

Company Registration No. 06183896 (England and Wales)

**MOVADO GROUP UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2021**



# **MOVADO GROUP UK LIMITED**

## **COMPANY INFORMATION**

### **Directors**

Xavier Gauderlot  
Sallie Demarsilis  
Jochen Schulz

### **Secretary**

Mitchell Sussis

### **Company number**

06183896

### **Registered office**

Dickens House  
5<sup>th</sup> Floor  
1 Fetter Lane  
London  
EC4A 1BR

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
2 Glass Wharf, Bristol  
BS2 0FR  
United Kingdom

# **MOVADO GROUP UK LIMITED**

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# MOVADO GROUP UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their report and the audited financial statements for the year ended 31 January 2021.

### Business review

As at 31 January 2021 the company has net assets of £ 24,394,139 while in financial year 2020 it has had net assets of £ 26,367,088.

The strategy of the company is primarily to work with brands which have a similar target customer market and image as the current portfolio.

The decrease in net assets from prior year of £ (1,972,949) is related to different factors. Net fixed assets decreased by £ (2,686,618) which is primarily related to the depreciation throughout the fiscal year of which £ (2,121,666) concern the depreciation for other intangibles from the Olivia Burton brand acquisition in fiscal year 2018. Total current assets increased by £ 377,945 of which was due to an overall increase in cash. Debtors decreased by £ (752,334) which is primarily the result of the decrease in turnover mainly due to the COVID-19 lockdowns the company was facing during the calendar year. The decreases could be partly compensated by the increase in cash of £ 2,178,133 and favorable transfer price adjustments of net £ 1,364,687 related to Olivia Burton marketing contribution adjustments of £ (396,185), trade margin adjustments of £ (115,029) and an adjustment concerning charges rebilled from the Digital Center of Excellence located at Movado Group, Inc. of £ 1,875,000 supporting the eCommerce business of Movado Group UK Limited.

	FY21	FY20
	£	£
Turnover	32,409,958	39,309,967
Gross profit	11,604,277	14,137,052
Loss for the financial year	(1,972,949)	(43,065,719)

### Key performance indicators

The company's key performance indicators are turnover, gross profit and net loss. Turnover has decreased by £ (6,900,009) to £ 32,409,958 in financial year 2021 whilst gross profit has decreased by £ (2,532,775) to £ 11,604,277. The UK sales are down across all channels, notably chain stores and independents struggling with the impact of issues in the wider economy in particular related to COVID-19 lockdowns and competition from online businesses. MOVADO GROUP UK LIMITED has a loss for the financial year 2021 of £ (1,972,949) compared to a loss of the financial year 2020 of £ (43,065,719). The change compared to the loss in prior year is in particular related to the impairment of the Olivia Burton goodwill in financial year 2020. The company managed to reduce its marketing expenditures substantially however based on revenue level the company maintained further significant investments in marketing activities and enhanced infrastructure to support additional business. The loss for the year is in particular due to the decrease in gross profits of £ (2,532,775) as a result of the decrease in revenues impacted by the COVID-19 lockdowns. Further as a result of the COVID-19 impact on the commercial business, the royalty income has decreased by £ (702,013). The amortisation charges of other intangibles from the Olivia Burton acquisition represented £ (2,121,667) for the year. Substantial cost savings could be achieved in the selling and marketing area. Administrative expenses were below from prior year in particular due to decrease in transfer price adjustments.

### Principal risks and uncertainties

The company competes in a market that is increasingly dominated by a small number of multi-store retailers, where it is necessary to continue leveraging its brands and group strength to ensure strong access to the local retail network under appropriate conditions.

Continued sales growth in the UK watch category is dependent on a strong pipeline of new products to invigorate the ongoing portfolio and ensure its continued relevance to consumer preferences. The company works extensively with the Movado Group's design teams to ensure that new products are appropriate for the UK market. The COVID-19 pandemic and related public health measures materially impacted the Company's operating results for the financial year ended 31 January 2021 and continue to materially affect how we and our customers and suppliers operate our businesses, for example in its wholesale business relative to the prior year period. These declines were partially offset by growth in e-commerce sales. The Company expects impacts on net sales to continue into financial year 2022 in its retail and wholesale channels as consumers continue to follow social distancing requirements or recommendations and other safety measures. This may decrease demand for our products as consumers have fewer occasions to use and wear our products, as well as face layoffs and other negative economic impacts from the COVID-19 outbreak that adversely affect their disposable income and

# MOVADO GROUP UK LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

discretionary purchases. These trends could worsen if either COVID-19 infections increase as new variants and strains emerge or treatments and vaccines are not as effective as expected. The ongoing impact of the outbreak of COVID-19 on the Company's liquidity, revenues and results of operations cannot be reasonably predicted at this time due to the high level of uncertainty regarding future developments, the duration of containment measures, the speed at which vaccines are administered to the general public and the timeline for recovery. The company continues to optimise the company's e-commerce platform and drive marketing, selling and administrative cost savings by minimizing non-essential operating costs and right-sizing marketing expenses to the lower revenue base. We are now hopeful that as the COVID-19 vaccines get rolled out throughout the world, there will be a dramatic improvement in infections and we will see a more stable global economic environment in the second half of the year.

### Financial, Brexit and COVID-19 risk management

This has been disclosed in the Directors' Report.

### Section 172 (1) Statement

A director of a company must act in the way she or he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to

- (i) the likely consequence of any decision in the long term

The company wants to seize the opportunities for sustainable growth in the watch market in its region and foster its current position in particular with the Hugo Boss and Tommy Hilfiger brands and invest further in the ecommerce sales which helps in particular during COVID-19 shutdown measures to continue with the business.

- (ii) the interests of the company's employees

Every employee plays an important role. The company's success is therefore a team effort and a joint effort from every single employee. Our offices allow employees work in bright and clean workplaces. In particular in COVID-19 times, health and safety regulations have top priority. For employees who could work from home, the company established the technical requirements for home office work. The company direction is to work from home where feasible and avoid coming to the offices. For employees who have to come to the office from time to time, the hygiene measures were followed.

- (iii) the need to foster the company's business relationships with suppliers, customers and others

The working relationship with our customers is critical for our sales business. We need to understand trends in the markets and what the customer needs to sell our watches and jewellery. Their feedback is essential for our product design and development and to maintain high quality standards.

- (iv) the impact of the company's operations on the community and the environment

Our employees work in a safe environment. Assets are regularly replaced where required for instance for technical equipment. Employees are encouraged to avoid waste and we review our processes to use resources in the most efficient way.

- (v) the desirability of the company maintaining a reputation for high standards of business conduct

As the board of directors, our intention is to behave responsibly and ensure that management operate in a responsible manner, operating within the high standards of business conduct to contribute to the delivery of our plan. Year after year, management has to sign off on Movado Group Inc. annual compliance certificate to confirm we have complied with our policies related to ethical conduct, conflict of interests, related party transactions, protection of company assets and corporate opportunities, fair dealing, compliance with laws and the company's securities trading policy, reporting of illegal or unethical behaviour and confidential and proprietary information.

- (vi) the need to act fairly as between members of the company

We work together open-minded with a solutions-based approach to overcome challenges. Our employees act in the best interest of the customers and the company which is the basis to achieve a long term relationship in

## **MOVADO GROUP UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021**

particular with our key customers and the company's sustainable growth approach. We expect commitment and flexibility from our employees and we reward them properly in return. Management is proud of our employees, the team spirit and corporate culture.

Approved by the board and signed on its behalf



Xavier Gauderlot  
Director

7 April 2022

# MOVADO GROUP UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their report and audited financial statements for the year ended 31 January 2021.

### Principal activities

The principal activity of the company continued to be that of watch and jewellery distribution.

### Future developments

The company has a very strong portfolio of brands, whether licensed or owned. It is the company's intention to continue growing the current profitable brands, while devoting additional resources to the new brands. The company expects to continue investing in marketing activities and management will review the structures of the sales and marketing organization for efficiency to facilitate a sustainable future sales growth.

The impact of the outbreak of COVID-19 on the Company's liquidity, revenues and results of operations still cannot be predicted at this time due to the high level of uncertainty, unknown future developments and duration of containment measures.

### Dividends

No dividend was paid for the year end 2021 and no dividend will be approved up to signing. (2020: NIL).

### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Xavier Gauderlot  
Sallie Demarsilis  
Jochen Schulz

### Financial risk management

Adverse economic conditions due to the COVID-19 outbreak, including declines in employment levels, disposable income, consumer confidence and economic growth could result in decreased consumer spending that would adversely affect sales of consumer goods, particularly those, such as the company's products, that are viewed as discretionary items. To mitigate the financial risk, management has implemented expense reduction measures, reviewed and continues to review structures of the organization and office space, as well as discretionary operating expenses, in particular in the marketing area, and is working collaboratively with the tax administration and other governmental agencies on timing of payments. Operational expenditures require additional approval from senior management. Accounts receivables are monitored and assessed carefully. Cash balances are monitored timely to ensure liabilities can be paid in due course.

The company is exposed to price risk due to normal inflation increases in the purchase price of product inventory and due to market factors affecting the price charged for its products and services.

Other potential risks are noted below:

#### Liquidity risk

The company does not have loans in place. The company is a wholly owned subsidiary of the ultimate holding company, Movado Group Inc.

#### Interest rate cash flow risk

The company maintains a credit balance with its bank. The company does not have any interest bearing liabilities.

#### Credit risk

The company carries out credit checks on all new customers prior to sales being made and appropriate credit limits and payment plans are put in place with each new customer.

# MOVADO GROUP UK LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### Foreign currency exchange risk

The company invoices in GBP and a minority of customers are invoiced in EUR. The company purchases mainly in GBP which means that the company has minimal FX risk.

However, changes in currency are monitored monthly and hedging would be considered if a FX risk was identified.

### **Brexit risk management**

Due to the COVID-19 pandemic and the corresponding various lockdowns it is difficult to determine the impact on the business caused by the Brexit. The Brexit however does have potential to impact a number of existing operational risks, e.g. product availability was and is dependent on the flow of goods between the UK and the European Union. There are various new customs and regulatory checks that must be followed, including rules of origin and local content requirements. Volatility of exchange rates in CHF, EUR and USD continue to impact the company purchase cost when products are purchased in foreign currencies however the company purchases mainly in GBP. Management has looked at logistics processes and of number of products stored in the UK in particular to make sure product availability is not at risk. Management continues closely monitoring operational expenditures and forecasts to mitigate the financial risk in case sale and gross margin should decline.

### **Going Concern**

We have nothing to report in respect of the following matters where

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Management has monitored the expenses very tightly in financial year 2021 and will continue in financial year 2022. The company took action and terminated its office lease in Haslemere and moved the licensed brands business to the London offices. Going along with this measure, the company reduced its headcount, combined sales teams and is currently working on further reduction of office space in London. Management was and still is also actively managing the business through COVID-19 including closing stores, furloughing sales staff, closely watching our working capital such as inventory. Management provided a cash flow assessment for fiscal year 2022 including a best and a worst case scenario that's why management concluded an official support from the ultimate parent company Movado Group, Inc. is not required.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



## MOVADO GROUP UK LIMITED

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021**

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent Auditors**

The auditor, PricewaterhouseCoopers LLP, is deemed to be reappointed under Companies Act 2006, section 487 (2).

Approved by the board and signed on its behalf



Xavier Gauderlot  
Director

7 April 2022

# Independent auditors' report to the directors of Movado Group UK Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Movado Group UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 January 2021; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other

## Independent auditors' report to the directors of Movado Group UK Limited (continued)

information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 January 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' 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 auditors' 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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of UK tax law, and we considered the extent to which non-compliance might have a material

## Independent auditors' report to the directors of Movado Group UK Limited (continued)

effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular any journal entries posted to revenue with unusual account combinations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

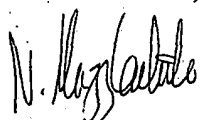
## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nick Muzzlewhite (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
7 April 2022

## MOVADO GROUP UK LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2021

	Note	2021 £	2020 £
Turnover	5	32,409,958	39,309,967
Cost of sales		(20,805,681)	(25,172,915)
<b>Gross profit</b>		<b>11,604,277</b>	<b>14,137,052</b>
Distribution costs		(482,233)	(632,667)
Selling and marketing expenses		(8,629,063)	(12,956,244)
Administrative expenses		(5,493,198)	(11,352,398)
Grant Income	6	477,166	-
Intercompany royalty income	6	695,064	1,397,077
<b>Operating loss</b>	<b>7</b>	<b>(1,827,987)</b>	<b>(9,407,180)</b>
<b>Loss before interest and taxation</b>		<b>(1,827,987)</b>	<b>(9,407,180)</b>
Interest payable and similar expenses	9	(15,274)	(502,198)
Financial expenses	9	(63,881)	(33,175)
Loss on intangible assets / goodwill	9	-	(33,671,291)
<b>Loss before taxation</b>		<b>(1,907,142)</b>	<b>(43,613,844)</b>
Tax on loss	10	(65,807)	548,125
<b>Loss for the financial year</b>		<b>(1,972,949)</b>	<b>(43,065,719)</b>

# MOVADO GROUP UK LIMITED

## BALANCE SHEET AS AT 31 JANUARY 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	11	9,028,816	11,162,311
Tangible assets	11	1,455,669	2,008,792
		<b>10,484,485</b>	<b>13,171,103</b>
<b>Current assets</b>			
Inventories	12	2,203,373	3,251,227
Debtors	13	9,797,690	10,550,024
Cash at bank and in hand		8,546,261	6,368,128
		<b>20,547,324</b>	<b>20,169,379</b>
Creditors: amounts falling due within one year	14	(6,637,670)	(6,973,394)
<b>Net current assets</b>		<b>13,909,654</b>	<b>13,195,985</b>
<b>Total assets less current liabilities</b>		<b>24,394,139</b>	<b>26,367,088</b>
<b>Net assets</b>		<b>24,394,139</b>	<b>26,367,088</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,381	1,381
Share premium account		70,165,286	70,165,286
Merger Reserve	18	2,412,858	2,412,858
Accumulated losses		(48,185,386)	(46,212,437)
<b>Total equity</b>		<b>24,394,139</b>	<b>26,367,088</b>

The notes on the pages 16 to 26 are integral part of these Financial Statements.  
The Financial Statements on pages 13 to 26 were authorised for issue by the board of directors on 7 April 2022 and were signed on its behalf.



Jochen Schulz

Director

MOVADO GROUP UK LIMITED

Company Registration No. 06183896 (England and Wales)

# MOVADO GROUP UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital £	Share premium account £	Accumulated Losses £	Merger Reserve £	Total equity £
<b>Balance as at 1 February 2019</b>	<b>720</b>	<b>34,699,280</b>	<b>(3,146,718)</b>	<b>2,492,310</b>	<b>34,045,592</b>
Ordinary Shares of £ 1 each	661	35,466,006	-	-	35,466,667
Loss for the financial year	-	-	(43,065,719)	-	(43,065,719)
Debit to equity as a result of the hive-up of JLB Brands Limited	-	-	-	(79,452)	(79,452)
<b>Balance as at 31 January 2020</b>	<b>1,381</b>	<b>70,165,286</b>	<b>(46,212,437)</b>	<b>2,412,858</b>	<b>26,367,088</b>
Loss for the financial year	-	-	(1,972,949)	-	(1,972,949)
<b>Balance as at 31 January 2020</b>	<b>1,381</b>	<b>70,165,286</b>	<b>(48,185,386)</b>	<b>2,412,858</b>	<b>24,394,139</b>

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2021

### 1. General Information

MOVADO GROUP UK LIMITED license brands business represents sales to wholesaler of watches and jewellery. The owned brand Olivia Burton represents sales to retailers and wholesalers of watches and jewellery.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Dickens House, 5<sup>th</sup> Floor, 1 Fetter Lane, London, EC4A 1BR.

### 2. Statement of compliance

The individual financial statements of MOVADO GROUP UK LIMITED have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

The company is a wholly-owned subsidiary of Movado Group Inc. and is included in the consolidated financial statements of Movado Group Inc. which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

#### (a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

#### (b) Going concern

The impact of the outbreak of COVID-19 didn't have an impact on the company's liquidity even though revenues and gross profit decreased and the company made an operating loss for the financial year 2021. The loss for the period is almost equal to the amortization charges for the year which represents a non-cash relevant charge. While the company has made substantial investments in particular in the owned Olivia Burton brand in the past years, management has monitored the expenses very tightly in fiscal year 2021. The company took action and terminated its office lease in Haslemere and moved the licensed brands business to the London offices. Going along with this measure, the company reduced its headcount, combined sales teams and is currently working on further reduction of office space in London. Management was and still is also actively guiding the business through COVID-19, including closing stores, furloughing sales staff and closely watching our working capital such as inventory. The company continued to see a strong cash collection during the past 10 months during the COVID-19 period. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Management provided a cash flow assessment for fiscal year 2023 including a best and a worst case scenario that's why management concluded an official support from the ultimate parent company Movado Group, Inc. is not required. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### (c) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions under FRS102:

- (i) a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 paragraph 4.12(a)(iv)).
- (ii) the requirement to prepare a statement of cash flow (Section 7 of FRS 102 and paragraph 3.17(d)).
- (iii) financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS 102 paragraphs 11.39-11.48A, 12.26 – 12.29).
- (iv) the non-disclosure of key management personnel compensation in total (FRS 102 paragraph 33.7).



# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2021

#### 3. Summary of significant accounting policies (continued)

##### (d) Foreign currency translation

The company's functional and presentation currency is the pound sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the profit and loss account.

##### (e) Turnover

Turnover is measured at the fair value of the consideration received or receivable and presents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company bases its estimate of returns on historical results, taking into consideration the type of customer, type of transaction and specific of each arrangement.

The company recognised turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods and (c) the amount of turnover can be measured reliably.

##### (f) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

###### (i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

###### (ii) Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### (g) Grant income

The company received funds of £ 477,166 from the Coronavirus job retention scheme for employees who have been furloughed due to lockdowns from government measures.

##### (h) Royalty income

The company received intercompany royalty income of £ 685,064 from Swissam Products Limited for Olivia Burton sales.

##### (i) Taxation

###### (i) Corporation Tax

Corporation tax represents amounts expected to be paid in respect of the taxable profit for the period and is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

###### (ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

## MOVADO GROUP UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

#### 3. Summary of significant accounting policies (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are undiscounted.

##### (j) Intangible and tangible assets

The cost of intangible and tangible assets is their purchase cost together with any incidental costs of acquisition. Intangible and tangible assets are measured at historical cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their residual values, over their expected useful lives using the straight-line basis. The principal asset lives used for this purpose are undiscounted.

Asset	Useful Life
Intangibles goodwill	10 years
Other intangibles	3-10 years
Intangibles trademarks	10 years
Tangibles shop-in-shop	5 years
Display Materials	3-5 years
Fixtures, fittings, tools and equipment	4-10 years

##### (k) Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

##### (l) Inventories

Inventory are valued at the lower of cost and estimated selling price less costs to complete and sell

##### (m) Cash and cash equivalents

Cash and cash equivalents include cash in hand.

##### (n) Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 3. Summary of significant accounting policies (continued).

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement

constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Contractual terms for Intercompany loan with Movado Watch company SA are at market rate of interest and satisfied conditions.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### (o) Share capital

##### Classification of shares

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (iii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The company's preference and ordinary shares have been accounted for as equity.

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 4. Critical accounting judgements and estimation uncertainty (continued)

#### a) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### b) Impairment of intangible assets

Intangible assets consist primarily of trade names, customer relationships and trademarks. In accordance with applicable guidance, the company estimates and records the fair value of purchased intangible assets at the time of their acquisition. The fair values of these intangible assets are estimated based on independent third-party appraisals. Finite-lived intangible assets are amortised over their respective estimated useful lives, which range from three to ten years, and are evaluated for impairment periodically and whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. Estimates of fair value for finite-lived intangible assets are primarily determined using discounted cash flows analysis of such assets, with consideration of market comparisons and recent transactions. This approach uses significant estimates and assumptions, including projected future cash flows, discount rates and growth rates. The company determined that there was no impairment in fiscal year 2021.

### 5. Turnover

In the year ended 31 January 2021 the total turnover of the company was derived from its principal activity wholly undertaken in the UK. The turnover of the company by geographical destination was as follows:

Turnover, analysed geographically between markets	2021 £	2020 £
United Kingdom	32,399,716	39,093,735
Asia	460	276,816
Rest of Europe	7,229	(60,584)
North America	2,553	-
<b>Turnover</b>	<b>32,409,958</b>	<b>39,309,967</b>

### 6. Intercompany royalty and grant income

	2021 £	2020 £
<b>Intercompany royalty (income)</b>	<b>(695,604)</b>	<b>(1,397,077)</b>
<b>Grant (income)</b>	<b>(477,166)</b>	<b>-</b>

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 7. Operating loss

Operating loss is stated after charging / (crediting):	Note	2021 £	2020 £
Wages and salaries		3,508,284	4,258,143
Grant income		(477,166)	-
Social security costs		503,098	572,946
Other pension costs		155,077	164,829
<b>Staff costs</b>		<b>3,689,293</b>	<b>4,995,918</b>
Operating lease charges		1,323,236	1,377,431
Foreign exchange		16,629	(45,192)
Inventory recognised as expense		19,837,607	23,641,302
Amortisation and depreciation	10	2,934,004	7,196,867
Audit fees payable to the company's auditors		63,107	58,520

### 8. Employees & Directors

#### (i) Employees

The average monthly number of employees (headcounts) including directors employed by the company during the year was:

By activity	2021 Headcount	2020 Headcounts
Administration and distribution	81	95

#### Directors

No directors were paid directly from the company during the year (2020: NIL).

In fiscal year 2021, the directors are employed by MGI Luxury Group SA, a Movado Group Inc. company, receiving no remuneration from MOVADO GROUP UK LIMITED. The emoluments of these directors are paid by MGI Luxury Group SA.

The services of these directors are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to MGI Luxury Group SA. Accordingly, the above details include no emoluments in respect of these directors.

### 9. Interest payable and similar expenses

	2021 £	2020 £
Interest payable on intercompany loans	-	480,206
Other expenses	79,155	55,167
<b>Total interest payable and similar expenses</b>	<b>79,155</b>	<b>535,373</b>
<b>Loss on intangible assets / impairment of goodwill</b>	<b>-</b>	<b>(33,671,291)</b>

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 10. Tax on loss

#### (a) Tax expense included in profit or loss account

	2021 £	2020 £
Current tax:		
– UK Corporation tax on profit for the year	64,206	-
– Adjustment in respect of prior periods	-	(718,629)
– Foreign tax relief / other relief	(20,442)	-
– Foreign tax suffered	20,442	45,224
<b>Total current tax</b>	<b>64,206</b>	<b>(673,405)</b>
Deferred tax:		
– Origination and reversal of timing differences	(1,307)	83,061
– Adjustment in respect of prior periods	2,908	47,988
– Effect of changes in tax rates	-	(5,769)
<b>Total deferred tax</b>	<b>1,601</b>	<b>125,280</b>
<b>Total tax per Profit and loss account</b>	<b>65,807</b>	<b>(548,125)</b>

#### (b) Reconciliation of tax charge

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2021 £	2020 £
Loss before taxation	(1,907,142)	(43,613,844)
Tax on loss at standard UK tax rate of 19.00% (2020: 19.00%)	(362,357)	(8,286,630)
Effects of:		
– Expenses not deductible	1,907	6,500,476
– Income not taxable	(5,585)	-
– Reclassification of fixed assets	-	598,333
– Effects of overseas tax rates	-	36,631
– Adjustments in respect of prior periods	2,908	(670,641)
– Tax rate changes	-	(5,769)
– Depreciation on intangible assets	428,934	1,279,475
<b>Tax charge for the year</b>	<b>65,807</b>	<b>(548,125)</b>

#### (c) Tax rates

The enacted UK tax rate applicable to current year profits is 19% (effective since 1 April 2017). An increase the UK rate from 19% to 25% was fully enacted on 10 June 2021 and is effective from 1 April 2023.

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 11. Assets

#### a) Intangible assets

	Other Intangibles £	Trademarks £	Total Intangible assets £
<b>Cost</b>			
At 1 February 2020	16,700,000	118,286	16,818,286
Additions	-	-	-
<b>At 31 January 2021</b>	<b>16,700,000</b>	<b>118,286</b>	<b>16,818,286</b>
<b>Accumulated depreciation</b>			
At 1 February 2020	5,631,667	24,308	5,655,975
Additions	-	-	-
Retirement	-	-	-
Charge for the year	2,121,666	11,829	2,133,495
<b>At 31 January 2021</b>	<b>7,753,333</b>	<b>36,137</b>	<b>7,789,470</b>
<b>Net book value at 31 January 2020</b>	<b>11,068,334</b>	<b>93,978</b>	<b>11,162,312</b>
<b>Net book value at 31 January 2021</b>	<b>8,946,667</b>	<b>82,149</b>	<b>9,028,816</b>

#### b) Tangible assets

	Shop in shop £	Display materials £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>				
At 1 February 2020	646,767	2,955,367	773,712	4,375,846
Additions	19,769	285,430	6,068	311,267
Retirements	-	(164,443)	(9,734)	(174,177)
<b>At 31 January 2021</b>	<b>666,536</b>	<b>3,076,354</b>	<b>770,046</b>	<b>4,512,936</b>
<b>Accumulated depreciation</b>				
At 1 February 2020	64,373	2,040,382	262,299	2,367,054
Retirement	-	(106,319)	(3,977)	(110,296)
Charge for the year	140,153	506,756	153,600	800,509
<b>At 31 January 2021</b>	<b>204,526</b>	<b>2,440,819</b>	<b>411,922</b>	<b>3,057,267</b>
<b>Net book value at 31 January 2020</b>	<b>582,394</b>	<b>914,985</b>	<b>511,413</b>	<b>2,008,792</b>
<b>Net book value at 31 January 2021</b>	<b>462,010</b>	<b>635,535</b>	<b>358,124</b>	<b>1,455,669</b>

A review of all fixed assets is performed at year end to identify assets which are no longer in use and therefore require retirement. Three assets have been identified for retirement, all of which relate to Olivia Burton display materials and the associated fixtures and fittings.

# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 12. Inventories

	2021 £	2020 £
Finished goods and goods for resale	2,203,373	3,251,227
<b>Total</b>	<b>2,203,373</b>	<b>3,251,227</b>

### 13. Debtors

	2021 £	2020 £
Trade debtors	5,170,903	4,457,468
Amounts owed by group undertakings	3,359,211	5,044,048
Deferred tax asset (note 16)	-	-
Prepayments and accrued income	1,267,576	1,048,508
<b>Total</b>	<b>9,797,690</b>	<b>10,550,024</b>

As at the year end there was a total trade debtors balance of £ 5,170,903 outstanding of which £ 261,618 were aged over one year. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

### 14. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	(666,945)	(1,339,114)
Amounts owed to group undertakings	(2,065,183)	(3,773,570)
Taxation and social security	(29,859)	(28,258)
Accruals and deferred income	(3,875,683)	(1,832,452)
<b>Total</b>	<b>(6,637,670)</b>	<b>(6,973,394)</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 15. Defined contribution scheme

The amount recognised as an expense for the defined contribution scheme was:

	2021 £	2020 £
Current year contributions	155,077	164,829



# MOVADO GROUP UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 16. Deferred tax

	2021	2020
	£	£
Opening deferred tax balance	28,285	(97,022)
Adjustments in respect of prior periods	2,908	47,988
Deferred tax charge to income statement for the period	(1,307)	77,292
<b>Provision at the end of year</b>	<b>29,859</b>	<b>28,258</b>
Fixed asset timing differences	68,898	112,554
Short term timing differences – trading	(39,039)	-
<b>Losses</b>	<b>-</b>	<b>(84,296)</b>
<b>Total liability</b>	<b>29,859</b>	<b>28,258</b>
<b>Preference shares of £1 each</b>		
	2021	2020
	£	£
At 1 February	100	100
Issued during the year	-	-
<b>At 31 January</b>	<b>100</b>	<b>100</b>

The preference shares have attached to them rights as per the special resolution dated 30 June 2017 – rights to a preferential dividend, preferred rights to distribution of capital on winding up and rights of redemption. No voting rights except for resolutions that relate to winding up of the company or variation of preference share rights.

### 17. Called up share capital

#### Ordinary shares of £1 each

	2021	2020
	£	£
At 1 February	620	620
Issued during the year	661	661
<b>At 31 January</b>	<b>1,281</b>	<b>1,281</b>

#### Preference shares of £1 each

	2021	2020
	£	£
At 1 February	100	100
Issued during the year	-	-
<b>At 31 January</b>	<b>100</b>	<b>100</b>

The preference shares have attached to them rights as per the special resolution dated 30 June 2017 – rights to a preferential dividend, preferred rights to distribution of capital on winding up and rights of redemption. No voting rights except for resolutions that relate to winding up of the company or variation of preference share rights.

### 18. Merger reserve

On 1 February 2018, the trade and assets of JLB Brands Limited were hived up into Movado UK in return for an intercompany loan of £12.7m. The difference between the total value of the assets and liabilities acquired and the recoverable amount of the investment in JLB, of £2,412,858 has been credited to the merger reserve.

## MOVADO GROUP UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

#### 19. Financial commitments

The company had following future minimum lease payments under non-cancellable operating leases for each of following years:

	2021 £	2020 £
Payments due		
Not later than one year	505,177	760,679
Later than one year and not later than five years	1,999,242	2,522,448
	<b>2,504,419</b>	<b>3,283,127</b>

#### 20. Related party transactions

During the year 2021 no dividend (2020: NIL) was paid to Movado Group, Inc

The SAP system is maintained centrally in the US and insurances are handled globally in the US by Movado Group, Inc. A digital center of excellence was created in the financial year at Movado Group, Inc in order to support the Group companies in their local markets to develop the Ecommerce business. For financial year 2021 MOVADO GROUP UK LIMITED received invoices from Movado Group, Inc concerning SAP allocation charges of £ 576,480 (2020: £ 731,643) and concerning support from the digital center of excellence of £ 1,533,232 (2020: £ 1,128,390). An invoice concerning insurance chargebacks of £ 30,365 (2020: £ 36,751 from Movado Group, Inc) from MGI Luxury Group SA has been received for the insurances handled globally by US Corporate. At year end a true-up concerning transfer price related adjustments have been made. Debit notes will be received in the subsequent fiscal year 2022 related to marketing transfer price adjustment of £ 302,389 from Swissam Products Limited and of £ 93,795 from Movado Group, Inc. In addition a debit note of £ 184,704 concerning cost of goods sold transfer price adjustment will be received from Movado Group, Inc. while a credit note from Swissam Products Limited of £ (69,675) will be received concerning cost of goods sold transfer price adjustment. A credit note of £(1,875,900) will be received from Movado Group, Inc. which concerns charges from the digital center of excellence.

#### 21. Controlling Parties

The immediate parent undertaking is Movado Watch Company AG.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Movado Group Inc. Copies of the is Movado Group Inc. consolidated financial statements can be obtained from the company secretary at Movado Group Inc. 650 From Road, Ste. 375 Paramus, NJ 07652-3556, USA.

The ultimate controlling party is Movado Group, Inc.

#### 22. Post balance sheet events

Bonus payments have been made in May 2021.