof current provisions</i>	<i>64</i>	<i>2</i>	<i>5</i>	<i>24</i>	<i>95</i>
<i>thereof non-current provisions</i>	<i>35</i>	<i>1</i>	<i>32</i>	<i>3</i>	<i>71</i>

a. Warranty

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

b. Legal risks

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

c. Dismantling / restoration

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

d. Other

Other provisions relate to various present legal or constructive obligations of the Group companies toward third parties. This category contained also restructuring provisions in the amount of CHF 15 million (previous year: CHF 16 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERSONNEL**11. Personnel expense**

(CHF million)	2024	2023
Wages and salaries	-1 997	-2 043
Social security costs	-351	-353
Employee stock option plan (Note 13)	-7	-8
Pension costs (Note 12)	-151	-146
Total personnel expense	-2 506	-2 550

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

(unaudited)	2024	2023
Average annual headcount	33 230	32 693
Total headcount at 31 December	32 477	33 602
<i>Men</i>	<i>16 571</i>	<i>17 042</i>
<i>Women</i>	<i>15 906</i>	<i>16 560</i>
<i>Swiss contracts</i>	<i>16 441</i>	<i>17 047</i>
<i>Non-Swiss contracts</i>	<i>16 036</i>	<i>16 555</i>

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

2024	Surplus / deficit	Group's economic share 1)	Change from previous year		Contributi- ons concerning the business period	Total pension costs
(CHF million)			no income statement impact 2)	income statement impact		
Patronage funds / patronage pension plans	369	0	0	0	11	11
Pension plans without surplus / deficit	0	0	0	0	-6	-6
Pension plans with surplus	4	0	0	0	-2	-2
Pension plans with deficit	-69	-1	0	0	-148	-148
Pension plans without own assets	0	-43	4	-6		-6
Total	304	-44	4	-6	-145	-151

2023	Surplus / deficit	Group's economic share 1)	Change from previous year		Contributions concerning the business period	Total pension costs
(CHF million)			no income statement impact 2)	income statement impact		
Patronage funds / patronage pension plans	370	0	0	0	11	11
Pension plans without surplus / deficit	0	0	0	0	-6	-6
Pension plans with surplus	3	0	0	0	-2	-2
Pension plans with deficit	-273	-1	0	0	-144	-144
Pension plans without own assets	0	-41	6	-5	0	-5
Total	100	-42	6	-5	-141	-146

1) The pension obligations recognized in the balance sheet relate exclusively to plans of foreign subsidiaries. The calculation of the obligations is either based on external actuarial reports according to local or international standards, or follows local legal requirements.

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

b. Summary of pension costs

	2024			2023		
	Switzer- land	Abroad	Total	Switzer- land	Abroad	Total
(CHF million)						
Contributions to pension plans	-132	-13	-145	-129	-12	-141
Total contributions	-132	-13	-145	-129	-12	-141
Change of economic benefits from surpluses	0	0	0	0	0	0
Change of economic obligations from deficits	0	0	0	0	0	0
Change of economic obligations from pension plans without own assets	0	-6	-6	0	-5	-5
Total changes of economic effects	0	-6	-6	0	-5	-5
Total pension costs	-132	-19	-151	-129	-17	-146

c. Shares held by pension institutions

Number of shares of The Swatch Group Ltd	31.12.2024	31.12.2023
Registered shares	3 226 300	3 226 300
Bearer shares	0	0

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	2024	2023
Balance at 1 January	1 973 339	2 153 150
Exercised shares	-196 667	-179 811
Balance at 31 December	1 776 672	1 973 339
Options outstanding	2024	2023
Options outstanding at 1 January	178 059	178 512
Granted	189 695	181 445
Forfeited or lapsed	-161	-2 087
Exercised	-196 667	-179 811
Options outstanding at 31 December	170 926	178 059
Expiry date of outstanding options	31.12.2024	31.12.2023
2024		117 606
2025	112 927	60 453
2026	57 999	
Total	170 926	178 059

The personnel expense recorded in the year under review amounted to CHF 7 million (previous year: CHF 8 million).

		2024		2023	
		Portion exercisable in 1 year	Portion exercisable in 2 years	Portion exercisable in 1 year	Portion exercisable in 2 years
Valuation of options					
Grant date		12.06.2024	12.06.2024	31.05.2023	31.05.2023
Expiry date		12.06.2025	12.06.2026	31.05.2024	31.05.2025
Share price on grant date	CHF	37.30	37.30	51.10	51.10
Exercise price	CHF	4.00	4.00	4.00	4.00
Day value on grant date	CHF	33.30	33.30	47.10	47.10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL AND TREASURY

14. Share capital and reserves

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

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

a. Share capital

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

Balance sheet date	Registered shares at CHF 0.45	Bearer shares at CHF 2.25	Share capital in CHF
31.12.2022	116 919 500	28 936 000	117 719 775.00
31.12.2023	116 919 500	28 936 000	117 719 775.00
31.12.2024	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 156 million (previous year: CHF 138 million). This amount consisted of CHF 132 million related to treasury shares held (previous year: CHF 114 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 2022	2 167 650	108	50 000	15	123
Acquisitions 1)	0	0	0	0	0
Disposals 2)	-179 811	-9	0	0	-9
Balance at 31 December 2023	1 987 839	99	50 000	15	114
Acquisitions 1)	0	0	250 000	50	50
Disposals 2)	-196 667	-9	-105 331	-23	-32
Balance at 31 December 2024	1 791 172	90	194 669	42	132

1) In the year under review, 250 000 bearer shares were acquired at an average price of CHF 200.92 (previous year: none).

2) In the year under review, 105 331 bearer shares, with a historical acquisition value of CHF 23 million, were sold in connection with the repurchase of non-controlling interests (see Note 31c). The market value of the transaction amounted to CHF 19 million (previous year: no transactions with bearer shares). As part of the employee stock option plan (see Note 13), 196 667 registered shares were exercised (previous year: 179 811 registered shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL UND TREASURY

15. Earnings per share

a. Basic

	2024	2023
Net result attributable to shareholders of The Swatch Group Ltd (CHF million)	193	869
Percentage of registered shares outstanding in comparison with the share capital outstanding	44.5%	44.3%
Percentage of bearer shares outstanding in comparison with the share capital outstanding	55.5%	55.7%
Registered shares	2024	2023
Net result attributable to registered shareholders (CHF million)	86	385
Average number of shares outstanding	115 027 319	114 847 344
Basic earnings per share (CHF)	0.75	3.35
Bearer shares	2024	2023
Net result attributable to bearer shareholders (CHF million)	107	484
Average number of shares outstanding	28 681 447	28 886 000
Basic earnings per share (CHF)	3.74	16.76

b. Diluted

Registered shares	2024	2023
Net result attributable to registered shareholders (CHF million)	86	385
Average number of shares outstanding – basic (as above)	115 027 319	114 847 344
Potential number of shares from options outstanding	152 261	164 019
Average potential number of shares outstanding – diluted	115 179 580	115 011 363
Diluted earnings per share (CHF)	0.75	3.35
Bearer shares	2024	2023
Net result attributable to bearer shareholders (CHF million)	107	484
Average potential number of shares outstanding	28 681 447	28 886 000
Diluted earnings per share (CHF)	3.74	16.75

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 8 May 2024, the Annual General Meeting approved the distribution of the following dividend:

	Dividend per share CHF	Total dividend CHF million
Dividend paid		
Registered shares	1.30	152
Bearer shares	6.50	188
Total dividend		340
Dividend not paid out on own shares		-5
Total dividend paid		335

At the Annual General Meeting on 21 May 2025, 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 2025:

	Dividend per share CHF	Total dividend CHF million
Proposed dividend		
Registered shares	0.90	105
Bearer shares	4.50	130
Total dividend		235

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL AND 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 (see Notes 19 and 20). In order to meet any exceptional liquidity requirements, the Group maintains lines of credit with a number of financial institutions.

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 UND TREASURY

18. Net financial result

(CHF million)	2024	2023
Interest income	34	41
Result from marketable securities at fair value	19	17
Net currency result	-5	-91
Other financial expense	-4	-3
Other financial income and expense	44	-36
Interest expense	-3	-4
Share of result from associates and joint ventures	-2	-1
Net financial result	39	-41

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)	31.12.2024	31.12.2023
Current accounts and liquid assets	956	883
Short-term deposits with financial institutions	147	800
Total cash and cash equivalents - balance sheet	1 103	1 683

(CHF million)	31.12.2024	31.12.2023
Cash and cash equivalents	1 103	1 683
Current account overdrafts (Note 21)	-6	-67
Total funds net cash - statement of cash flows	1 097	1 616

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 AND TREASURY

(CHF million)	31.12.2024	31.12.2023
Equity securities	108	113
Bond securities	163	227
Investment funds and other investments	1	5
Total marketable securities at fair value	272	345
Current financial assets	20	19
Derivative financial instruments	1	16
Total financial assets, securities and derivative financial instruments	293	380

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)	31.12.2024			31.12.2023		
	Contract value	Positive fair value	Negative fair value	Contract value	Positive fair value	Negative fair value
Forward contracts in						
CNY	15	0	0	30	1	0
EUR	199	0	-1	224	3	0
GBP	58	0	0	180	4	0
HKD	67	0	-1	82	0	-2
JPY	21	0	0	0	0	0
USD	358	0	-6	263	7	0
Other currencies	92	1	-1	55	1	0
Total	810	1	-9	834	16	-2

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)	31.12.2024	31.12.2023
Current account overdrafts	6	67
Short-term bank debts	5	6
Derivative financial instruments	9	2
Total current financial debts and derivative financial instruments	20	75
Total non-current financial debts	2	2
Total financial debts	22	77

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 2024	20	2	0	22
At 31 December 2023	75	2	0	77

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

(CHF million)	31.12.2024	31.12.2023
CHF	9	58
Other currencies	13	19
Total	22	77

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)	31.12.2024	31.12.2023
VAT to be refunded	55	56
Other tax receivables	6	14
Security deposits	15	13
Current loans	0	84
Other receivables	31	28
Total other current assets	107	195

23. Prepayments and accrued income

(CHF million)	31.12.2024	31.12.2023
Prepaid sales, marketing and administration costs	77	106
Income tax assets	27	17
Prepaid insurance premiums and maintenance costs	39	32
Prepaid social security contributions	29	28
Prepaid leasing costs	29	27
Other prepayments and accrued income	49	53
Total prepayments and accrued income	250	263

24. Other liabilities

(CHF million)	31.12.2024	31.12.2023
Advance payments received	99	57
Income tax liabilities	5	16
VAT liabilities	26	22
Other tax liabilities	16	11
Social benefits liabilities	38	34
Other liabilities	29	24
Total other liabilities	213	164

25. Accrued expenses

(CHF million)	31.12.2024	31.12.2023
Accrued salaries and social benefits	114	149
Accrued sales, marketing and administration costs	106	148
Accrued income taxes	62	107
Accrued sales reductions	27	35
Accrued leasing costs	150	145
Other accrued expenses	94	110
Total accrued expenses	553	694
<i>thereof current</i>	<i>424</i>	<i>567</i>
<i>thereof non-current</i>	<i>129</i>	<i>127</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 2023	17	63	4	84
Translation differences	1	2	3	6
Additions	5	10	5	20
Disposals	0	-6	-1	-7
Balance sheet transfer	-2	-3	88	83
Balance at 31 December 2024	21	66	99	186

	Non-current accruals	Security deposits	Other financial assets	Total
(CHF million)				
Balance at 31 December 2022	19	64	98	181
Translation differences	-1	-6	-3	-10
Additions	4	14	0	18
Disposals	-2	-6	-1	-9
Balance sheet transfer	-3	-3	-90	-96
Balance at 31 December 2023	17	63	4	84

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.

The Group is subject to the rules on global minimum taxation of companies (OECD BEPS 2.0 project), which came into force in 2024. The resulting additional taxes (top-up taxes) are assessed on an accrual basis and recognized in current taxes.

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)	2024	2023
Result before income taxes	345	1 152
Group's applicable tax rate	20.9%	21.4%
Income taxes at applicable tax rate	-72	-247
Effect of:		
- Differences in tax rates 1)	-22	0
- Tax rate changes on deferred taxes	1	3
- Recognition and offset of tax loss carry-forwards not recognized in prior years	1	5
- Non-recognition of tax loss carry-forwards	-41	-18
- Non-taxable income	8	2
- Non-tax-deductible expenses	-7	-8
- Income taxes of prior periods	5	1
- Other items	1	0
Total income taxes	-126	-262
Group's effective tax rate	36.5%	22.7%

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 36.5 % (previous year: 22.7 %).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

b. Income tax expenses

(CHF million)	2024	2023
Current income taxes	-139	-235
Income tax of prior periods	5	1
Deferred taxes	8	-28
Total income taxes	-126	-262

c. Current income tax

Net current income tax liability (CHF million)	2024	2023
Balance at 1 January	-106	-107
Recognized in income statement	-134	-234
Recognized in equity	0	0
Income taxes paid	202	228
Translation differences	-2	7
Balance at 31 December	-40	-106
Current income tax assets	27	17
Current income tax liabilities	-67	-123

d. Deferred tax

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

	31.12.2024			31.12.2023		
(CHF million)	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
Inventories	357	-364	-7	347	-386	-39
Trade and other receivables	2	-9	-7	1	-8	-7
Property, plant and equipment	25	-75	-50	23	-75	-52
Intangible assets	9	-6	3	8	-7	1
Provisions	15	-40	-25	14	-43	-29
Retirement benefit obligations	6	0	6	5	0	5
Accrued expenses	55	-44	11	55	-32	23
Tax losses	23	0	23	40	0	40
Other	15	-23	-8	16	-26	-10
Total deferred tax assets / liabilities	507	-561	-54	509	-577	-68
Deferred tax assets			453			448
Deferred tax liabilities			-507			-516

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:

	2024			2023		
(CHF million)	Not recognized	Recognized	Total	Not recognized	Recognized	Total
Up to five years	422	9	431	415	75	490
More than five years	336	73	409	162	85	247
No expiry date	105	7	112	96	15	111
Total at 31 December	863	89	952	673	175	848

The potential tax effect resulting from the utilization of previously unrecognized carryforward tax losses amounted to CHF 152 million in the year under review (previous year: CHF 126 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 11 million (previous year: CHF 15 million).

Total assets pledged by Group companies to guarantee their commitments amounted to CHF 81 million at the end of the year under review (previous year: CHF 77 million), of which less than CHF 1 million served to secure financial debts (previous year: less than CHF 1 million).

b. Leasing and other commitments

The Group's fixed operating leasing commitments that cannot be cancelled within 12 months and which are not recognized in the balance sheet are due as follows (non-discounted):

(CHF million)	31.12.2024	31.12.2023
Less than 1 year	386	336
Between 1 and 5 years	1 123	1 009
Over 5 years	613	613
Total	2 122	1 958

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 551 million were recognized in the income statement of the year under review, compared to CHF 557 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 730 million (previous year: CHF 502 million). They mainly relate to marketing and sponsoring commitments, as well as investments in tangible fixed assets.

c. Contingent assets and liabilities

Some Group companies have contingent liabilities in respect of legal claims arising from the ordinary course of business and they may be liable to pay compensation. It is not expected that any material liabilities will arise from these contingent liabilities other than those provided for (see Note 10b).

In some cases, the Group is defending its rights where there is also an inherent possibility of inflows of economic benefits if the cases are successful.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

29. Related party transactions

a. Principal shareholders

At the end of the year under review, the Hayek Pool and its related companies, institutions and individuals held 63 449 311 registered shares and 836 044 bearer shares, equivalent to 44.1% of all voting rights (previous year: 43.3%) of The Swatch Group Ltd, which is the parent company of the Group. In the context of the pool, the group of the community of heirs of Marianne and Nicolas G. Hayek and related parties controlled in total 43.4% of all voting rights (previous year: 42.7%).

b. Key management personnel

In addition to the members of the Board of Directors, the members of the Group Management Board and of the Extended Management Board are considered as key management personnel. Total compensation for key management personnel was as follows:

(CHF million)	2024	2023
Short-term employee benefits	19.7	25.0
– of which in salaries	8.5	8.2
– of which in bonus	10.6	16.2
– of which in expense allowances	0.5	0.5
– of which in other benefits	0.1	0.1
Share-based compensation	4.6	6.0
Contributions to pension plans	0.7	0.7
Other social benefits	1.9	2.4
Total	26.9	34.1

In the year under review and in the previous year, no termination benefits were paid to members of the Board of Directors, the Management Board or the Extended Management Board. The employment contracts of members of management bodies do not provide for this type of benefit. In the year under review and in the previous year, no payments were made to former members of the Group's governing bodies for their past functions.

c. Share ownership

At the end of the year under review, the executive members of the Board of Directors and the members of the Management Board of the company as well as the persons close to them held directly or indirectly a total of 58 982 210 registered shares and 818 307 bearer shares, representing 41.0% of all voting rights (previous year: 40.3%). In addition, at the end of the year under review, all the non-executive members of the Board of Directors as well as the persons close to them held 100 registered shares and 2 010 bearer shares, representing 0.0% of all voting rights (previous year: 0.0%).

d. Loans to members of the governing bodies

The employees of the company may take out a mortgage loan with the Swiss Pension Fund of the Swatch Group for the construction or acquisition of property in Switzerland. The conditions for these mortgage loans are set by the Foundation Board of the Swiss Pension Fund of the Swatch Group. These conditions are applied in the same manner to all Swatch Group employees. In the year under review and the previous year, no loans were granted to current or former members of the Board of Directors, the Management Board or the Extended Management Board. Also, in the year under review and the previous year, no such loans were outstanding.

e. Associated companies and other related parties

The following table summarizes transactions, receivables and payables with associated companies, joint ventures (see Note 34b) and other related parties. Consulting services invoiced by the Hayek Group are recognized in *Other related parties*. At the end of the year under review and the previous year, there were no other balances outstanding with other related parties.

(CHF million)	2024		2023	
	Associates and joint ventures	Other related parties	Associates and joint ventures	Other related parties
Purchases	52	10	63	11
Sales	4	0	4	0
Receivables	4	0	1	0
Payables	4	1	4	0
Guarantees received	0	0	0	0
Loans granted	0	0	0	0
Interest rate on loans granted	-	-	0	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

30. Consolidation

Principles of consolidation

The scope of consolidation includes all companies that are directly or indirectly controlled by the parent company, The Swatch Group Ltd. Control is evidenced either by the holding of more than 50% of the voting rights or by otherwise controlling the financial and operating activities of the company concerned. Group companies are fully consolidated from the date of obtaining control. Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated in full. Non-controlling interests in equity and in net result are disclosed separately in the balance sheet and the income statement. Changes in ownership interests in Group companies are accounted for as equity transactions, provided that control is retained.

Capital consolidation is based on the purchase method. The difference between the acquisition cost of a subsidiary and the fair value of net assets acquired, is recognized as goodwill and subsequently deducted from Group equity. Identifiable intangible assets, not previously recognized by the acquired company, are capitalized separately, if they are relevant to the decision to obtain control. Acquired goodwill on associates is deducted from equity. On disposal of voting interests of Group or associated companies, the difference between the proceeds from the sale and the Group share of the carrying amount of the net assets, including historical goodwill, is recognized as gain or loss in the income statement.

For joint ventures in which the Group has joint control with a joint venture partner, the equity method is applied. Companies in which the Group holds between 20% to 50% of the voting interests or over which it otherwise has significant influence, are accounted for using the equity method and are presented as investments in associates in the consolidated balance sheet. Unrealized gains and losses on transactions with associates are eliminated to the extent of the Group participation.

Currency translation

The financial statements of the individual Group companies are prepared in the currency of the economic environment in which these companies predominantly operate (functional currency). Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the transaction date. Balance sheet items in foreign currencies are translated at the year-end exchange rate. All resulting gains and losses are recognized in the income statement.

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are translated into Swiss francs using the closing rate method as follows: assets and liabilities at year-end rates, equity at historical rates, income and cash flow statements at average rates for the year. The resulting translation differences are recognized in equity, including the foreign exchange effects on loans with equity character and investments in joint ventures or associates. On disposal, liquidation or closure of a foreign entity or a part of its business, the cumulative translation differences are recycled in the income statement.

a. Consolidated companies

	2024	2023
Number of companies at 1 January	147	148
Foundations	4	1
Group internal mergers	0	0
Liquidations	-3	-2
Number of companies at 31 December	148	147
<i>of which associates</i>	<i>5</i>	<i>5</i>
<i>of which joint ventures</i>	<i>2</i>	<i>2</i>

b. Exchange rates

Currency	Unit	Average rates 2024	Prevailing rates 31.12.2024	Average rates 2023	Prevailing rates 31.12.2023
CNY	1	0.1230	0.1240	0.1271	0.1188
EUR	1	0.9551	0.9430	0.9742	0.9347
HKD	1	0.1135	0.1170	0.1150	0.1082
JPY	100	0.5835	0.5790	0.6399	0.5980
USD	1	0.8853	0.9080	0.9007	0.8450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

31. Business combinations

a. Acquisition of subsidiaries

In the year under review, no companies were acquired.

In the previous year, Harry Winston, Inc., New York acquired a jewelry workshop from a business partner for an amount of CHF 1.9 million. The employees, as well as assets amounting to CHF 0.2 million, were integrated into Harry Winston Inc. The resulting goodwill of CHF 1.7 million was charged to Group equity.

b. Divestments of businesses

In September 2024, the UAE based Group company Rivoli announced a new partnership with the Middle East's leading eyewear retailer MAGRABi Retail Services, based in Saudi Arabia. In the year under review, 70 Rivoli Vision stores, located in UAE, Bahrain and Oman were transferred into this company. The integration of 11 additional stores, located in Qatar, is expected to be completed and disclosed in 2025. The 2024 transaction was structured as an asset deal, in exchange for a minority stake of 16% in MAGRABi Retail Services. This shareholding qualifies as investment in associates (see Note 32). The historical goodwill, allocated to the Rivoli Vision business, was recycled pro rata against the sales price (fair value of net assets disposed, at the economic transfer date). The remaining goodwill of CHF 2 million was allocated to the investment in the new associate. The related accumulated translation differences were charged to the financial result. The transaction details are outlined in the table below.

	Notes	CHF million
Cash and cash equivalents		0
Trade receivables and other current assets		1
Inventory		13
Property, plant and equipment	(8)	8
Trade payables		-5
Retirement benefit obligations		-1
Net assets disposed		16
Goodwill recycled	(33)	7
Translation differences recycled		1
Total net assets including goodwill and translation differences		24
Gain on disposal (Other operating income)		7
Sales price		31
Cash and cash equivalents disposed		0
Investments in associates	(32)	-31
Net cash outflow on disposal		0

In the previous year, no companies were sold.

c. Changes in non-controlling interests

In the second half of the year under review, the remaining non-controlling interests of 49.49% of Belenos Clean Power Holding AG were acquired by the Group. The purchase price was settled with 105 331 Swatch Group bearer shares with a market value of CHF 19 million and a cash amount of CHF 6 million. For additional 1 963 bearer shares, which will be delivered in 2025 only, a payable of less than CHF 1 million was recognized. The resulting goodwill amounted to CHF 59 million and was charged to Group equity.

There was no change in non-controlling interests in the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

32. Investments in associates and joint ventures

All associates and joint ventures (see Note 34b) are recognized using the equity method.

(CHF million)	2024	2023
Balance at 1 January	13	19
Share of result from associates and joint ventures	-2	-1
Investments	32	0
Dividends received	-2	-1
Goodwill on investments, reclassified to equity (Note 33)	-12	0
Translation differences	5	-4
Balance at 31 December	34	13

In the year under review, the Group invested in a 16% minority stake in MAGRABi Retail Services (the company), based in Saudi Arabia. The company is the Middle East's leading eyewear retailer. The investment qualifies as associate, as Swatch Group is represented on the board of directors and has access to current financial information. The transaction was settled through an asset deal with a fair value of CHF 31 million, integrating the Group's eyewear business in UAE, Bahrain and Oman into the company (details see Note 31b), as well as a deferred payable of CHF 1 million. The resulting goodwill was recognized against Group equity and mainly relates to the outstanding growth potential of the merged eyewear retail businesses of the two partners. The agreement foresees to integrate in the company also the Group's eyewear stores located in Qatar. This second step is expected to be completed and disclosed in 2025. With these transactions, the company will enhance its store portfolio to over 290 locations, establishing it as the significant market share holder in the seven countries it operates. No intangible assets, which had not been recognized previously by the acquiree, were relevant to the decision for the investment.

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

Although voting rights in the investment in Hengdeli Holdings are less than 20%, the Swatch Group can exert significant influence, since it is represented on the board of directors and has access to current financial information. Therefore, this investment is considered to be an associated company.

At balance sheet date, associated companies and joint ventures had no contingent liabilities (previous year: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

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. Identifiable intangible assets, not previously recognized by the acquired company, such as brands, rights of use or client lists are capitalized separately, if they are relevant to the decision to obtain control. 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:

	2024			2023		
	Goodwill Group companies	Goodwill associated companies	Total	Goodwill Group companies	Goodwill associated companies	Total
(CHF million)						
Historical cost 1 January	1 389	28	1 417	1 387	28	1 415
Additions	59	12	71	2	0	2
Disposals	-7	0	-7	0	0	0
Transfers	-2	2	0	0	0	0
Historical cost 31 December	1 439	42	1 481	1 389	28	1 417
Theoretical accumulated amortization 1 January	-1 388	-28	-1 416	-1 387	-28	-1 415
Theoretical annual amortization	-2	0	-2	-1	0	-1
Theoretical impairment	0	0	0	0	0	0
Theoretical amortization on disposals	7	0	7	0	0	0
Theoretical amortization on transfers	2	-2	0	0	0	0
Theoretical accumulated amortization 31 December	-1 381	-30	-1 411	-1 388	-28	-1 416
Theoretical net book value 31 December	58	12	70	1	0	1

The evolution of goodwill is described in the Notes 31 and 32.

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:

	31.12.2024	31.12.2023
(CHF million)		
Equity per balance sheet	12 217	12 258
Theoretical capitalization of net book value of goodwill	70	1
Theoretical equity including net book value of goodwill	12 287	12 259
(CHF million)		
	2024	2023
Net result per income statement	219	890
Theoretical amortization of goodwill	-2	-1
Theoretical net result after goodwill amortization	217	889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

34. The Swatch Group Companies

As at 31.12.2024

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%
Aliada Montres & Bijoux Co., SA, Biel/Bienne	Watches	CHF	5.00	100%
Belenos Clean Power Holding AG, Biel/Bienne	Holding	CHF	63.00	100%
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	81.00	100%
Cité du Temps SA, Biel/Bienne	Communication	CHF	6.00	100%
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, Neuchâtel	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	66.00	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 Weyeremann S.A., La Chaux-de-Fonds	Watch dials	CHF	63.00	100%
SSIH Management Services AG, Biel/Bienne	Services	CHF	0.05	100%
Swatch AG, Biel/Bienne	Watches	CHF	2.00	100%
Swatch Retail AG, Biel/Bienne	Retail	CHF	2.00	100%
Swiss Timing LTD, Corgémont	Sports timing technology & equipment	CHF	2.00	100%
Technocorp Holding S.A., Le Locle	Holding	CHF	6.00	100%
Termiboîtes S.A., Basse-Allaine	Polishing	CHF	0.10	100%
The Swatch Group Assembly SA, Mendrisio	Assembly	CHF	15.00	100%
The Swatch Group Export SA, Neuchâtel	Distribution	CHF	1.00	100%
The Swatch Group Far East Distribution Ltd, Biel/Bienne	Distribution	CHF	0.10	100%
The Swatch Group Immeubles SA, Neuchâtel	Real estate management	CHF	0.50	80%
The Swatch Group Les Boutiques SA, Le Grand-Saconnex	Retail	CHF	3.00	100%
The Swatch Group Management Services AG, Biel/Bienne	Services	CHF	0.05	100%
The Swatch Group Recherche et Développement SA, La Tène	Research and development	CHF	0.10	100%
The Swatch Group Services AG, Biel/Bienne	Logistics, distribution and services	CHF	1.00	100%
Time Flagship AG, Zürich	Retail	CHF	6.00	100%
Tissot SA, Le Locle	Watches	CHF	5.00	100%
Universo S.A., La Chaux-de-Fonds	Watch hands	CHF	0.67	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION AND GROUP STRUCTURE

Company name, Registered offices	Field of Activity		Capital in million	Group participation
Belgium				
The Swatch Group (Belgium) SA/NV, Anderlecht	Distribution	EUR	1.75	100%
Retail Services Belgium SA, Bruxelles	Services	EUR	2.09	100%
Germany				
Fördergesellschaft der Glashütter Uhrenindustrie mbH, Glashütte	Watches	EUR	0.03	100%
Glashütter Uhrenbetrieb GmbH-Glashütte/Sa., Glashütte	Watches	EUR	0.51	100%
ST Sportservice GmbH, Leipzig	Sports timing technology & equipment	EUR	3.47	100%
Swiss Prestige Uhren Handel GmbH, Eschborn	Retail	EUR	0.08	100%
The Swatch Group (Deutschland) GmbH, Eschborn	Distribution	EUR	1.28	100%
UNION Uhrenfabrik GmbH Glashütte/Sa., Glashütte	Watches	EUR	0.10	100%
France				
BREGUET SAS, Paris	Administration	EUR	0.04	100%
FABRIQUE DE FOURNITURES DE BONNETAGE-F.F.B.-SAS, Villers-le-Lac	Precision parts	EUR	4.56	100%
Frésard Composants SAS, Charquemont	Precision parts	EUR	1.80	100%
Harry Winston SAS, Paris	Retail	EUR	10.09	100%
HOURL 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	4.00	100%
Italy				
Lascor S.p.A., Sesto Calende	Bracelets	EUR	1.00	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%
Monaco				
The Swatch Group (Monaco) Les Boutiques S.A.M., Monaco	Distribution	EUR	2.00	100%
Netherlands				
The Swatch Group (Netherlands) B.V., Eindhoven	Distribution	EUR	3.45	100%
Austria				
The Swatch Group (Österreich) GmbH, Wien	Distribution	EUR	0.04	100%
Poland				
The Swatch Group (Polska) Sp.z o.o., Warszawa	Distribution	PLN	10.00	100%
Russia				
The Swatch Group (RUS) OOO, Moscow	Distribution	RUB	8 544.12	100%
Sweden				
The Swatch Group (Nordic) AB, Stockholm	Distribution	SEK	0.50	100%
Spain				
THE SWATCH GROUP ESPAÑA SA, Alcobendas-Madrid	Distribution	EUR	0.45	100%
Czech Republic				
ASICentrum spol. s.r.o., Praha	Microelectronics	CZK	0.30	100%
ST Software s.r.o., Liberec	Sports timing technology & equipment	CZK	0.10	100%

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%
The Swatch Group (Bahrain) W.L.L., Manama	Retail	BHD	0.04	100%
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 SAR	Retail	MOP	1.50	100%
Shanghai Qi Heng Trading Co., Ltd., Shanghai	Retail	CNY	30.00	100%
Shanghai Qi Tong Trading Co., Ltd., Shanghai	Retail	CNY	1.00	100%
Shanghai Rui Jing Qi Management Co., Ltd., Shanghai	Distribution	CNY	3.00	100%
Shanghai Rui Jing 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%
Swatch Group (India) Rado Retail Private Limited, New Dehli	Retail	INR	50.00	100%
Swatch Group (India) Tissot Retail Private Limited, New Dehli	Retail	INR	30.00	100%
Japan				
Harry Winston Japan K.K., Tokyo	Retail	JPY	100.00	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	65.00	100%
SWISS LUXURY WATCH & JEWELRY SDN. BHD., Kuala Lumpur	Retail	MYR	7.00	51%
THE SWATCH GROUP (MALAYSIA) SDN. BHD., Kuala Lumpur	Distribution	MYR	1.00	100%
Oman				
RIVOLI & CO LLC, Muscat	Retail	OMR	0.30	58%
Saudi Arabia				
Technocorp Trading LLC, Riyadh	Distribution	SAR	30.00	100%
Singapore				
Harry Winston N.A. Pte. Ltd., Singapore	Retail	SGD	0.00	100%
THE SWATCH GROUP S.E.A. (S) PTE. LTD., Singapore	Distribution	SGD	4.00	100%
South Korea				
The Swatch Group (Korea) Ltd., Seoul	Distribution	KRW	8 800.00	100%
Thailand				
ETA (Thailand) Company Limited, Samut Prakan	Assembly electronic components	THB	504.50	100%
The Swatch Group Trading (Thailand) Limited, Bangkok	Distribution	THB	740.00	100%
Turkey				
The Swatch Group Turkey Saat Ticaret Limited Sirketi, Istanbul	Distribution	TRY	460.00	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 FZCO, Dubai	Distribution	AED	1.00	58%
RIVOLI GROUP LLC, Dubai	Retail	AED	24.02	58%
Rivoli Investments LLC, Dubai	Holding	AED	0.30	58%
Rivoli Textiles LLC, Dubai	Retail	AED	0.30	58%
Swatch Group Retail Middle East LLC, Dubai	Retail	AED	0.30	100%
Vision 2000 LLC, Dubai	Retail	AED	1.00	58%
AMERICA				
Canada				
H.W. Protection Inc., Toronto	Services	CAD	1.94	100%
The Swatch Group (Canada) Ltd., Toronto	Distribution	CAD	4.50	100%
Mexico				
The Swatch Group Mexico S.A. de C.V., Mexico DF	Distribution	MXN	201.50	100%
Panama				
The Swatch Group Panama S.A., Panama City	Administration	USD	0.01	100%
United States				
EM Microelectronic – US Inc., Colorado Springs	Microelectronics	USD	0.04	100%
Harry Winston, Inc., New York	High jewelry	USD	0.00	100%
The Swatch Group (U.S.) Inc., Wilmington, Delaware	Distribution	USD	1.01	100%
OCEANIA				
Australia				
THE SWATCH GROUP (AUSTRALIA) PTY. LTD., Richmond	Distribution	AUD	0.40	100%

b. Equity method

Company name, Registered offices	Field of Activity		Capital in million	Group participation
EUROPE				
Switzerland				
Danyack S.A., La Chaux-de-Fonds	Real estate	CHF	0.06	29%
DryLyte Chemicals Switzerland SA, Grenchen	Surface treatment products	CHF	0.10	50%
S.I. Les Corbes SA, Val-de-Ruz	Real estate	CHF	0.10	34%
ASIA				
Greater China				
Beijing Xinyu Hengrui Watch & Clock Co., Ltd., Beijing	Real estate	CNY	40.00	50%
Hengdeli Holdings Limited, Hong Kong	Retail	CNY	21.26	10%
Saudi Arabia				
Magrabi Retail Services LLC, Jeddah	Retail	SAR	109.25	10%
United Arab Emirates				
Marcolin Middle East FZCO, Dubai	Distribution	AED	0.10	29%

Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of The Swatch Group Ltd and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2024, the consolidated balance sheet as at 31 December 2024, 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 133 to 169) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach



Overview

Overall group materiality: CHF 40 million

We concluded full scope audit work at 70 reporting units in 30 countries. These 70 reporting units addressed more than 85% of the Group's total net sales.

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

Valuation of inventories

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Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality for the audit of the consolidated financial statements	CHF 40 million
Benchmark applied	Weighted average result before income taxes of the last three years
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, a weighted and average result before income taxes is a generally accepted benchmark for considerations of materiality.

We agreed with the Board of Directors and the Audit Committee that we would report to them misstatements above CHF 2.5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons. The Management of The Swatch Group Ltd uses stricter criteria and lower benchmarks in making operational decisions and for its financial reporting.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The main subsidiaries of the Group except for the subsidiary in Great Britain are audited by PwC and we remain in constant contact with the audit teams that perform the work. As the auditor of the consolidated financial statements, we ensure that we inquire local management and the local auditor of the most significant Group companies every three years according to a rotation plan. During these meetings, we discuss the risks of a material misstatement in the local entity's financial statements as well as the focus points of the audit and the audit scope. During the audit of the 2024 consolidated financial statements, we participated in the audit closing meetings of four of the main Group companies in Switzerland and discussed the audit with the local auditors and the management of the main Group companies in China, Hong Kong and the United States on site and in Italy, Japan and Korea via a virtual meeting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
<p>We consider the valuation of inventories to be a key audit matter because they amounted to CHF 7,641 million on the balance sheet as at 31 December 2024 and they represent a significant share of total assets (about 55%).</p> <p>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.</p> <p>Please refer to page 138 (Basis of preparation, c. Accounting estimates and judgments) and page 143 (Notes to the consolidated financial statements, Note 7 Inventories) in the 2024 Annual Report.</p>	<p>We performed the following audit procedures to assess the appropriateness of the valuation of the inventories:</p> <ul style="list-style-type: none"> - 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. <p>We consider Management's approach to value inventories and assess write-downs as reasonable.</p>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements, that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Brüderlin
Licensed audit expert
Auditor in charge



Tobias Handschin
Licensed audit expert

Basel, 5 March 2025

FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD

FINANCIAL STATEMENTS OF THE SWATCH GROUP LTD	174
Income statement	175
Balance sheet	176
Notes to the financial statements	178
Proposed appropriation of available earnings	184

INCOME STATEMENT OF THE SWATCH GROUP LTD

	Notes	2024 CHF million	2023 CHF million
Income from investments in subsidiaries	(1)	674	629
Other income		6	6
Personnel expense		-39	-47
Other expenses		-48	-23
Depreciation and impairment	(2)	-105	-48
Financial expenses	(3)	-22	-69
Financial income	(4)	136	128
Ordinary result		602	576
Non-operating result		0	0
Extraordinary result		0	0
Profit before income taxes		602	576
Income taxes		-1	-2
Net income		601	574

BALANCE SHEET OF THE SWATCH GROUP LTD

Assets	Notes	31.12.2024		31.12.2023	
		CHF million	%	CHF million	%
Current assets					
Cash and cash equivalents		63	0.7	652	6.9
Assets with an observable market price	(5, 8)	352	3.7	400	4.2
Other current receivables	(6)	3 921	40.8	3 415	36.2
Prepayments and accrued income		9	0.1	6	0.1
Total current assets		4 345	45.2	4 473	47.4
Non-current assets					
Loans to Group companies		515	5.4	409	4.3
Loans to third parties		0	0.0	0	0.0
Investments in subsidiaries and associates	(7)	4 753	49.4	4 552	48.2
Property, plant and equipment		3	0.1	3	0.1
Intangible assets		2	0.0	1	0.0
Total non-current assets		5 273	54.8	4 965	52.6
Total assets		9 618	100.0	9 438	100.0

BALANCE SHEET OF THE SWATCH GROUP LTD

Equity and liabilities	Notes	31.12.2024 CHF million	%	31.12.2023 CHF million	%
Current liabilities					
Financial debts and derivative financial instruments	(8)	9	0.1	61	0.6
Other current liabilities	(9)	30	0.3	32	0.3
Accrued expenses		12	0.1	18	0.2
Non-current liabilities					
Non-current provisions		90	0.9	90	1.0
Total liabilities		141	1.5	201	2.1
Equity					
Share capital		118	1.2	118	1.3
Statutory capital reserve		111	1.2	119	1.3
Statutory reserve		10	0.1	10	0.1
Reserve for treasury shares		0	0.0	0	0.0
Voluntary reserve		8 739	90.9	8 489	89.9
– Profit brought forward	30			41	
– Net income for the year	601			574	
Available earnings		631	6.6	615	6.5
Treasury shares		–132	–1.4	–114	–1.2
Total equity	(10)	9 477	98.5	9 237	97.9
Total equity and liabilities		9 618	100.0	9 438	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)	2024	2023
Dividends	600	567
Other income from investments in subsidiaries	74	62
Total	674	629

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 105 million (previous year: CHF 48 million).

3. Financial expenses

(CHF million)	2024	2023
Interest expense	-2	-3
Result from marketable securities at fair value	-9	-7
Net currency result	-9	-57
Other financial expense	-2	-2
Total	-22	-69

NOTES TO THE FINANCIAL STATEMENTS

4. Financial income

(CHF million)	2024	2023
Interest income	101	103
Income and gains on securities	35	25
Total	136	128

5. Assets with an observable market price

(CHF million)	31.12.2024	31.12.2023
Current financial assets	0	0
Marketable securities	271	343
Precious metals	78	41
Derivative financial instruments (see Note 8)	3	16
Total	352	400

6. Other current receivables

(CHF million)	31.12.2024	31.12.2023
Receivables from Group companies	8	35
Loans to Group companies	3 887	3 345
Other receivables	26	35
Total	3 921	3 415

7. Investments in subsidiaries and associates

The list of 147 legal entities, including minority investments, held directly or indirectly by The Swatch Group Ltd and consolidated at Swatch Group level, is published in Note 34 of the consolidated financial statements in this report.

Investments in subsidiaries amounted to CHF 4 753 million or 49.4 % of total assets at the end of the year under review (previous year: CHF 4 552 million or 48.2 % of total assets).

8. Financial debts and derivative financial instruments

At the end of the year under review, current account overdrafts in the amount of less than CHF 1 million were open (previous year: CHF 55 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)	31.12.2024			31.12.2023		
	Contract value	Positive fair value	Negative fair value	Contract value	Positive fair value	Negative fair value
Forward contracts						
- Third parties	790	1	-8	803	15	-2
- Group	224	2	-1	305	1	-4
Total	1 014	3	-9	1 108	16	-6

Derivative financial instruments are recognized at fair value. Forward contracts outstanding at the end of the year under review served to hedge operations relating to exchange rate risk and market volatility. Intragroup contracts relate to agreements between The Swatch Group Ltd and Group companies for the hedging of risk associated with intragroup financial transactions.

9. Other current liabilities

(CHF million)	31.12.2024	31.12.2023
Payables to Group companies	25	29
Other payables	5	3
Total	30	32

NOTES TO THE FINANCIAL STATEMENTS

10. Equity

At the end of the year under review, the equity ratio amounted to 98.5% of the balance sheet total (previous year: 97.9%).

The table below shows the changes in equity:

	Share capital	Statutory capital reserve	Statutory reserve	Reserve for treasury shares	Voluntary reserve	Available earnings	Treasury shares	Total equity
(CHF million)								
Balance at 31.12.2022	118	120	10	0	7 939	902	-123	8 966
Allocated in 2023					550	-550		0
Dividend paid out						-311		-311
Change in treasury shares		-1					9	8
Net income						574		574
Balance at 31.12.2023	118	119	10	0	8 489	615	-114	9 237
Allocated in 2024					250	-250		0
Dividend paid out						-335		-335
Change in treasury shares		-8					-18	-26
Net income						601		601
Balance at 31.12.2024	118	111	10	0	8 739	631	-132	9 477

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
31.12.2023	116 919 500	28 936 000	117 719 775.00
31.12.2024	116 919 500	28 936 000	117 719 775.00

Principal shareholders as at 31 December 2024

At the end of the year under review, the Hayek Pool, its related companies, institutions and individuals held 63 449 311 registered shares and 836 044 bearer shares, equivalent to 44.1% of all voting rights (previous year: 43.3%). The Hayek Pool comprises the following members:

Name / Company	Location	Beneficial owners
Community of heirs of Marianne and Nicolas G. Hayek represented by Nayla Hayek	Meisterschwanden	Community of heirs of Marianne and Nicolas G. Hayek
Wat Holding AG	Meisterschwanden	Community of heirs of Marianne and Nicolas 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 Marianne and Nicolas G. Hayek
Community of heirs of Marianne and Nicolas G. Hayek and family members		Community of heirs of Marianne and Nicolas G. Hayek
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	–
Welfare foundations	various	–

In the context of the pool, the group of the community of heirs of Marianne and Nicolas G. Hayek and related parties controlled in total 43.4% of all voting rights at end of the year under review (previous year: 42.7%).

At the end of the year under review, the Swatch Group had no knowledge of any other group or individual shareholder controlling more than 5% of all voting rights.

Statutory capital reserve

Gains and losses from the sale of treasury shares, including transaction costs, are recorded directly in the statutory capital reserve. In addition, the statutory capital reserve includes the historical proceeds from the issuance of participation certificates in excess of nominal value and issuance costs (premium).

Voluntary reserve

In the year under review, an amount of CHF 250 million was appropriated from available earnings at 31 December 2023 (previous year: CHF 550 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 8 May 2024, available earnings were used as follows:

	CHF million
Available earnings at 31 December 2023	615
Allocation to voluntary reserve	–250
Dividend payment of CHF 1.30 per registered share	–152
Dividend payment of CHF 6.50 per bearer share	–188
Dividends not paid out on own shares	5
Profit brought forward after appropriation of available earnings	30

Treasury shares

Treasury shares held by The Swatch Group Ltd at the end of the year under review corresponded to 1.1% (previous year: 0.9%) of the nominal value of total share capital. In addition to repurchased treasury shares, this position also includes registered treasury shares intended for the employee stock option plan.

NOTES TO THE FINANCIAL STATEMENTS

The number of treasury shares held directly or indirectly by The Swatch Group Ltd changed as follows:

Shares held by The Swatch Group Ltd	Registered shares 1)		Bearer shares	
	2024	2023	2024	2023
Balance at 1 January	1 987 839	2 167 650	50 000	50 000
Acquisitions 2)	0	0	250 000	0
Disposals 3)	-196 667	-179 811	-105 331	0
Balance at 31 December	1 791 172	1 987 839	194 669	50 000

Other consolidated companies	2024		2023	
	2024	2023	2024	2023
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	1 791 172	1 987 839	194 669	50 000

1) Of which, at the end of the year under review, a total of 1 776 672 registered shares were reserved for the employee stock option plan (previous year: 1 973 339 shares).

2) In the year under review, 250 000 bearer shares were acquired at an average price of CHF 200.92 (previous year: none).

3) In the year under review, 105 331 bearer shares were sold at an average price of CHF 175.67 (previous year: none). As part of the employee stock option plan (see Note 13 of the consolidated financial statements), 196 667 registered shares were exercised (previous year: 179 811 registered shares).

Off-balance-sheet items

Number of full-time equivalents

In the year under review, the annual average number of full-time equivalents was 138 (previous year: 138).

Leasing liabilities

At the end of the year under review and the previous year, there were no liabilities arising from buy or purchase-like contracts and other leasing commitments which do not expire or cannot be cancelled within 12 months.

Liabilities to pension plans

The balance sheet at the end of the year under review and the previous year contained no liabilities to pension plans.

Assets pledged

None of the company's assets were pledged.

Guarantees

At the end of the year under review and of the previous year, guarantees provided by The Swatch Group Ltd amounted to less than CHF 1 million. As in the previous year, this item relates to a guarantee to cover a lease commitment taken out by another Group company.

Contingent liabilities

At the end of the year under review, unchanged from the previous year, there were no contingent liabilities except the joint and several responsibility in favor of other Group companies in connection with the group taxation of value added tax.

Comfort letters

In the year under review, The Swatch Group Ltd issued comfort letters in favor of subsidiaries, guaranteeing the companies' willingness to pay for at least one year.

Equal pay analysis

Based on the revised Gender Equality Act (GEA), The Swatch Group Ltd is required to conduct an equal pay analysis and have it audited by an independent body. The Swatch Group Ltd carried out this analysis in accordance with legal requirements per the end of June 2021, and submitted it to Blaser Treuhand AG in Bern for review. In its report, the auditor certified that all legal requirements had been met in full.

NOTES TO THE FINANCIAL STATEMENTS

Participation rights and options on such rights

Article 959c, paragraph 2, item 11 CO 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, 7 200 registered shares and options valued at CHF 0.2 million (previous year: 5 450 registered shares and options valued at CHF 0.3 million) were allocated to other employees of The Swatch Group Ltd.

Additional information, cash flow statement and management report

According to Article 961d, paragraph 1 CO, 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 5 March 2025 and will be submitted to the Annual General Meeting of Shareholders for approval on 21 May 2025. 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)	2024	2023
Net income	601	574
Profit brought forward	30	41
Available earnings	631	615
Allocation to voluntary reserve	-370	-250
Payment of a 2023 dividend, i.e.:		
- CHF 1.30 per registered share with a par value of CHF 0.45		-152
- CHF 6.50 per bearer share with a par value of CHF 2.25		-188
Payment of a 2024 dividend, i.e.: 1)		
- CHF 0.90 per registered share with a par value of CHF 0.45	-105	
- CHF 4.50 per bearer share with a par value of CHF 2.25	-130	
Dividends not paid out on own shares held by the Group 2)		5
Balance carried forward	26	30

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 8 May 2024, the dividend due on own shares held by the Group was not paid out.

Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Swatch Group Ltd (the Company), which comprise the income statement for the year ended 31 December 2024, the balance sheet as at 31 December 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 175 to 183 and pages 166 to 169) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality for the audit of the financial statements	CHF 35 million
Benchmark applied	Total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Board of Directors and the Audit Committee that we would report to them misstatements above CHF 2.5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons. The Management of The Swatch Group Ltd uses stricter criteria and lower benchmarks to support its operational decisions and for its financial reporting.



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Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

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.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd, Neuchâtel

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

Based on our audit according to article 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposal 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
Licensed audit expert
Auditor in charge



Tobias Handschin
Licensed audit expert

Basel, 5 March 2025

THE SWATCH GROUP LTD SECURITIES

Average number of shares outstanding / Average share capital	2024 basic	2023 basic	2022 basic	2021 basic	2020 basic
Number of registered shares of CHF 0.45	115 027 319	114 847 344	114 658 893	114 471 966	114 169 222
Number of bearer shares of CHF 2.25	28 681 447	28 886 000	28 888 308	28 883 462	28 872 923
Total average number of shares outstanding	143 708 766	143 733 344	143 547 201	143 355 428	143 042 145
Share capital registered shares in CHF	51 762 294	51 681 305	51 596 502	51 512 385	51 376 150
Share capital bearer shares in CHF	64 533 256	64 993 500	64 998 693	64 987 790	64 964 077
Total average share capital in CHF	116 295 549	116 674 805	116 595 195	116 500 174	116 340 227

Key data per registered share (nom. CHF 0.45) in CHF	2024	2023	2022	2021	2020
Consolidated net result attributable to shareholders	0.75	3.35	3.11	2.96	-0.20
Cash flow from operating activities 1)	1.29	2.37	2.79	5.01	3.17
Consolidated equity 1)	47.27	47.28	46.51	44.82	42.41
Dividend 2)	0.90	1.30	1.20	1.10	0.70

Key data per bearer share (nom. CHF 2.25) in CHF	2024	2023	2022	2021	2020
Consolidated net result attributable to shareholders	3.74	16.76	15.57	14.78	-0.99
Cash flow from operating activities 1)	6.44	11.86	13.96	25.06	15.83
Consolidated equity 1)	236.37	236.39	232.55	224.12	212.07
Dividend 2)	4.50	6.50	6.00	5.50	3.50

Stock price (adjusted) in CHF	2024	2023	2022	2021	2020
Registered shares high	43.95	62.95	58.95	64.30	52.75
Registered shares low	29.35	42.25	40.40	45.68	28.56
Registered shares at year-end	32.10	44.05	48.04	53.45	46.76
Bearer shares high	228.60	342.70	309.50	333.90	280.50
Bearer shares low	148.85	222.30	215.70	235.50	151.00
Bearer shares at year-end	165.00	228.60	263.00	279.00	241.50

Key ratios (year-end)	2024	2023	2022	2021	2020
Average return on equity 3)	1.8%	7.3%	7.0%	6.9%	-0.5%
Dividend yield registered shares 4)	2.8%	3.0%	2.5%	2.1%	1.5%
Dividend yield bearer shares 4)	2.7%	2.8%	2.3%	2.0%	1.4%
Market capitalization in CHF million	8 528	11 765	13 227	14 322	12 455

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.



The Swatch Group Ltd

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