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BUSINESS PLAN FOR WHOLESALE AND RETAIL TRADE OF WATCHES

Project Work to obtain the Master's Degree in Marketing and Commercial Management

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DECLARATION OF HONOR

Paulo Jorge Gonçalves dos Santos, undersigned, student of the Master's Programme in Marketing and Commercial Management in ISAG - Instituto Superior de Administração e Gestão, number 211240011, I declare on my word of honour that the present academic work was elaborated exclusively by me and is in compliance with copyright and related rights, and it doesn't include any form of plagiarism.

Confirming that all this is true, and after being requested, I hereby present this declaration duly signed by me.

Porto, 14/07/2023

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A word of appreciation is also due to Informa D&B for the data supplied, free of charge, under their protocol for students.

I am also very grateful to the Divine Providence for the life I've had so far. It has been a path full of experiences, but above all of learning. I'm especially thankful for having the opportunity to combine my academic training with one of my passions and hobby as an amateur enthusiast and collector - watches.

Last, but not least, I would like to thank my mother for being the moral, spiritual and motivational beacon that has always been present in my life to guide me in the most stormy tides.

ABSTRACT

This work of project presents a business plan for a watch trading business, aiming to demonstrate its feasibility. The study uses an approach based on a literature review on the main methodologies of analysis and evaluation of investment projects and financial metrics.

The research details the necessary stages for the evaluation of the investment, including the market analysis, marketing strategy, operational plan, financial projections and the consequent feasibility analysis, with the identification of risks and determination of performance indicators.

Through the market analysis, growth opportunities were identified, indicating a favourable market for this enterprise. Furthermore, the marketing strategies developed aim to effectively reach the targeted market, maximizing the chances of success.

In the financial evaluation, revenues and expenses were estimated, as well as the projected cash-flows for the first years of operation. Based on these projections and the application of the appropriate financial metrics, it was concluded that the project presents a solid economic viability. All return and payback metrics demonstrate attractiveness for the investor, verifying the profitable potential of the venture.

The combination of an auspicious market analysis, innovative marketing strategies and favourable financial results support the positive recommendation for the project implementation and provide a solid foundation for strategic decision-making and future entrepreneurial actions.

This study contributes to the understanding of the evaluation processes of investment projects and highlights the importance of financial metrics in the analysis of business feasibility. Furthermore, it offers valuable insights for entrepreneurs looking to undertake in the watch trading sector.

Keywords: Watch distribution; Business Plan; Investment; Financial Evaluation.

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List of Abbreviations and Acronyms

AD - Authorized Dealer

ADI - Average Days of Inventory

ANACOM - National Communications Authority

AORP - Portuguese Goldsmith Articles and Watchmaking Association

APP - Average Payment Period

ARP - Average Receivables Period

Azores AR - Autonomous Region of Azores (Archipelago of Azores)

BoI - Brand (s) of Interest

CAE - Code of Business Activity

CAPEX - Capital Expenditure

CAPM - Capital Asset Pricing Model

COGS - Cost of Goods Sold

DPP - Discounted Payback Period

ECB - European Central Bank

EU - European Union

FCF - Free Cash Flow

FCFE - Free Cash Flow to Equity

FCFF - Free Cash Flow to Firm

IAPMEI - Institute for Support of Small and Medium-sized Enterprises

IMF - International Monetary Fund

INE - National Statistics Office

IRC - Corporate Income Tax

IRR - Internal Rate of Return

IRS - Personal Income Tax

KAM - Key Account Manager

Lisbon MA - Lisbon Metropolitan Area

Madeira AR - Autonomous Region of Madeira (Archipelago of Madeira)

MFB - Men's Fashion Boutiques

MSRP - Manufacturer Suggested Retail Price

ND - National Distributer

NE - Nautic Environments (e.g. seaside hotels, marinas, surf events, etc.)

NPV - Net Present Value

OFR - Operating Funds Requirements

PAD - Premium Pre-Owned Auto Dealers

PESTEL - Political, Economic, Social, Technological, Environmental and Legal

PI - Profitability Index

ROA - Return on Assets

ROE - Return on Equity

ROI - Return on Investment

RRP - Recommended Retail Price

RV - Residual Value

SES - Supplies and External Services

SKU - Stock-Keeping Unit

SME - Small and Medium-Sized Enterprises

SOPE - State and Other Public Entities

SWOT - Strengths, Weaknesses, Opportunities and Threats

TSU - Social Security Contribution

VAT - Value Added Tax

WACC - Weighted Average Cost of Capital

WFB - Women's Fashion Boutiques

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1. Introduction, Problem Description and Methodology

1.1. Introduction

The retail industry in the areas of jewellery and watchmaking has been following Portuguese society and its development for decades. Since long time, the gold jewellery was the way adopted for the population to seek safety in their savings, due to the instability and turbulence experienced in the country. The serious convulsion, not only political, but also provoked by the world wars, of which the twentieth century was the stage, reinforced this tendency to seek safety in gold and its jewellery derivates. Watches, always associated with the higher social and economic layers, were democratized, especially after the Second World War with the consolidation of wristwatches and later with the quartz advent.

In the early 1970's, the watch world witnessed the so called *Quartz Crisis*[1]. The Japanese industry, leaded by Seiko, introduced the Quartz technology to watches. Although not responsible for their invention, they industrialized its application to wrist watches, making them accessible to all. With movements powered by batteries, these were cheap to produce and had the advantage of being much more accurate. While a mechanical watch in 1970 could easily show a deviation of -/+ 30 seconds per day, quartz watches reduced this margin by half and per month.

The 70's was, indeed, deadly for the traditional Swiss mechanical watch industry. The country faced an unprecedented economic crisis. From 1970 to 1990 employment fall almost two thirds and the number of watch companies decreased to less than half, by 1980. At the same time the exports of Swiss watches dropped from above 80M units to 30M (Twinam, 2022). Several brands succumbed, some of them quite ancient, even centenarians. The remaining ones were forced to review their strategy and positioning. Several would embraced opposite paths to quartz, choosing to abandon utilitarian ranges and raise their products to more luxurious levels (Philippe et al., 2022), others embraced the new technology without taboos, incorporating it into their entry-level range of products.

[1] Quartz Crisis: It refers to the period that begins in the early 70s and extends through the 80s, in which the market was flooded with quartz watches from Japanese brands, that introduced cheap, battery-powered watches.

In Portugal, the Quartz Crisis meant the democratization of wrist watches. Although during Salazar's government, authorizations for the importation of goods were carefully selected, according to the importance that the regime allotted them, the 1974 April 25th revolution brought an end to this state of things, also ending the colonial war that had raged for more than a decade, despite bringing an atmosphere of restlessness that would eventually peacefully calm down in the following years.

The 1980's brought an explosion of consumption in Portugal and the EU support confirmed this state of things and filled the Portuguese with hope for a better future. With the turn of the millennium, the internet had already provided numerous sources of knowledge and information, but it was e-Commerce that revolutionized and promises to continue to revolutionize the way we expose, negotiate and buy countless goods and services around the world, comparing them and selecting the best deals with a click. Mechanical watches continue to hold an important share of the market, especially in the luxury sectors. Swiss industry has been able to reinvent itself and create new value propositions (Raffaelli, 2018). The Portuguese market was no exception to this phenomenon.

This work of project begins by detailing the theoretical framework of the key concepts that will be used in the business study and in the analysis of the correspondent investment.

The following chapter is a thorough external analysis. Initially, considering Portugal's business environment, including its demographics, then analysing more deeply the market where it plans to operate and its level of competition under several perspectives. Finalizes with an overall risk analysis of the country.

Subsequently, from the external environment to the business itself, this work then falls more acutely into the endeavour, describing its conception and exploring all its elements and the way it is idealized, from the marketing to the operational plan, explaining how it intends to be implemented and operate, both in the wholesale business and in the retail trade, as well as the strategies it adopts for each of them.

The financial evaluation chapter uses the previously addressed metrics to assure a strict investment viability analysis and, finally, the conclusions that the study allowed to assess are reached and enlightened.

1.2. Problem Description

The idea of representing a watch brand in Portugal was born primarily from the enthusiasm for the watch making industry, which has always accompanied me over time. From my first watch, a Timex offered by my mother when I was around 12 years old, to the first watch I actually bought with my own money, a *Tissot Lisboa*, watches have always exerted an indelible fascination on me.

Until now, I made my professional journey mainly linked to the automotive business, where mechanics allied with aesthetics to seduce the fans and devout customers. Working for several years in sales departments, I began to realize that fans of the automotive mechanics were also enthusiasts of mechanical watches. The sales experience gave me a vision of confidence and clearance that made me realize that in addition to good planning, a personal approach to sales and real personal field prospecting usually yields fruit and good business and reciprocally beneficial relationships.

After several experiences and professional learning, in 2020 life led me to the starting point: the university. During this series of events, my hobby and fascination with watches were emphasized and from there to having germinated this idea was a quick step. Why not represent a watch brand (or brands) and why not use the automotive distribution chain as a disruptive complement to this business, as well? Going further with this idea, why not use other distribution channels that are considered appropriate? This work of project aims to materialize this vision.

The global wrist watch market is expected to grow by 50% between 2022 and 2028 (Market Reports World, 2022) reaching over 90 Billion US dollars worldwide. Even more prudent estimates report solid growth until 2027 (ReportLinker, 2021). In addition, the online trade of watches is also rising consistently (The Watch Gallery, 2016) enhancing new ideas of distribution and approach to the markets (Eley, 2020).

The main objective of this work of project is to validate the financial viability of a company, created from scratch, to operate in the areas of the wholesale and retail trade of watches. It also aims to create jobs and generate income for its investors and so contribute to the productive entrepreneurship of the country.

It claims its originality by developing, side-by-side and simultaneously, the traditional wholesale business and the e-Commerce retail possibilities applied to the watch distribution industry, combining them with new, innovative and disruptive retail channels.

Its relevance is linked to the fact that it intends to promote new lines of business in existing companies that have never operated within the watchmaking industry, as well as to revitalize the smaller retail companies that already operate, in the sector, or once did, but lacked adequate product in their showcases and window displays.

Another reason with a relevant contribution to the formulation of this project is the idea that entrepreneurial activity amongst SME’s is a key engine for the economic development of nations has become increasingly accepted (Tolstoy et al., 2021).

For the proposes of this project and to follow up on the objectives, was found necessary to conduct (1) a general approach to the Portuguese business environment and its demographic structure; (2) an in-depth study of the Portuguese watch market and its competition; (3) the elaboration of a strategic and operational plan; (4) the assessment of the financial viability of the project, using a Discounted Cash Flow model.

1.3. Methodology

The model of collection, treatment and data examination of this work followed a quantitative guideline.

From the external diagnosis, starting with the market analysis and the respective CAE's, through the information obtained from INE (2022, 2023), to the study of the competition, through the information collected from Deloitte (2020) and Informa (2023b, 2023a), all the data and their interpretations obeyed a logic based on a quantitative methodology.

In what the project itself is concerned, the methodology used was also exclusively quantitative. From the outset, in this Business Plan conception, a computer tool, available, free of charge, on the IAPMEI website, was used. It’s a spreadsheet designed for the development of Investment Projects, of simplified use, requiring only the knowledge of basic concepts of economic and financial analysis. It is thus described by IAPMEI itself:

> "A project evaluation tool that enables entrepreneurs and companies to evaluate and test the profitability of new investments and to support the structuring of a business idea or an investment project; facilitate the evaluation and analysis of profitability of new investments; support dialogue and negotiation with stakeholders, in particular with funders." (IAPMEI, 2023)

This tool produces the respective results automatically, based on the assumptions that have been assumed. The results presented are based on the metrics addressed previously, such as the NPV, the IRR, the DPP and the IP, using a discounted cash flows model.

These results are essential for assessing the economic and financial viability of this project and will be presented in more detail in the following chapter.

2. Literature Review

It was determined to be pertinent to conduct a prior theoretic framework on the key topics in focus in order for the current project effort to deliver results and respond to the stated objectives.

2.1. Pestel Analysis

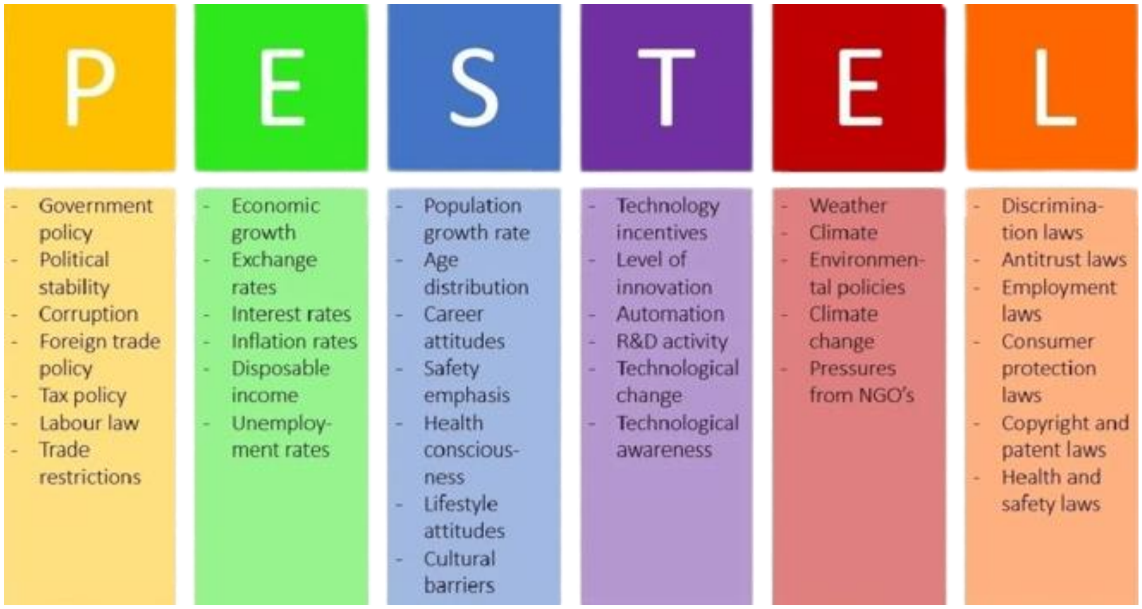
PESTEL is the acronym for **P**olitical, **E**conomic, **S**ocial, **T**echnological, **E**nvironmental and **L**egal, and those are the pillars of this framework analysis.

The PESTEL Analysis is used as a tool for business evaluation purposes and is one of the most used models in the evaluation of the external business environment (Gupta, 2013).

Usually used in conjunction with the SWOT analysis, PESTEL forms the basis for identifying the opportunities and threats that will help in its preparation (Perera, 2017).

In this process, this tool evaluates the targeted business environment by analysing several of its characteristics within each main chapter, with special focus on those with potential to influence the investment or business under analysis. The following illustration shows us some cases.

Figure 1 - PESTEL Analysis



Retrieved from de Bruin (2016).

According to Perera (2017), the Pestel analysis enables a deeper and more assertive approach to the external SWOT scenario, since it has already identified the main macro characteristics that define the surrounding environment of the targeted market.

The study thus starts from this level, seeking, in a more restricted way, to focus the market under analysis in greater detail.

2.2. Swot Analysis

SWOT is the acronym for **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats and is used as the overall evaluation of a business and/or a project.

It was originally introduced in 1969 by Harvard researchers and due to its underlying presumption, that managers could plan the synchronization of a company's resources with its environment, it rose to prominence in the 1970's. In the 80's, with the appearance of Porter's work and his model of the 5 competitive forces, SWOT analysis was slightly side-lined.

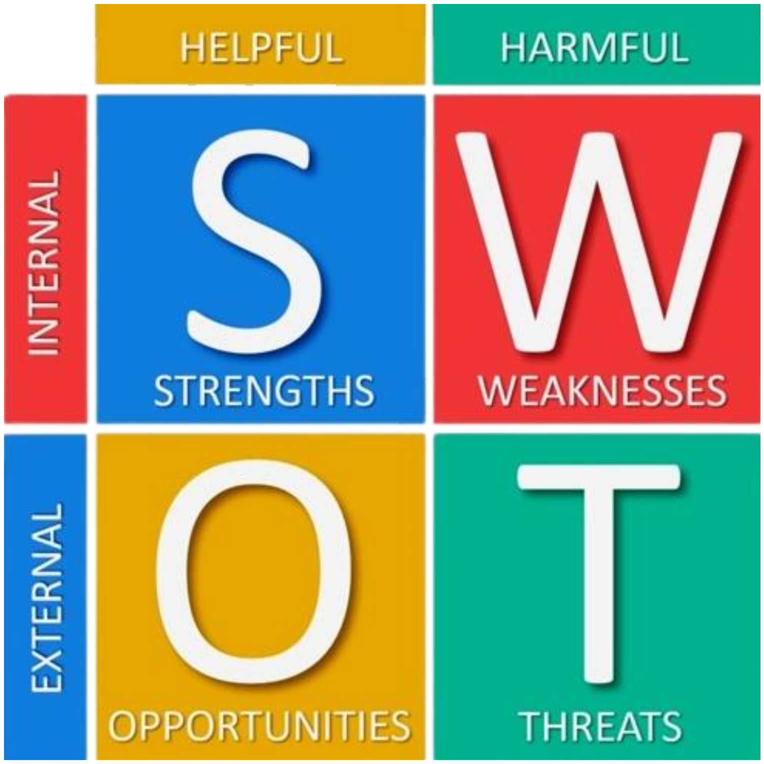
However, it gained recognition again for its significance in the 1990's, and some of the most important management and marketing reference books still recommend using it as the main case analysis methodology (Novicevic et al., 2004).

It consists in a study of the external and internal environments, identifying the key emerging elements or characteristics, that qualify for classification among the four, above mentioned, main attributes.

SWOT analysis is an important tool in strategic planning, as it gives us the visibility of the aspects, both internal and external to the organization, which can decisively influence the outcome of a business venture.

The Swot analysis is divided in two main strands, internal and external, both of which contain positive and negative factors. In the internal scenario, it analyses the strengths (positive-helpful) and weaknesses (negative-harmful) of a company or a project, while in the external scenario, the analysis identifies the opportunities (positive-helpful) as well as the threats (negative-harmful) that the market and/or the surrounding environment presents.

Figure 2 - SWOT Analysis



Retrieved from de Bruin (2017).

Strengths

Strengths are all internal elements which confer an advantage over the market. Highly skilled human resources, state-of-the-art facilities or a modern and sophisticated corporate image are a few good examples;

Weaknesses

On the other hand, weaknesses are all the internal elements that represent a handicap towards the market. Every opposite of the above mentioned strengths are handicaps and, therefore, weaknesses;

Opportunities

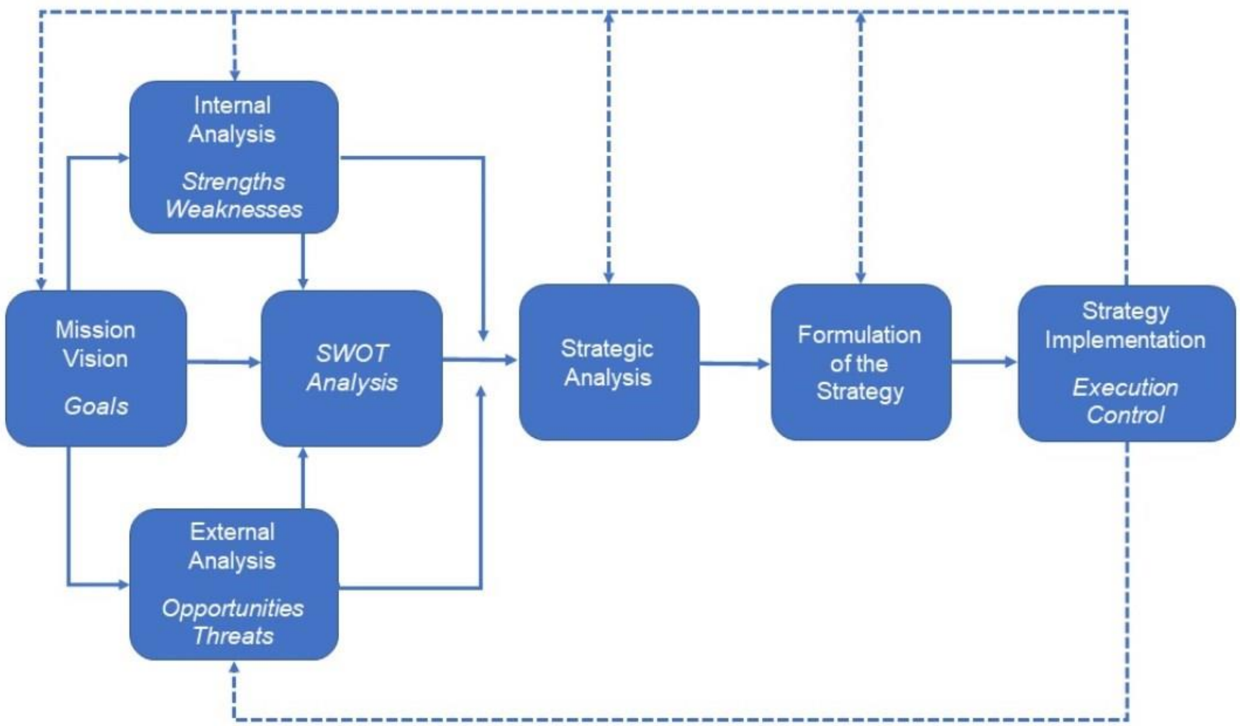
Are all the external elements that embody a potential gain or an opportunity to profit, develop or grow. Consider, e.g., a tariff reduction in a scenario where the project exports to that specific market, thus creating an opportunity to increase profitability and/or increase market share, allowing margins to increase and/or decrease the price to the final consumer;

Threats

Threats refer to factors that have the potential to harm the project or organization. For example, a drought is a threat to the agrobusiness, as it may destroy or reduce the crops.

According to Teixeira (2011), the primary and most common strategic management process is based on planning, where the formulation of the strategy is an intentional process, involving a series of logical, analytical and sequential procedures. The internal and external environment of the organization are systematically analysed and strategic options are generated and thoroughly evaluated.

Figure 3 - Strategic Management Process



Source: Own Elaboration based on Teixeira (2011).

2.3. Market

It is essential in any investment project to study the main characteristics of the market where it is intended to be implemented, starting with the main demographic indicators, such as age, education, income, etc.

The more information is obtained about what will be the target consumer market, the more targeted and assertive the decision-making processes will be.

A market analysis, with special emphasis on the aspects that can influence demand: population growth rate, consumers income growth rate, elasticity of demand, price elasticity, income distribution, supply growth rate, seasonality of sales, distribution channels, etc., which increases the complexity of the analysis (Marques, 2014).

The success of any investment will unavoidably depend on a successful marketing strategy. To increase its potential to succeed, this approach must be planned based on a careful analysis of the market.

2.4. Competition

Increasingly, nowadays, the study of consumer profiles proves to be short and leads us to a greater and more exhaustive scrutiny of the competition.

The force of competition reflects the interactions among competitors who produce products or services that are close substitutes for each other (Gupta, 2013).

The competition is one of the most, if not the most, important analysis that must be made in the investment-decision process. How they operate, what is their value proposition, their competitive advantages, etc. are all key factors that can impact, either the outcome of any investment project or the success of an, already, existing company.

The competition analysis may allow the development of a competitive advantage or advantages, which can result in a higher value proposition (Kotler & Armstrong, 2020).

As Baker (2003) tells us, the knowledge of the main competitors, namely with regard to their positioning and/or the way they deliver value to consumers, is of central importance for strategic thinking, becoming, therefore, crucial, to achieve an optimization of performance, in order to obtain advantage over the other players in a given market (Baker, 2003).

By competing with each other, companies become more competitive, innovative, and efficient, based on merit.

Kotler (2002) brings us another view on this matter, as he considers that competition includes all of the actual and potential rival offerings and substitutes that a buyer might consider. The same author divides competition in four levels of competition, based on degree of product substitutability (Kotler, 2002):

Brand competition: A company sees its competitors as other companies that offer similar products and services to the same customers at similar prices.

Industry competition: A company sees its competitors as all companies that make the same product or class of products.

Form competition: A company sees its competitors as all companies that manufacture products that supply the same service.

Generic competition: A company sees its competitors as all companies that compete for the same consumer dollars.

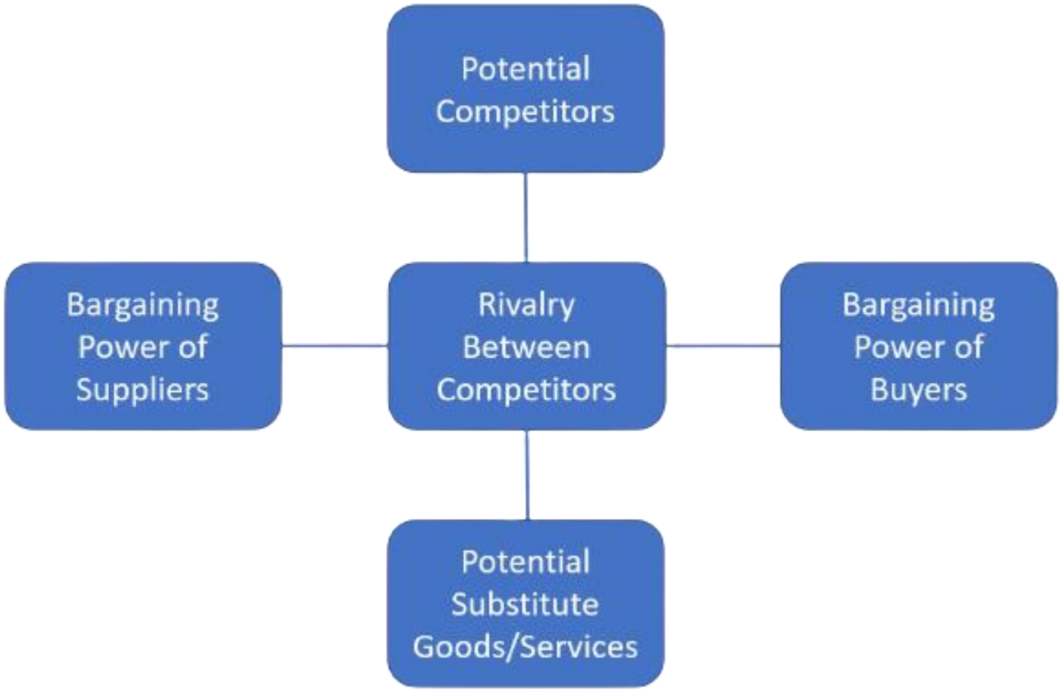
In a competitive context, the achievement of economic profits or rents, in financial terminology, results from the ability to differentiate products or conceive a more efficient cost structure than that of competition. A new company starts from a disadvantageous position, since it needs to compete with already established companies, more experienced and usually with greater financial resources. That is why it is essential that it presents elements of innovation or identification of opportunities that overcome this disadvantage (Esperança & Matias, 2009).

The analysis of the surrounding environment focuses on the targeted market in which the project aims to be present or in which the company already operates, competes and is directly influenced (Silva & Queirós, 2012). These authors state that, "according to Porter, the level of rivalry in an industry and, consequently, the opportunities that the industry offers depend on a set of factors that need to be analysed."

An industry's level of competition is greatly influenced by its underlying economic structure and extends well beyond the actions of its current rivals (Porter, 1998).

The same author tells us that five fundamental competitive forces determine the level of rivalry in a sector. The following model is the usual approach for his theory:

Figure 4 - Porter's 5 Competitive Forces



Source: Own Elaboration based on Silva & Queirós (2012).

Analysing the vectors of this model allow the possibility to reach some conclusions about the market.

We can claim we are in front of an attractive and lucrative market when confronted with weak forces, such as buyers and suppliers limited bargaining power; lack of acceptable replacement products; barriers to the entry of new competitors; and low competitiveness amongst existing competitors.

Obviously, for the same reasoning, strong forces will lead to the opposite conclusion.

2.5. Marketing-Mix

Through his 4 P's model, McCarthy was who first established the idea of the marketing mix. This concept identifies the four fundamental pillars of a marketing plan, according to the author, which are **P**roduct, **P**rice, **Pl**acement and **P**romotion (McCarthy, 1978).

Figure 5 - 4 P's in Marketing

Retrieved from *The Marketing Mix* (*The Marketing Mix*, 2023)

This concept was further developed by Kotler (2002), who, in addition to deepening its meaning and application contexts, complemented it with three additional P's, aimed at marketing plans applied to service providers. People, Physical Evidence and Process.

Within the scope of this work, using the more simplified 4 P’s model makes more sense.

2.6. Cash Flows

Esperança & Matias (2009) told us that the evaluation of an investment project is based on the cash flows associated with that project. The project is all the more interesting the more the positive flows exceed the initial negative flows.

Marques (2014) also defines cash flows as the balance between the inflows and outflows of cash, as a result of the project operation.

Barros (2000) points out two distinct kinds of cash flows, based on its nature. Investment and operating. The association between the two results in the concept of net cash flow.

Operating Cash Flow

Figure 6 - Operating Cash Flow Diagram

Source: Own elaboration based in Barros (2000).

In which:

Net Income is the profit that results from the difference between the earnings and the expenses, net of taxes.

Depreciations should be included in this calculation as they are non-financial expense, since it does not correspond to a correlative outflow of money. Its value reflects the loss of value of an asset, derived from its use and/or the time that follows its acquisition and must be safeguarded so that the balance sheet can reflect the true equity situation of the company (Marques, 2014).

Provisions and Impairments, as well as depreciations, do not represent an actual outflow of money, so they should also be considered in the operating cash flow. As they impact the Net Income results, they must be added to their value (Barros, 2000).

Investment Cash Flow

The same author tells us that investment cash flows occur when there is an acquisition or an investment expense in a fixed asset that requires the counterpart capital outflow. Operating fund investment and the residual values of both should be considered included. The residual value is the worth of the fixed assets and operating funds at the end of the project's life. Its value translates the patrimony created with the implementation of the project. Thus, the projects allow remuneration in two ways: cash flow and patrimony.

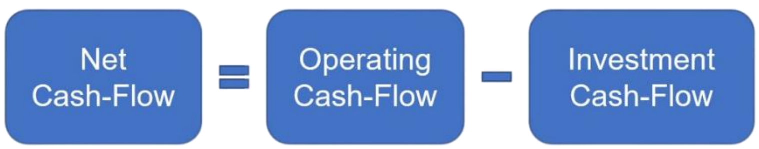
Figure 7 - Investment Cash Flow Diagram

Source: Own elaboration based in Barros (2000).

Net Cash Flow

Points out the means generated by the company's normal operation, deducted from the investments. It is also known as Free Cash Flow.

Figure 8 - Net Cash Flow Diagram



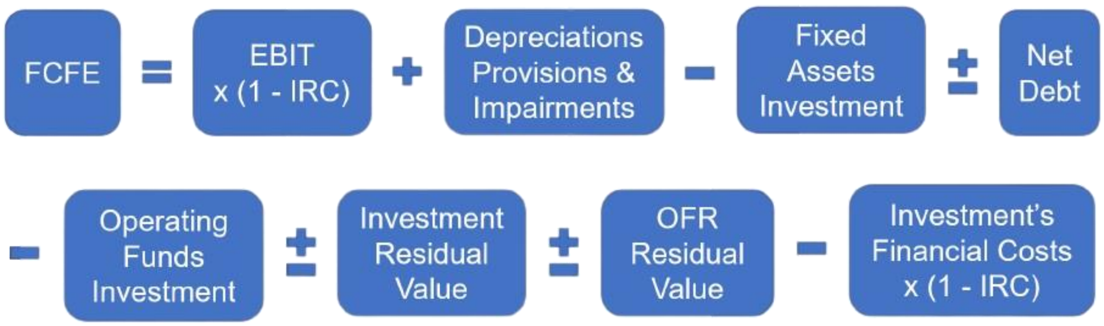
Source: Own elaboration based in Barros (2000).

When applied a discount rate to bring the cash flows to the decision-making time, we are before the Discounted Cash Flow model, which proves the effectiveness of the methodology when evaluating the financial viability of an investment project, especially when applied to small and medium-sized companies (Demarco et al., 2022).

Free Cash Flow in the Investor's Perspective

The liquid values for investors and the return on their capital through the calculation of the cash flows from the investor's perspective is determined as Free Cash Flow to Equity (FCFE) (Damodaran, 2015). According to Carneiro (2017) the FCFE calculation is as shown:

Figure 9 - Free Cash Flow to Equity



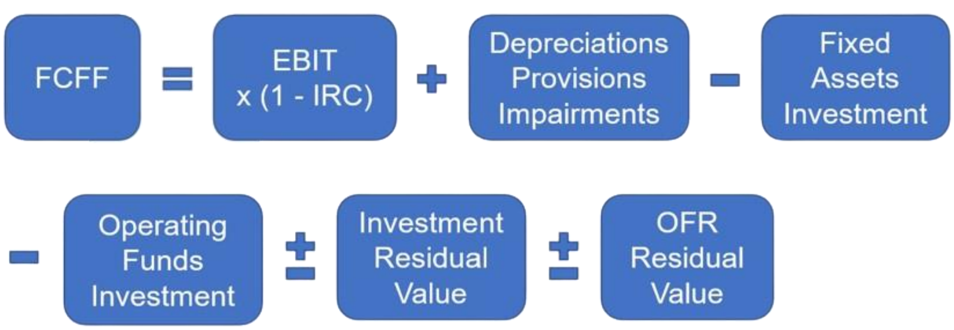
Source: Own elaboration based on Carneiro (2017).

FCFE is, merely, the amount of dividends that the company will distribute to investors.

Free Cash Flow in the Project's Perspective

To assess the investment project economically and financially, cash flows are computed from the project's perspective and are known as Free Cash Flow to the Firm (FCFF).

Figure 10 - Free Cash Flow to the Firm



Source: Own elaboration base on Carneiro (2017).

FCFF can also be simply described as a financial measure that indicates how much money a company has available to distribute to its shareholders after payment of its debts and operating expenses.

2.7. Investment

Investment is fundamental to the economic development of a company. In fact, the very creation of that company is the result of an investment, monetary or otherwise. It is, therefore, from investments that companies are born, that their economic development takes place. The importance of investment is more extensive. The economic growth that arises from the investments will, eventually, also extend to the surrounding communities and their countries.

An Investment is considered to be the allocation of resources in the current time, whether monetary or otherwise, with the expectation of future benefits (Marcus et al., 2008). In other words, it's the refusal of the consumption of certain resources, in favour of uncertain future benefits, with an inherent risk, i.e. the opportunity cost.

Barros (2000) establishes an investment, in a different approach, more circumscribed, as an application of scarce resources, which produce dividends in a given period, in order to maximize the wealth of the company (Barros, 2000).

Regarding the different types of investments, there are several points of view in the literature. According to its objectives, investments can be of replacement, expansion, innovation and/or modernization and strategic (Barros, 2014).

On the other hand, the investments that are carried out in order to create conditions for the production of goods or the provision of services are called real, industrial or economic. Those that have associated a purely financial aspect, by applying savings in order to obtain an income, are considered financial investments. This distinction, however, at this level, does not depend exclusively on the analysis of the investment itself, but rather on the motivation that underlies it, i.e. the same investment can be considered real or financial, depending on the entity that made it, to which activity it is dedicated and for what purpose it was carried out (Soares et al., 2015).

Investment means adding production possibilities, either through direct productive projects or by projects that are not directly linked to productive activities, but that end up all contributing to the dynamization of economic activity, the growth of employment and productivity and to the improvement of the general living conditions of the population (Marques, 2014).

This author also explains the notion of the investment project by “intentions” of applying resources in order to produce other resources with a tendency to increase quality and/or quantity and/or reduce production costs.

A detailed study of all the variables that can or might affect the future business operations will minimize the inherent risks of the investment decision. It is the subject of the upcoming stages.

Barros (2014) tells us that investment projects can be divided into independent and dependent, the former being those whose results don’t interfere with the implementation of others. Similarly, a project is dependent when the results of one directly affect the results of the other. Dependent projects can also be classified according with two criteria: complementary and mutually exclusive. Complementary when referring to investments whose realization imposes the implementation of a second investment project and mutually exclusive when, in the selection between two or more projects, the choice of one imposes the exclusion of the others.

Marques (2014) also emphasises the importance of the economic and financial feasibility studies as they point toward a more thorough gathering and study of information that will, ultimately, allow to better comprehend the outlined project.

The evaluation that precedes a project, is an analysis originated by the need to mitigate the uncertainty that arises from the impossibility of knowing, in advance, the remuneration that the resources invested in the investment will generate (Porfírio et al., 2004).

The evaluation of a project is, typically, associated to a set of tools that enable the measurement of predetermined key factors, that have no other purpose than to verify its economic and financial viability. These tools provide indicators based on profitability and will be fundamental to the decision making process (Barros, 2000).

Nevertheless, the common objective of any study is to evaluate the $Cost/Benefits$ ratio of an investment project, i.e. the assessment between the costs incurred and the benefits resulting from its implementation (Megre, 2018).

There are some instruments based on the Discounted Cash Flow model that are usually used in this task, which provide boundaries for the viability and overall project evaluation. According to Barros (2014) the most common are the NPV, the IRR and the DPP.

Discount Rate (DR)

Megre (2018) asserts that a key element in determining a project's ability to create value is the profitability that will be required, through the investment rate of return, commonly known as Discount Rate.

According to Barros (2000), the awareness of time value of money is vital since there is a time delay between cash flows, from which results the importance to update them to the decision-making process time, once it’s necessary to compensate for the capital invested, regardless of inflation and economic and financial risks.

As Gomes (2011) supports, it is essential to "transport" monetary values received (or receivable) in various periods to the same time instant in order to compare them. If this time instant is later, the values are capitalized; otherwise, they are updated using a rate.

Thus, at this time, the value of the cash flow for the period *t*, discounted to a certain rate *r*, is determined by the formula below (presuming the rate *r* remains constant).

$$Discounted\ Cash\ Flow = \frac{CF_t}{(1 + r)^t}$$

From the investor’s perspective, some principles must be embraced in this process. The risk involved in the investment should be considered. In case the project uses borrowed capital, the discount rate should be higher than the market interest rates. Furthermore, the same reasoning should be applied when considering other investments for the capital application: the targeted investment must present a higher discount rate than the alternative ones.

Therefore, it express the opportunity cost of the capital, i.e. the return that the investor requires, taking into account the risk of the investment.

Net Present Value (NPV)

NPV provides a more realistic representation of the investment's true value by allowing to convert future investment growth in today's currency value (Probasco, 2021).

NPV uses discounted cash flows to account for the time value of money. As long as interest rates are above zero, a euro today is worth more than a euro tomorrow because a euro today can earn an extra day's worth of interest.

This criterion is the best method for assessing investments since it teaches us to account for the time value of money (Damodaran, 2001).

It is first required an estimate of the investment to be made with the appropriate time frame and its predicted cash flows in order to compute the NPV. The cost of capital will, also, have to be determined to be used to update the forecast cash flows and the investment, attending the risk involved, for the present time.

$$NPV = I_O + \frac{CF_1}{(1 \ + \ r)^1} + \frac{CF_2}{(1 \ + \ r)^2} + \cdots + \frac{CF_n}{(1 \ + \ r)^n}$$

In which: I_0 - Initial Investment

CF_i - Cash Flow of each considered year

r - Cost of Capital

n - Considered Year

Internal Rate of Return (IRR)

Another key evaluation tool is the IRR. It also takes in consideration the time value of the capital, as its value is determined based on the NPV formula. IRR is a discount rate that makes the NPV of all cash flows equal to zero in a discounted cash flow analysis.

When the NPV is equalled to zero, the equation produces the IRR. Here we have the calculation of the minimum return rate for a project become viable.

$$I_O + \frac{CF_1}{(1 \ + \ IRR)^1} + \frac{CF_2}{(1 \ + \ IRR)^2} + \cdots + \frac{CF_n}{(1 \ + \ IRR)^n} = 0$$

In which: I_0 - Initial Investment

CF_n - Cash Flow of each considered year

Once the project's IRR has been calculated, it should be compared to the financing rate of the project, to evaluate whether it will be lucrative enough to pay back the remunerations of all the capital invested and to the current financial market interest rate, for the investor to consider this alternative (Gomes, 2011).

Both, NPV and IRR are known to lead to the same investment decisions.

Discounted Payback Period (DPP)

The discounted payback period is a financial metric used to evaluate the time it takes for an investment to generate enough discounted cash flows to recover the initial investment. It is similar to the regular Payback Period but takes into account the time value of money by discounting the cash flows. It is, thus, referred to the period of time that elapses until the following condition is met:

$$\sum_{t=1}^{n} \frac{CF_t}{(1+k)^t} = I_o$$

In which: t - Period

n - Total number of periods of the project's life or under analysis

I_0 - Initial Investment

CF_t - Cash Flow of the t period

k - Discount Rate

Generally speaking, this indicator should be compared to the investment recovery time period that the project promoters deem acceptable. Projects whose recovery period turns out to be longer should be rejected. When there are no requirements, only those that offer a return in a shorter amount of time than the project's useful life should be accepted (Gomes, 2011).

Profitability Index (PI)

While NPV gives us a realistic view of investments, PI relativizes the value of that perspective.

Silva & Queirós (2012) regard this metric as a capable addition to the NPV, by allowing to obtain the result for each unit of invested capital, although pointing out some of its limitations and don't support that it should be used in its substitution. Its simplified calculation is:

$$PI = \frac{PV}{I}$$

In which: *PV* - Present Value of the Cash Flows

I - Investment

A PI > 1 suggests to the investor that the project is appealing, being equivalent to a positive NPV (Gomes, 2011). If PI < 1 the conclusion is the opposite.

Capital Asset Pricing Model (CAPM)

This metric was developed in the middle 60’s by William Sharpe, John Lintner and Jack Treynor. CAPM is the most effective method for determining the discount rate, i.e., the cost of equity (Neves, 2002).

This model decomposes in two main kinds of risk:

- The specific, non-systematic or diversifiable risk, which is the risk that an organization faces in regard to its rivals.
- The market risk, systematic or non-diversifiable, that has an impact on all businesses and investments in general, but may, however, affect some more than others.

Its mathematical equation is:

$$r_e = \mathrm{r}_f + \beta \times (r_m - r_f)$$

In which

r_e - Required Return on Equity

r_f - Risk Free Interest Rate

β - Project Risk Index / Investors' Risk Sensitivity Coefficient

r_m - Expected Market Return Rate

$(r_m - r_f)$ - Market Risk Premium

Weighted Average Cost of Capital (WACC)

WACC is another method for quantifying the required return of an investment. It equates into a rate that accounts the returns needed by the various funding sources, weighted by the importance of each one with respect to the overall amount of capital invested. It is used to update the cash flows calculated from the project's perspective, as it takes into consideration the various financing sources (Gomes, 2011).

$$WACC = \frac{CP}{CI} \times k_e + \frac{CA}{CI} \times k_d \times (1 - IRC)$$

In which: *CP* - Equity

CA - Debt Capital

CI - Total Capital invested

K_e - Cost of Equity (investor's demanded return)

K_d - Cost of Debt Capital (interest rate)

IRC - Corporate Tax

3. Diagnosis, Organizational Context And Specific Goals

Since this work is a business plan intended at creating a company from scratch, this chapter will be dedicated to a brief analysis of the external environment where the business will run and to the scrutiny of the market, competition and competitive environment, which will allow to outline the strategy to be implemented and fair and feasible objectives.

3.1. External Diagnosis

3.1.1. Pestel Analysis

Political

Since the subsequent turmoil verified after the 1974 revolution, political stability is observed in the territory.

There are, however, several already identified context costs that obstruct the appropriate development of the country, from among which the following stand out: i) the absence of economic justice; ii) the high taxation policy; iii) the rigidity of labour laws; iv) the oppressive bureaucracy, with its myriad of fees, endless applications, and licensing requirements.

Economic

That high taxation policy extends to the labour factor and also to indirect taxes, such as consumption (VAT = 23%) and fuels (Special Tax on Petroleum Products).

Nonetheless, in the years under analysis the Portuguese economy has performed reasonably. Although with moderate growth it was still above the EU average (Eurostat, 2023).

Table 1 - Economic growth as a GDP percentage

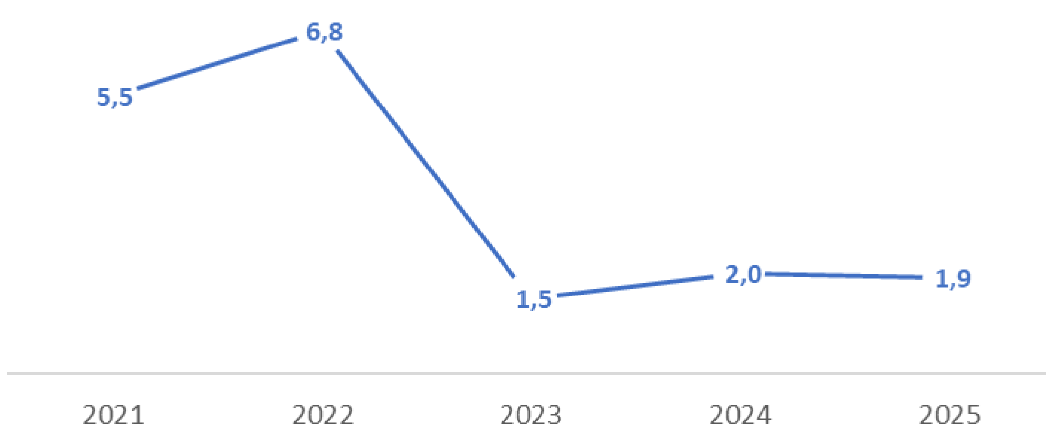
Year	Portugal	Euro Area (19 Countries)	EU (27 Countries)
2015	1,80	2,00	2,30
2016	2,00	1,90	2,00
2017	3,50	2,60	2,80
2018	2,80	1,80	2,10
2019	2,70	1,60	1,80
2020	-8,30	-6,10	-5,60
2021	5,50 *(p)*	5,30	5,40
2022	6,70 *(p)*	3,50	3,50

(p) Provisional data

Source: Own elaboration based on Eurostat (2023).

The Portuguese central bank estimates GDP growth rates below 2% between 2023 and 2025:

Figure 11 - Gross Domestic Product: Annual Variation (%)



Own elaboration based on Banco de Portugal (2022).

In fact, Portugal has a chronic economic growth problem. Average GDP growth in the 21st century (2000-2019) was 0,9% per year (PORDATA, 2023b). Through this period it has undergone through a financial rescue of the so-called "*Troika*" (IMF + EU + ECB), due to an imminent bankruptcy risk, which attests to the weakness and lack of resilience of its economy. It seems that the political class has not found solutions on how to put Portugal on the path of the economic growth, the country craves.

Starting 2022, the recent scenario of high inflation, with the consequent rising cost of capital is worrying as it discourages investments. This situation will only get worse if, in order to control inflation, the higher interest rates cause a period of economic recession.

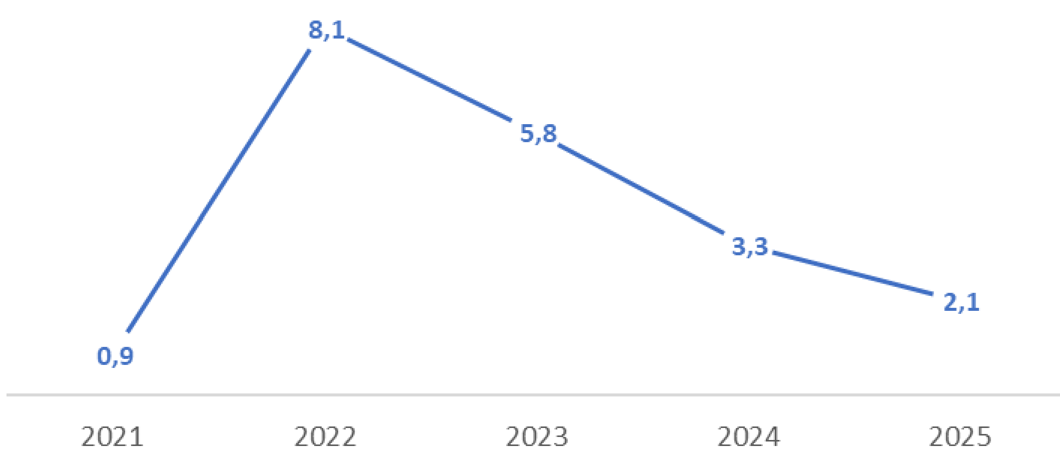
On the first quarter of 2023, the country has performed surprisingly above the expected and an eventual recession seems to be set aside, at least for now.

The ECB has been intervening with interest rates to address the issue of growing inflation. Despite accusations of having acted too slowly and late, the rate increased by 0,25% on last May 5th, bringing it to 3,75%. However, Inflation in Europe is yet far from being controlled.

Portugal has also been one of the EU countries where some resistance to the process of reducing inflation has been noted, at least as of the time of this writing.

However, the Portuguese central bank predicts that, by 2024, the rate of price growth will have normalized:

Figure 12 - Harmonized Consumer Prices Index (%)



Own elaboration based on Banco de Portugal (2022).

Social

Portuguese people are kind and friendly in their social interactions. Visitors from all over the world like their vibrant culinary culture, which is characterized by Mediterranean influences and celebrations centred around a feasting table. For the past 20 years, the most rapidly expanding industry has been tourism.

The majority of the population is Portuguese, although there are also a sizeable number of immigrants from Brazil, Africa, and Asia.

The country's significant social challenges include the problems resulting from the disorderly migratory flows that we have seen in Europe, poverty, social exclusion and the rising of house prices in the major cities.

Technological

Mobile phone and computer ownership is very common in Portugal. The penetration of the internet is likewise very high. In fact, more than 84% of the population have access to and regularly use the internet (PORDATA, 2022).

According to a study of ANACOM, in 2022, 43% of individuals in Portugal made purchases through the Internet in the three months prior to the survey and if the previous twelve months are considered, 54% of individuals made this type of transaction (in any case 2% more than in the previous year).

The annual growth resumed to pre-pandemic pace (in 2019 it had increased 2%), but was lower than the recorded in 2021 (+7%) and in 2020 (+6%), years noticeable by the change in consumer behaviours resulting from the COVID-19.

About 25% of individuals have never made purchases over the Internet. On the other hand, around 9% made sales online.

Portugal was the 21st country in the European Union (27 countries) in terms of percentage of individuals who made online purchases in the last 3 months and the 23rd country in online sales (ANACOM, 2023).

Environmental

Portuguese has some unspoiled natural attractions that draw in millions of visitors each year. However, it has a varied geography that ranges from rugged inland parts to highly populated coastal locations. As a result, the country has a variety of difficulties in terms of regional economic and social disparities.

In Portugal, droughts are becoming more frequent, which has an impact on a number of businesses, most notably agriculture. On the other side, there is increasing worry regarding the supply of water for domestic use, especially in the southern region. Environmental concerns are also becoming more widespread, especially among young people.

Legal

The Common European Tariff regulates Portugal's customs policy as an EU member. This specifies a 4,5% customs duty on non-EU products for the watch industry. However, each member state determines its own budgetary strategy and consequent fiscal policy, which is results in a 21% corporate income tax rate.

A "derrama" tax that has a maximum cap of 1.5% and is meant for the municipalities where the company's headquarters are located must be added to the regular corporate income tax. Another "derrama" is also necessary when profits exceed €1,5 million, with this one going to the state treasury. It is incrementally charged at profit intervals, ranging from 3% to 9% for profits over 35M €.

Regarding labour legislation, Portugal has a reputation for its high degree of employment protection. As dismissal at will is forbidden, the employment market takes a long-term approach in labour retention. During the external financial intervention, from 2011 to 2015, employment rules were also changed to seduce foreign investment; however, there is growing political left wing demand to restore the laws to their prior terms and conditions.

The Portuguese justice system is quite slow, especially when it comes to commercial litigation, which is one of the added discouragement factors when concerning investment decisions.

Table 2 - Pestel Matrix

Political	Economic	Social	Technological	Environmental	Legal
Political stability; Rigid Labour laws policy; High taxation policy; Oppressive Bureaucracy.	Economic growth above EU average in the last years; GDP growth expectance of 2% for the next 2 years Inflation expectance of 3,3 and 2,1% for 2024 and 2025 respectively.	Kind and social population; Tourism growth; Increasing immigrant population; Migration challenges; Poverty; Social exclusion.	High percentage of the population with access and regular use of the internet; 23rd country in EU27 in e-commerce transactions.	Unspoiled natural attractions; Droughts are becoming more frequent; Increasing concern about water supply.	Common European customs tariff; Absence of justice for commercial litigation; Legislation towards employment protection.

Source: Own elaboration.

3.1.2. Demography

The ageing of the Portuguese population at an alarming rate is the most significant demographic factor. The fertility rate of the Portuguese population fell below 2 in 1983 and never recovered. In 2021 it was only 1,35 (PORDATA, 2023a). Given the confirmed increase in average life expectancy and the nation's low birth rate, a significant demographic issue exists (Brazão de Freitas, 2019).

The most recent Census, that took place in 2021, also show that the population fell by 2.1%, or around 214,000 people, over the previous ten years, when compared to the last count in 2011. The positive migration balance was insufficient to make up for the poor natural cycle. Foreign nationals now account for 5.2% of all residents, an increase of 37% in the same period (INE, 2021).

Population by Age, Gender and Geographical Location

Portugal has a resident population of just above 10 million inhabitants. We can see that 35% is in the North and that the North, Centre and Lisbon MA concentrate 84% of the total population of the country. Of these, we have 40% men and 44% women (INE, 2021).

Table 3 - Population by geographical location and gender

2021	Male		Female	
North	16,5%	1 708 073	18,2%	1 879 001
Centre	10,3%	1 060 783	11,3%	1 166 784
Lisbon MA	13,1%	1 350 790	14,7%	1 519 980
Alentejo	3,3%	341 500	3,5%	363 207
Algarve	2,2%	226 839	2,3%	240 636
Azores AR	1,1%	115 492	1,2%	120 948
Madeira AR	1,1%	117 693	1,3%	133 076
Portugal	**47,6%**	**4 921 170**	**52,4%**	**5 423 632**

Source: Own Elaboration based on INE (2021).

In order to comprehend the market size to which a watch distribution business can aspire, it is essential to divide the population into age groups. We have 3,3M inhabitants in the north, centre, and Lisbon MA, who are between the ages of 20 and 50. 4,5M if the interval is increased to 60 years. The following table shows that in 2021, the people over 60 will account for 30% of the country's population:

Table 4 - Population by geographic location and age

2021	< 19	20 - 29	30 - 39	40 - 49	50 - 59	60 - 69	> 70	TOTAL
North	624 342	393 816	416 892	538 807	546 347	489 668	577 202	3 587 074
Centre	370 489	217 367	235 494	318 194	323 049	314 040	448 934	2 227 567
Lisbon MA	563 259	323 510	361 478	448 637	381 445	333 596	458 845	2 870 770
Alentejo	121 239	66 326	75 404	100 820	100 286	96 942	143 690	704 707
Algarve	85 837	46 018	55 365	71 054	65 986	63 594	79 621	467 475
Azores AR	48 361	28 528	32 808	38 107	34 140	27 799	26 697	236 440
Madeira AR	46 162	26 438	29 048	39 955	41 199	33 020	34 947	250 769
Portugal	**1 859 689**	**1 102 003**	**1 206 489**	**1 555 574**	**1 492 452**	**1 358 659**	**1 769 936**	**10 344 802**

Source: Own elaboration based on INE (2021).

Purchasing Power by Geographical Location

In the purchasing power analysis, it was confirmed once more that the North, Centre and Lisbon MA, are home to an overwhelming 85% of the nation's total.

Table 5 - Proportion of purchasing power (% in total country)

	2019	2017	2015
North	32,3	32,0	32,1
Centre	19,1	19,1	19,4
Lisbon MA	33,9	34,2	33,9
Alentejo	6,2	6,2	6,4
Algarve	4,3	4,2	4,1
Azores AR	2,1	2,1	2,0
Madeira AR	2,2	2,1	2,2
Portugal	**100**	**100**	**100**

Source: Own elaboration based on INE (2021).

Table 6 - Purchasing power per capita (% in deviation from the national average)

	2019	2017	2015
North	93,0	92,1	92,1
Centre	88,7	88,3	88,8
Lisbon MA	121,8	124,1	124,7
Alentejo	90,8	90,1	91,0
Algarve	100,8	99,1	95,2
Azores AR	88,0	87,3	85,5
Madeira AR	87,8	86,5	86,9
Portugal	**100**	**100**	**100**

Source: Own elaboration based on INE (2021).

This table shows us that the individuals with the highest purchasing power in the country are located in Lisbon MA and in Algarve. The remaining do not differ significantly from each other.

3.1.3. Risk Analysis

Table 7 - Risk Matrix

IMPACT \ PROBABILITY	Low	Medium-Low	Medium	Medium-High	High
High	Terrorist acts; Social Violence.	Global Pandemic Lockdown; Nuclear incidents in the Ukrania-Russia war.			
Medium-High		Exchange rates imbalance.	Economic recession; Ukraine-Russia war escalation up to NATO	Rise of interest rates	
Medium		Increase in transportation costs	Changes in Taxes	Economic slowdown	
Medium-Low	Natural disasters			Changes in labour legislation	
Low					

Source: Own elaboration.

Positive considerations:

The Covid-19 pandemic appears to have been overcome and reduced to a kind of seasonal flu condition. Terrorist acts and social violence are completely contrary to what Portugal and the Portuguese people represent as a nation, so unless there are strong migratory pressures, there are no major problems to be predicted.

Regarding labour legislation, although there is some pressure from the far left political wing to decrease its flexibility, including the ease of involving and slimming down the workforce, there are not to be expected any serious impacts on this project. In what income taxes are concerned, also Portugal doesn't seem to have any margin to increase them. The tax policy has been aggressive in the past few years, however focusing mostly on indirect taxes.

Negative considerations:

New variants of the Covid virus cannot be completely discarded. As we know, from lessons in the recent past, in many parts of the world, vaccination has not been as efficient as in Europe and that free proliferation of the virus can result in new variants, which on their turn can become more resistant to the existing medicine.

One of the most important aspects to have in consideration and follow with upmost attention is the Ukraine-Russian Federation war, which has been fought exclusively in Ukraine territory. The tensions that have been accumulating between the western world (NATO) and the Russian Federation did not presage an understanding conducive to a healthy coexistence between both peoples that once co-existed in this region. On the other hand, one of the parties being a nuclear power and had already used verbal threats in this regard is very worrying. The extent of the perimeter of NATO to once-neutral countries, such as Sweden and Finland is justified by the fear that the Russian aggression caused, but it does not cease to contribute to the increase in tensions between the two blocs. The use of nuclear weapons in this conflict would have catastrophic and uncertain consequences.

On the other hand, the other very important aspect is that the Portuguese economic growth has been anaemic for the past 20 years and we cannot forget the pre-bankruptcy that the country faced in 2011 and the subsequent financial ransom that occur until 2015. In what economic growth is concerned, 2023 will be a very tough year for the EU, with a very poor growth forecast to all western Europe. although it seems that a recession, initially assumed in Germany, is now set aside. The small, peripheric and highly dependent of tourism, Portuguese economy, cannot aspire to achieve any kind of relief in this conjuncture.

3.2. Organizational Context

3.2.1. Market Analysis

Finding precise figures about the watch market proved to be challenging. However, it was feasible to acquire crucial information from INE and in particular through their import statistics (INE, 2023). The data is separated into watches made entirely or partially of precious metals (gold and platinum) and the remaining watches, the majority of which are made of steel but can also be made of titanium, bronze, ceramic, or even plastic. All of the BoI chosen for this project fall under this second category, or essentially units with retail sales value below 6,000 euros per unit.

Reasonably it would make more sense to analyse just this segment of the market. It should be noted, however, that the market's size will be extrapolated using the import numbers and following the pricing exercise (appendix 22). From here, it is clear that we won't be able to tell which proportion of the competition's business volume refers to each category when we examine it. It will, thus, be conducted a global market analysis, including both segments, in order to determine the total market value and penetration shares of the major rivals. Next, it will be assumed that the market shares of the rivals are accurate for both segments.

Regarding the above mentioned pricing exercise, both Delma and Marathon Watches mentioned that the Ex Works prices will range between minus 60 (Marathon) and minus 65% (Delma) of the MSRP during the discussions concerning the appointment of a national distributor. The distinction was that Marathon sent the timepieces from Italy, whereas Delma shipped them from Switzerland. The 4,5% Import Duties on the Swiss products made both proposals quite similar in what business margins are concerned, although the need to pay the 23% VAT in advance upon customs clearance may require more financial effort for the Swiss imports.

Therefore, the ratio that converts the stated value of imports into the RRP is, on average, 44%, as can be seen in appendix 22. This ratio was applied to the disclosed import values in order to determine the market dimension.

Additionally, the Portuguese practice of haggling for discounts at shops as well as the potential for merchant promotions were taken into consideration. Then, with a cautious approach, it was assumed that all units would be sold to the final customer at retail with a 15% discount. This proportion was then subtracted from the market value.

Table 8 - Imports of Watches I

Not Made of Precious Metals

Origin	2019	2018	2017	2016	2015
From EU	111 076 575	107 498 631	101 665 683	98 871 073	96 914 440
Outside EU	23 174 733	22 188 599	23 068 646	22 734 110	23 859 653
Total	134 251 308	129 687 230	124 734 329	121 605 183	120 774 093

Made of Precious Metals

Origin	2019	2018	2017	2016	2015
From EU	70 793 855	77 654 791	77 447 397	64 867 126	67 541 710
Outside EU	2 906 616	2 964 893	3 224 617	2 878 379	7 608 835
Total	73 700 471	80 619 684	80 672 014	67 745 505	75 150 545

Total Imports of Watches

Origin	2019	2018	2017	2016	2015
From EU	181 870 430	185 153 422	179 113 080	163 738 199	164 456 150
Outside EU	26 081 349	25 153 492	26 293 263	25 612 489	31 468 488
Total	207 951 779	210 306 914	205 406 343	189 350 688	195 924 638

Source: Own elaboration based on INE (2023)[2].

[2] These tariff codes do not include smartwatches, since these have different references.

Table 9 - Estimated Market Value of Watches

	2019	2018	2017	2016	2015
From EU	214 124 070	207 226 811	195 982 545	190 595 331	186 823 498
Outside EU	44 674 299	42 773 313	44 469 794	43 824 903	45 994 630
Total	258 798 369	250 000 124	240 452 338	234 420 234	232 818 129

Made of Precious Metals

	2019	2018	2017	2016	2015
From EU	136 470 434	149 696 368	149 296 572	125 045 384	130 201 222
Outside EU	5 603 130	5 715 471	6 216 145	5 548 697	14 667 672
Total	142 073 563	155 411 840	155 512 717	130 594 081	144 868 894

Total Estimated Market Value of Watches

	2019	2018	2017	2016	2015
From EU	350 594 504	356 923 179	345 279 116	315 640 715	317 024 721
Outside EU	50 277 429	48 488 784	50 685 939	49 373 600	60 662 302
Total	400 871 932	405 411 963	395 965 055	365 014 315	377 687 023

Source: Own elaboration based on INE (2023).

Analysing the origin of the Portuguese watch imports is likewise important to get a more accurate picture of the market. The list of the main countries from which Portugal imports watches was produced by the study commissioned by AORP and is represented in the following table:

Table 10 - Volume of Watch Imports by Origin (2019)

From EU	M €	% of Total
France	128,8	59,2%
Spain	38,8	17,8%
Germany	14,8	6,8%
Netherlands	3,4	1,6%
Outside EU	**M €**	**% of Total**
China	14,9	6,9%
Switzerland	11,1	5,1%
United Kingdom	1,8	0,8%
Hong Kong	0,8	0,4%

Source: Own elaboration based on Deloitte (2020).

As we can see, Switzerland doesn't even compare with other countries, who are better known for their fashion watch[3] industry. However, given the Marathon's strategy, it is impossible to completely rule out the possibility of Swiss producers exporting through another EU country.

Additionally, in an effort to minimize their tax collection, Portuguese importers may have businesses operating abroad that function as middlemen between their own retail business and the manufacturers.

The statistical data referring to the trade of watches are available in INE, included in two classifications of economic activity:

CAE 46480 - Wholesale of watches, jewellery and goldsmith articles.

CAE 47770 - Retail trade of watches, jewellery and goldsmith articles, in specialized outlets.

Next, an analysis of each of these activities was attempted using the available data.

[3] Fashion watches are produced by a manufacturer (or released by a brand, rather) that does not make a majority of their sales on watches, e.g. Hugo Boss, Tommy Hilfiger, Dolce & Gabbana, Timberland, etc.

Wholesale of watches, jewellery and goldsmith articles

By the end of 2020, 353 companies were active (appendix 1). This number has remained constant over the last five years, with no notable changes, indicating stability among the installed operators.

The value of the wholesale market was 243 million euros in 2019 compared to 220 million euros in 2015 (appendix 2), an increase of more than 10% over this time period.

Sales and turnover both had slight declines from 2015 to 2018 - 3 and 4%, respectively - but experienced significant increases in 2019. This resulted in an overall gain of 10 and 9%, respectively, from 2015 to 2019.

It has been noted that North and Lisbon MA, together account for about 95% of the market value. However, despite the fact that the combined value of the two regions is strong and consistent over the period, consistently exceeding 90% of the national totals, the force distribution between the two has changed: from 2015 to 2020, North's turnover increased from 26,25% to 48,42%, at the expenses of Lisbon whose turnover decreased from 67,27% to 45,98%. Again in contrast to Lisbon, which drops from 68,15% to 45,43% throughout the same period, North experiences an increase in sales from 25,23% in 2015 to 48,88% in 2020 (appendices 2 to 5).

2019 saw an average wholesale company turnover of 506K euros in the North and 1,68M euros in Lisbon MA. Values for sales are 477K and 1,59M euros, respectively. These differences show unequivocally that the biggest companies engaged in this line of business are located in the nation's capital (appendix 3).

The data for cost of sales, gross operating margins, and net income made it clear that the cost of sales dropped until 2018. Its value declines by 18% throughout the first three years of this analysis, a larger decline than the 4% decrease in sales at the same time. A global growth of 13% from 2015 to 2019 is represented by this value's 38% increase in 2019, which is higher than the sales variance over the same period (appendices 6 and 7).

By imperative reasoning, the gross margins increased by 24% from 2015 to 2018 and declined by 18% in 2019, giving a total rise from 2015 to 2019 of only 1,34% (appendices 8 to 10).

The net income, however, disregards these trends, with Lisbon MA exhibiting odd fluctuations in both 2017 and 2018. A significant peak was reached in 2017 when this region reported a net income of over 68M euros, which is more than 250% of the prior year. In contrast, in 2018 it drops 86%, showing not even 10M €, which is less than half of that of 2016.

The distribution of profits throughout the regions is understandably heavily skewed in favour of Lisbon MA, because that is where the main national wholesale distributors have their headquarters, but the other regions behave more consistently.

In the North, net income increased by 97% between 2015 and 2019, although the overall market's net income fell by 16% with Lisbon MA being primarily blamed for this discrepancy. This variation runs counter to the trend that turnover and sales showed within the same time frame (appendices 11 and 12).

This analysis, although intended to focus on the business of the distribution of watches, which are paid in Swiss francs (CHF), also includes, due to the imperative of the CAE joint information itself, the business of jewellery and precious metal articles, leading to conclude about the influence of the oscillating prices of the raw materials, specifically gold in this variation, although not fully explaining it.

Since the wholesale business CAE includes jewellery manufacturers among others, the price of gold as the main destabilising of raw material costs should be taken into consideration when explaining variations in the cost of sales and business margins. A strong upward trend from mid-2018 onwards was observed (Bullion By Post, 2022).

Another important factor for this analysis that should also be taken into account is the EUR/CHF exchange rate. Since virtually all luxury watchmaking comes from Switzerland, these goods are paid in the currency of the country of supply, or with indexed exchange rates. From mid-2017 to mid-2019 the CHF enjoyed a period of appreciation (attachment 1).

Through INE it was also possible to analyse several others important parameters of the companies operating in this line of business.

In terms of labour force, the northern region employs 51% of all workers nationwide in this economic activity sector in 2019, compared to 34% in Lisbon MA. North increased 5% between 2015 and 2020 at the expenses of Lisbon, that shrank the exact same 5% (appendices 13 and 14).

Based on all the data gathered from the INE on the studied economic sectors, it was possible to create a corporate simulation that combines all the average values recorded. Due to their combined weight in the national total and the fact that there are still some differences between them, two models were elaborated, one for the North region and the other for Lisbon MA (appendices 1 to 19).

Table 11 - Average company of wholesale of watches, jewellery and goldsmith articles

North (€)	**2019**	**2018**	**2017**	**2016**	**2015**
Turnover	506 561	380 874	302 024	276 764	284 481
Sales	477 538	359 464	278 776	254 939	262 294
COGS	390 873	184 276	173 495	170 481	182 398
Gross Margin	86 665	175 188	105 281	84 458	79 896
Margin on Sales	17%	46%	35%	31%	28%
SES's	45 100	43 223	42 944	42 939	40 315
Personnel Costs	33 456	31 558	28 184	28 074	28 333
Net Income	10 983	9 879	5 532	10 084	5 842
Lisbon MA (€)	**2019**	**2018**	**2017**	**2016**	**2015**
Turnover	1 677 536	1 849 616	1 898 011	1 873 138	1 897 169
Sales	1 594 096	1 763 651	1 840 871	1 835 189	1 843 890
COGS	930 358	1 054 872	1 088 659	1 164 267	1 210 262
Gross Margin	663 738	708 779	752 212	670 922	633 628
Margin on Sales	40%	38%	40%	36%	33%
SES's	401 175	451 463	421 871	425 440	415 586
Personnel Costs	175 243	172 579	159 645	147 850	153 707
Net Income	206 002	147 369	958 939	259 892	243 738

Source: Own elaboration based on INE (2022).

Table 12 - Average company of wholesale of watches, jewellery and goldsmith articles

North	**(€)**	**2019**	**2018**	**2017**	**2016**	**2015**
Employees (Average #)		2,6	2,5	2,4	2,5	2,4
Turnover / Employee		197 253	149 997	125 745	112 942	120 062
Sales / Employee		185 952	141 565	116 066	104 036	110 698
Margin / Employee		33 747	68 993	43 833	34 466	33 719
SES's / Employee		17 562	17 022	17 879	17 523	17 015
Personnel Costs / Employee		13 027	12 428	11 734	11 457	11 958
Net Income / Employee		4 277	3 890	2 303	4 115	2 465
Lisbon MA	**(€)**	**2019**	**2018**	**2017**	**2016**	**2015**
Employees (Average #)		5,1	5,3	5,1	5,4	5,3
Turnover / Employee		327 212	347 471	369 202	349 149	355 719
Sales / Employee		310 936	331 322	358 087	342 076	345 729
Margin / Employee		129 465	133 152	146 321	125 059	118 805
SES's / Employee		78 251	84 812	82 063	79 301	77 922
Personnel Costs / Employee		34 182	32 421	31 054	27 559	28 820
Net Income / Employee		40 182	27 685	186 533	48 443	45 701

Source: Own elaboration based on INE (2022).

Retail trade of watches, jewellery and goldsmith articles in specialized outlets

The examination of the retail business reveals the true consolidated worth of the country market more accurately because the wholesale business is built on a B2B foundation. In this regard, we can see that the market is worth 777M euros (INE, 2022), in pre-pandemic values (2019), demonstrating a constant rise since 2015 and gaining 120 M € since that base year, which translates to an increase of 18% (appendix 2). It is crucial to keep in mind, although, that this value includes all of CAE's products, including jewellery and goldsmith articles.

In reverse situation we observe the number of retail companies, which present a notorious downward trend, going from 2898 in 2015 to 2613 in 2019, i.e. falling almost 10% by 2019 (appendix 1).

The data show an increase in the average turnover per company in the retail industry, which results from an increase in total turnover and a decrease in the number of companies. This clearly shows a greater concentration of business in fewer operators, which suggests that some retail chains have been consolidating their activity and expanding their dimension in recent years.

Either turnover or sales exhibit consolidated growth during the analysis period. Over 80% of the national market is represented by North and Lisbon MA, and will even reach almost 86% in 2019. This figure stayed constant over the course of the investigation period with a similar distribution in the two locations, just above 40% for each, which means the correlation of forces between these 2 regions remained stable during the period. Still, in the global retail market, throughout the country, both turnover and sales had an increase of 18% between 2015 and 2019.

2019 saw an average retail trade company turnover of 315K € in the north and 534K € in Lisbon, Massachusetts. Values for sales are 309K and 520K euros, respectively. Although there is still a disparity, it is not as large as that observed in the wholesale business sector.

It should be noticed that average turnover and average sales by company in the retail trade business in Azores AR are better than one could anticipate, clearly due to the ratio $\frac{Turnover\ /\ Sales}{Number\ of\ Companies}$ being favourable to this outcome. In fact, although their values are inferior to the ones observed in the North or in Lisbon MA, it’s also true that they are in a level of their own, way above the remaining geographic locations. The average turnover and sales per company in the Centre go in the opposite direction, applying the same logic (appendices 1 to 5).

Regarding the cost of sales, it correlates with sales performance in the retail business. This value climbed by exactly the same 18% from 2015 to 2019, varying with a stable and consistent pattern.

The gross margin climbed 34%, while the sales margin went up from 30 to 34%. Over this time net income increases 181%. In 2019, North generated 62% of all net income in the country. In 2015 was responsible for 59% (appendices 6 to 12).

73% of the nation's total workforce employed in this economic activity was evenly spread between North and Lisbon MA, over the course of this period (appendix 13).

Similar to what was done for the wholesale industry, the following tables provide results from companies simulations for North and Lisbon MA, which were produced using the gathered sector averages (appendices 1 to 19).

Table 13 - Average company of retail trade of watches, jewellery and goldsmith articles in specialized outlets

North (€)	**2019**	**2018**	**2017**	**2016**	**2015**
Turnover	315 187	292 447	283 657	257 795	232 178
Sales	309 059	284 888	276 141	250 660	225 490
COGS	220 047	210 790	208 626	189 035	169 194
Gross Margin	89 012	74 098	67 515	61 625	56 296
Margin on Sales	28%	25%	24%	24%	24%
SES's	28 004	26 423	25 146	23 183	21 202
Personnel Costs	25 866	24 186	23 153	21 547	20 062
Net Income	32 012	19 253	15 040	11 688	9 857

Lisbon MA (€)	**2019**	**2018**	**2017**	**2016**	**2015**
Turnover	534 528	491 796	477 203	404 173	396 233
Sales	520 248	474 978	462 483	392 070	386 039
COGS	322 928	301 265	299 486	255 948	258 219
Gross Margin	197 320	173 713	162 997	136 122	127 819
Margin on Sales	37%	35%	34%	34%	32%
SES's	87 691	79 957	75 372	66 155	62 361
Personnel Costs	75 715	70 715	64 239	57 190	51 907
Net Income	25 984	25 483	20 037	8 223	7 055

Source: Own elaboration based on INE (2022).

Table 14 - Average company of retail trade of watches, jewellery and goldsmith articles in specialized outlets

North (€)	2019	2018	2017	2016	2015
Employees (Average #)	2,4	2,3	2,3	2,2	2,2
Turnover / Employee	133 754	124 587	121 616	115 897	105 544
Sales / Employee	131 154	121 366	118 393	112 690	102 504
Margin / Employee	37 774	31 567	28 947	27 705	25 591
SES's / Employee	11 884	11 257	10 781	10 422	9 638
Personnel Costs / Employee	10 977	10 304	9 926	9 687	9 120
Net Income / Employee	13 585	8 202	6 448	5 255	4 481

Lisbon MA (€)	2019	2018	2017	2016	2015
Employees (Average #)	4,2	4,1	4,1	3,8	3,5
Turnover / Employee	127 115	119 036	117 499	105 768	112 913
Sales / Employee	123 719	114 965	113 875	102 601	110 008
Margin / Employee	46 924	42 046	40 134	35 622	36 424
SES's / Employee	20 854	19 353	18 559	17 312	17 771
Personnel Costs / Employee	18 005	17 116	15 817	14 966	14 792
Net Income / Employee	6 179	6 168	4 934	2 152	2 010

Source: Own elaboration based on INE (2022).

3.2.2. Competition Analysis

The Brand and Generic type are the most common types of competition in the watch industry. Offerings from comparable brands compete for the same consumer euros.

It should be noted that some wholesale companies have been growing strong retail divisions that tend to concentrate more business, raising concerns about the future of independent retailers in small towns and cities across the country. Retailers tend to face more requests from wholesale suppliers as they expand their own retail operations. The requirement of investments to meet higher standards, which frequently proves to be unaffordable, typically results in these retailers losing the brands they have previously represented or wish to represent in the future, reducing their importance or even completely eliminating them from the value chain, relegating them to the business of gold articles and jewellery alone

This condition has undoubtedly left a hole, which is what this business plan seeks to fill. First and foremost, these operators - often from long lines of families - have extensive technical knowledge, particularly in the field of mechanical watches. Second, and perhaps even more importantly, they are well-liked and trusted in the communities where they operate, which is a priceless asset in this business. Therefore, the goal of this project is to create a company based on the revitalization of a distribution network that has been neglected or relegated to the background. It is also important to underline that some retailers have business relations with more than one wholesale supplier and consequently trade brands from more than one national distributer.

That being stated, despite the limited information available, an analysis of the major merchants in our nation was attempted. In 2018, the main key players in the retail business operating in Portugal were as follows:

Table 15 - Main players of retail trade of watches I (2018)

Designation	**Location**	**Turnover**	**Imports**	**Employees**	**EBITDA**
David Rosas, Lda.	Porto	66 790 720	52 599 440	66	11%
Torres Joalheiros, SA	Lisbon	51 517 151	34 081 657	76	17%
Equação do Tempo - Relojoaria, Lda.	Porto	28 802 088	19 873 687	13	25%
Visão do Tempo II - Distribuição, SA	Lisbon	27 677 580		178	20%
Pires & Irmão, Lda.	Braga	12 778 052	9 648 587	8	13%
Bluebird, SA	Porto	12 185 594	1 002 100	123	7%
Hourzone - Relojoaria, Lda.	Porto	11 885 593	1 549 463	3	14%

Source: Own elaboration based on Deloitte (2020).

A more broader set of information is acquired be integrating the data obtained from INE with those from the AORP-commissioned study conducted by Deloitte. Cross-referencing this data with the estimated market values in tables 8 to 10 produced market shares.

Table 16 - Main players of retail trade of watches II (2018)

Designation	Location	Market Share	Imports Share
David Rosas, Lda.	Porto	16%	25%
Torres Joalheiros, SA	Lisbon	13%	16%
Equação do Tempo - Relojoaria, Lda.	Porto	7%	9%
Visão do Tempo II - Distribuição, SA	Lisbon	7%	
Pires & Irmão, Lda.	Braga	3%	5%
Bluebird, SA	Porto	3%	0%
Hourzone - Relojoaria, Unipessoal Lda.	Porto	3%	1%

Source: Own elaboration based on INE (2023) and Deloitte (2020).

Despite the fact that the previous tables provide valuable information, "Tempus Distribuição", owner of the prominent Portuguese retail chain "Boutique dos Relógios" and "Boutique dos Relógios Plus", is not listed.

Thanks to "Informa D&B" it was possible to obtain that missing information and include also another important retailer.

Table 17 - Main players of retail trade of watches III (2018)

Designation	Location	Turnover	EBITDA		Market Share
Machado Joalheiro, SA	Porto	9 401 063	376 562	4,0%	2%
Tempus Distribuição, SA	Lisbon	58 726 103	177 790	0,3%	14%

Source: Own elaboration based on Informa (2023a, 2023b).

By the reasoning presented, the listed competition represents 69% of the total watch market in 2018.

3.2.3. Porter's Five Competitive Forces

Industry Competitors

There were 363 companies operating in the wholesale watch business in 2019, with 59% of them located in the North, 20% in Lisbon MA, and 18% in the Centre. These three areas combined represent 97% of the country's total.

As can be observed, there is a considerable number of wholesalers, which raises the competitiveness index of the industry. The diversity between them can be analysed primarily by their business volume. There are the really big ones, which are few and were already identified and then all the others whose dimension gradually decreases.

They can also be divided between wholesalers who distribute downstream only to their own retail chains and others, who supply independent retailers and have a more national scope.

In retail, there were 2613 watch vendors, of which 40% located in the North, 24% in Lisbon MA and 22% in the Centre, totalising 86% of the total.

Between retailers the differences are in their turnover, which will ultimately determine their financial power, the consequent sophistication of the showroom facilities and, last but not least, the brands they work with. Their notoriety, reputation and ability to generate sales per se.

The high number of retailers although indicates competition, also represents an entry opportunity.

Regarding market growth rates, a projection was made, based on the market estimated values.

Table 18 - Watches Not Made of Precious Metals Market Estimated Growth

2019	Δ 3,5%	2018	Δ 4,0%	2017	Δ 2,6%	2016	Δ 0,7%	2015

Source: Own elaboration based on INE (2023).

If growth rates return to or even surpass the levels of 2018 and 2019, after the pandemic is over and activity normalized, they will contribute to decreasing the intensity of competition.

Potential Competitors

The threat of new competitors entering the market should always be taken in consideration, especially if that threat is posed by big economic groups. However, there are a few difficulties that make that process more challenging.

It is from the beginning a business that needs a minimum amount of capital to launch, which could have a dissuasive effect.

On the other hand, it is a business with some form of contractual protection. The wholesaler, usually, has an agreement with the manufacturers, acting in the market has their ND. The retailers, in a similar way, either have agreements with the ND and operate under the authority of AD's or in fewer cases have direct agreements with the manufacturers.

Bargaining Power of Suppliers

This factor will ultimately depend on the category of the supplier. In any case it is not exercised on the prices. The ND margin is obtained through a discount on the MSRP and, as a rule, this is not a factor that is frequently reviewed.

There may be, on top of that, awards according to pre-stablished objectives and contributions to the ND's marketing budget. Objectives not always are connected to sales volumes and can be more related to more qualitative factors. The marketing contributions, on the other hand, when existing, will depend, logically, of the ND's own investment and the purchases of the period.

There are brands that don't even have enough production for their demand. Others are in their limit and don't plan to increase it. Others yet, can accommodate increasing demand but have other priorities in their relationship with a ND, such as the quality of the representation, the investment in advertisement and notoriety, the quality of the after-sales service and the follow up of the clients and their connection with the brand values, e.g. the creation of local fan clubs.

Of course, there are also brands that seek overachieving sales each year. These, usually, aren't independent manufacturers but, rather, belong to a larger group, often listed in a major stock market.

Finally, the number of existing watch brands is very high and, although some are concentrated in luxury conglomerates, those are exactly the ones that already have representation in the market.

Bargaining Power of Clientes

This wasn't an issue until the e-commerce phenomenon reached the watch market. The appearance of marketplaces, whether generalist like eBay or more focused on watches like Chrono24 have changed this paradigm and keep forcing traditional retailers to revise their commercial policy, namely in discounts and / or promotions offered. This will also depend on the supply and demand balance that is each brand's governance, but in normal situations, without any unbalanced ratio, retailers offer between 5 to 10% discount on the RRP. At the most 15% for special customers.

We can say that in the watch industry, especially in more luxury segments, this strength is still relatively weak.

Potential Substitutes

The evident threat in this field was the advent of the smartwatch. In fact, this threat was taken so seriously that its harmful potential to the industry was even compared to the Quartz Crisis.

Apple rapidly threatened to dethroned Seiko as the major wrist watch producer in the world after launching the Apple Watch in 2015. However, Seiko's sales weren't impacted by this entrance. Nor were the traditional watch industry sales. It seems smartwatches came to fill a void rather than divert customers and sales from the traditional watch industry (Arya, 2020)

"For traditional watch industry, smartwatches should come as a wake-up call." (Darmwal, 2015). No doubt, they still pose serious questions that ought to be addressed by the industry, especially in a future generation perspective.

However, at the moment, this threat doesn't have the significance that was initially feared.

3.2.4. Inferences

As we could see analysing the Porter's five forces model described above, the Industry Competition is considerable, but its wholesalers players are very diverse in size and the high number of retailers poses more an opportunity than a threat, having in mind the business model this work aims. The market also shows a growth tendency weakening this force.

The entrance of potential competitors is also a weak force. The barriers are significant. Bargaining of suppliers and clients can't, likewise, be considered strong.

The threat of products likely to be potential substitutes is a weak force, since this threat will never be in the short/medium term and, above all, has its potential reduced in the most luxurious segments.

The market can, consequently and according to this model, be considered attractive.

Regarding the particular CAE's being observed, it is evident from all feasible analysis parameters that the North and the Lisbon metropolitan area are the main regions. Despite Portugal having recently exited a severe economic and financial assistance program that ran from 2011 to 2014, the data collected from INE (2022) shows a healthy-based market.

The total market value of 2019 was found to be around 400M euros. The main players listed above represent a combined market share of 69%. However, several of these competitors trade expensive jewellery and gold articles in their outlets, so the turnover used to determine their share tends to be contaminated by this fact, inflating the result.

We can therefore say with certainty that the total quota will be less than the 69% mentioned. How much less remains to be proved. This difference will serve, however, as a buffer to support other competitors of lesser weight that this study may have overlooked.

Lacking better and more reliable information, it will be assumed, for the purposes of this study, that the combined market share of the major competitors - those who have years of experience and have been successfully operating in the industry - in the total distribution of watches in 2018 is 70%.

Additionally, it is presumed that since 2018, there has been no change in the correlation of forces among these competitors and between them and the market.

The analysis excludes 2020 and 2021, for obvious reasons. The goal of this work is to design a business plan to be implemented in a market without restrictions, either from the pandemic limitations or the lockdown of the populations, therefore it would not make sense to incorporate data from these years and compare it with previous ones, unless it was pretended to analyse the pandemic effects on the industry, which, as stated, is not the case.

An important issue, however, is the decrease of 36% in Swiss watchmaking imports from 2019 to 2020 (attachment 2) and again -6% from 2020 to 2021 (attachment 3). Regardless of that fact, in 2022 we can already observe a recovery of 14,6%, compared to the previous year (attachment 4).

Table 19 - Swiss Imports Compared to 2018

2022	2021	2020	2019	2018
65	57	61	95	100

Source : Own elaboration based on Fédération d'Industrie Horlogère Suisse FH (2021, 2022, 2023).

This analysis raises some concern, as 2022 can already be considered an exit year from the COVID-19 pandemic. If we would extrapolate the fluctuation of the Swiss exports to Portugal to calculate the size of the domestic market, we could be led to conclude that it has declined 35% from 2018 to 2022.

Therefore, it was deemed crucial to conduct a new analysis of the total watch imports, using, again, data from INE (2023), this time regarding the year of 2022, to see how it compares to the prior ones.

Table 20 - Imports of Watches II

Not Made of Precious Metals

Origin	2022	2021	2020	2019	2018
From EU	104 788 204	79 089 107	75 816 537	111 076 575	107 498 631
Outside EU	25 640 164	16 580 461	12 071 480	23 174 733	22 188 599
Total	130 428 368	95 669 568	87 888 017	134 251 308	129 687 230

Made of Precious Metals

Origin	2022	2021	2020	2019	2018
From EU	61 124 321	49 763 302	48 737 553	70 793 855	77 654 791
Outside EU	2 554 956	809 924	974 056	2 906 616	2 964 893
Total	63 679 277	50 573 226	49 711 609	73 700 471	80 619 684

Total Imports of Watches

Origin	2022	2021	2020	2019	2018
From EU	165 912 525	128 852 409	124 554 090	181 870 430	185 153 422
Outside EU	28 195 120	17 390 385	13 045 536	26 081 349	25 153 492
Total	194 107 645	146 242 794	137 599 626	207 951 779	210 306 914

Source: Own elaboration based on INE (2023).

When compared to 2019 and 2018, the total value of watches imported in 2022 represents a decrease of just under 7% and 8%, respectively. As previously demonstrated, we assume the same variation between the market values of the same years when computing the estimated market value (Table 9).

There is indeed some discrepancy between the conclusion we could have reached through the analysis of Swiss exports and the INE data on the country's imports. The first would lead us to conclude a contraction in the market, which the second contradicts.

Assuming the validity of the data gathered from both sources, there are a couple of plausible possibilities that might assist in explain this discrepancy.

The first is that, after the glimpse of the end of the pandemic, the Fashion Watch industry has recovered first than that of the more expensive luxury watches.

The lockdown may have made people more anxious to leave their homes, which caused the cruising routes to congregate in commercial areas and malls with a variety of vendors offering this kind of goods.

On the other hand, the pandemic's effect on people's feelings of uncertainty may have, at least temporarily, decreased their desire for luxury products.

The second may have to do, merely, with stock retailers' stock adjustments from prior years of the operators.

Any of these explanations must, in any case, be considered to have a substantial speculative component.

However, as shown, neither the macroeconomic projections nor the data from the particular market under consideration provide any indication that the COVID-19 outbreak will have a declining effect on the market value that will endure beyond 2022.

In line with this perspective we have an interview granted by a high-ranking officer of “Tempus”, owner of “Boutique dos Relógios”, where he states that their goal is to achieve in 2022 the same performance as in 2019, besides praising the good health of the Portuguese watch market (Translated by Content Engine LLC, 2022).

Thus, it will be considered that the relevant market statistics for use as a foundation for investment research are those based on the years 2018-2019.

Although the market analysis has produced valid results to serve as a guideline to this work, it is fundamentally based on information extracted from the INE, thus, regarding the competition, the data is aggregated for both existing CAE's:

- 46480 - Wholesale of watches, jewellery and goldsmith articles.
- 47770 - Retail trade of watches, jewellery and goldsmith articles, in specialized outlets.

The obvious limitation is the absence of separate data regarding what concerns watches and what is related to the goldsmithing and jewellery business, mixing both.

3.3. Specific Goals

This project aims to create a profitable business for its investors, create sustainable and quality jobs and contribute to the performance of local and national economies, helping to boost the business sector in which it intends to operate.

For this, it is inevitable to conquer a place among the successful operators in this type of business, which inevitably translates into gaining market share. Based on the aforementioned market and competition analysis, this project defined the suitable specific sales objectives.

The main competition, as shown, represents 70% of the total market. It will be assumed that their share is the same in both segments, watches made of precious metals and not made of precious metals. It will also be assumed that their share is unattainable.

This line of reasoning, therefore, leaves 30% of the market to be targeted and worked upon.

The segment in which all the selected BoI's operate is the Watches Not Made of Precious Metals (harmonized standard tariff code #9102). This segment, in 2019, was evaluated around 260M euros, leaving 78M in the targeted market.

The aim of this endeavour is to obtain 3,3% of share of those 78M euros in the sixth year of the project. It will represent 1% of the Non Precious Metal Watches segment and 0,6% of the total portuguese watch market.

Nothing leads to the believe that these goals are overly ambitious.

This achievement will represent a combined sales volume of around 2,5M euros. It is said "combined" because those sales are to be achieved by the e-commerce retail business and by the retail network, which means wholesales for this project. The proportion between these two sales channels was estimated to be $\frac{1}{3}$ / $\frac{2}{3}$ respectively, which means 1,1M in B2B and the remaining through online retail. Only this way can "market value" be evoked.

These calculations are being made, so far, at 2019 constant prices.

Accordingly, despite the market value worth of 2,5M euros, the project's sales goal for the sixth year is 1,75 M at 2019 constant prices or close to 1,88 M euros at current prices.

4. PROJECT

4.1. The Company

A limited liability company is to be created, which is due to operate with all legal and tax requirements in accordance with Portuguese law. Since the core business are watches, it was found that the most adequate brand and legal form for this business is “Due Time, Relojoaria e Joalharia, Lda.”

Figure 13 - Proposed Company Logo

Own Elaboration.

The associated CAE’s, according to INE (2022) should be:

1st 46480 - Wholesale of watches, jewellery and goldsmith articles.

2nd 47770 - Retail trade of watches, jewellery and goldsmith articles, in specialized outlets.

3th 95250 - Repair of watches and jewellery.

4.2. Mission, Vision and Values

Mission: Representation, in the Portuguese market, of prestigious and quality watch brands;

Vision: Our passion connects consumers to the taste for the fascination of a watch;

Values:

- Passion: Genuine taste for watches;
- Authenticity: Guarantee to embody the values of the represented brands;
- Commitment: Provide the best possible service to all stakeholders;
- Integrity: Guide behaviour by the highest moral and ethical values;
- Inspiring: Contagious to all stakeholders.

4.3. Implementation

Strategy

The project's strategic plan is crucial because it outlines how to overcome the early inertia that any endeavor encounters before accelerating to the desired cruising speed.

The initial step, following securing funds, is to reach out the selected brands of interest (appendix 20) and initiate formal contacts with a view to meet their requirements so as to obtain representation agreements for the Portuguese national territory, as their official national distributor. The selection of these brands obeyed a sieve that privileged not only their historical heritage, one of the most important factors in the positioning and perception especially of luxury brands, but also the expectation in their ability to sustain that same perception in the future (Zhang & Müller, 2022).

This is a delicate process, as it is a decidedly commercial approach, which must be carefully planned and carried out in detail. It is crucial that manufacturers believe in the project and, above all, in the interlocutors who present it.

An initial investment in SKU's will be required, but it is not anticipated to be financially burdensome, avoiding deteriorating this resource. It should, however, comprehend the necessary initial showcase, that will depend on each brand, the extent of its product portfolio and the SKU's selection made to be present on the Portuguese market. On the other hand, it must be large enough to convince the manufacturers they are facing a serious and committed organization.

A small initial structure will be needed to give physicality to the venture. Oporto metropolitan area, specifically Maia, Matosinhos or even the city of Porto should be the elected areas.

Office, hardware and a vehicle to the necessary market prospection and visits. Also an ERP with stock and commercial management should be operational (attachment 5).

Subsequently, the activity will follow two distinct paths.

The first will be a wholesale business that will invest in the development of a B2B operation to ensure effective market coverage and the leverage of a strong retail network.

The second, consists in the retail operation. An online e-commerce store will be launched with the aim of guarantee the necessary retail sales and - since it is online - with the future ambition to extend its range of action to the European scope (attachment 6).

Recent research in the area of international entrepreneurship suggests that e-commerce adoption can support SME's growth by providing access to new markets and unexplored client segments (Tolstoy et al., 2021). A careful analysis of the requirements for the online sales platform must be carried out to ensure the highest chances of success (Torres, 2021).

The next step will be acquiring retailers databases so they can be added into the CRM. The first contacts, with the presentation of the brands to the market, can be made electronically, by email, accompanied by a strong presence activated on the main social networks (attachment 7).

Subsequently, through the figure of the Key Account Manager[4], all these retailers shall be approached on a personal level to be given the opportunity to guarantee the status of becoming authorised retailers. A KAM network will be in charge of administrating these relations on a cruise level environment.

The Portuguese market prospection shall focus primarily on the north of the country, a very important economic region and closer to the company's headquarters.

The obvious expansion will be to Lisbon MA and centre region. The first because it is the most important in GDP per capita and purchasing power and the second for its relative proximity to the project headquarter and also for its economic importance.

Subsequently, the operations can be extended to the Algarve, Madeira and Azores Autonomous Regions and Alentejo, by this order.

Resources

[4] Function that must be carried out by the business manager during the first three years.

It will take a 120K euro initial investment to cover the necessary working capital and investments, divided by 80K in the first year and 40K in the second. In the first two years, a rental office will need to be set up, along with furniture and hardware. A car is required right away to do market research and the webstore project must get started as well, both of which will use up a sizeable chunk of the original budget.

In the first year, only the venture's author is anticipated to be involved. His or her role will revolve around contacting brands and visiting at least those situated in Europe in order to present the business strategy and establish the partnership.

In order to build the foundation for the retail network, he or she will also be tasked with conquering AD’s, besides handling the e-commerce platform demands. At last, logically, he or she will have to assume the role of managing director and supervisor of all outsourced resources, such as advertising, custom broker, accountant and/or legal.

An administrative assistant should be accepted during the second year, to relieve the entrepreneur of all the of chores unrelated to the core business.

Finally, in the fourth year, a Key Account Manager should be integrated to help managing the retail network, followed by another KAM in the sixth year with similar functions and goals.

4.4. SWOT Analysis

The most significant elements that may affect the viability of this project are listed in the following SWOT matrix:

Table 21 - SWOT Matrix

Strengths	Weaknesses
1) Disruptive new distribution channels; 2) Solid and reputable selected BoI's; 3) Trading skills; 4) International business experience; 5) Cost of labour factor.	1) New company with lack of experience; 2) Poor showroom facilities of some retailers; 3) Selected BoI's with a shortage of notoriety; 4) Portuguese market reduced size; 5) Impossibility of consigning inventory.
Opportunities	**Threats**
1) Small and traditional merchants overlooked by bigger wholesalers; 2) Custom duties as a protection from online competition from brands outside EU; 3) Growth expectancy of the online market; 4) Macro-economic stable forecasts.	1) Higly competitive market; 2) Risk of being targeted by well-funded rivals; 3) Lack of stability in labour law; 4) ARP higher than APP; 5) Increased interest rates; 6) Resistance to the introduction of new brands.

Source: Own elaboration:

Weaknesses

From the five weaknesses identified only two can't be solved in a conclusive way. The POS infrastructures of the traditional retailers and the Portuguese market size. However, in order to guarantee the highest level of quality for the retail network, the POS' selection of suitable AD's may use a stricter criteria. On the other hand, the Portuguese market may see its size supplanted by a broader online strategy, particularly at European level in the context of the EU, with targeted digital e-Commerce store(s).

One of the requirements foreseen in advance by the merchants is the consignment of stock. Accommodating this demand is just not possible without diminishing the already limited financial resources, but as long as the situation's unusual nature is preserved, exceptions may be made as necessary and on a timely basis. It has, however, to be a situation to avoid at all costs, at least for the first two years of the project.

Strengths

Disruptive new distribution channels are selected Premium Auto Dealers, Men's and Women's fashion boutiques, and also nautical environments, such as seaside hotels, boat marina's, surf and diving events, phishing contests, etc.

Regarding the selected brands of interest, their reputation and popularity in overseas marketplaces ought to speak for itself (appendices 20 and 21).

Threats

When compared to a start-up investment like this, it is evident that this market is extremely competitive and that it has long-established competitors who are well prepared, either with finance sources or simply with experience and long-time relations in this metier.

Therefore, it would not be wise to simply eliminate the possibility of becoming the target of an oriented attack by one or more rivals.

This threat will eventually become more relevant with the desirable increase of notoriety and success of the represented brands, as a result of the investment supported by this project. This may trigger undesirable approaches and charm operations with manufacturers to divert the ND nomination.

In a written contractual sense, brands are often reluctant to offer exclusivity. The so-called "gentlemen's agreement" is typically used to codify this arrangement. The best approach to cope with this threat, though, is to try to extend this agreement as much as you can in order to buy some time and establish the legitimacy of this partnership with the manufacturer. Experience says, typically, the manufacturer in these situations will resist pressure to alter ND when both sides are pleased and producing mutual seeing benefits.

Resistance to the introduction of new brands is the other main threat. The financial resources that need to be allocated to the project may be significantly impacted if it takes too long or too much effort to overcome this obstacle.

In order to stop the progress of inflation and lower it below the 2% level, as required by EU standards, increasing interest rates is a necessary evil. The forecast for this occurrence is, as we saw previously, essentially from 2025. The other threats are chronic problems in Portugal.

Opportunities

Every market under analysis is expected to grow. The global wrist watch market (Market Reports World, 2022), the online market (Eley, 2020) and also the pre-owned segment (Dupreelle et al., 2023).

Since the circumstances of small retailers have already been explored, they won't be further explored in this chapter.

Regarding custom duties, in fact, when customers are faced with the risk of having to pay these charges and added VAT, on top of the annoyance of having to start the customs clearing process, it can be a barrier to the completion of purchasing in online environments for brands outside the EU. In this sense they may act as a protection for the national distributor and authorized dealers.

4.5. Marketing Mix

Product

A total of 40 watch and accessory brands were considered relevant to this venture, some of them emerging on the international watchmaking stage. For them, the selection criteria are mainly related to the favourable criticism of the specialized press and the relative success they are gaining in their respective market niches (Pieth & Duma, 2021). Nevertheless, However, for the project's launch, it was determined that a smaller and more sensible number of brands would ensure less initial dispersion and therefore greater effectiveness (appendix 20).

These brands stand out due to their heritage and reputation, and they also meet the criteria that might encourage them to be open to the idea of a future partnership, specifically their preference for the role of the national distributor as a crucial component in the creation of a national distribution network and their lack of representation in the Portuguese market.

A wide product range coverage has been considered, from quartz entry level to a more entry-level luxurious watchmaking, to cover the various market segments that lie in between them. Without bias, the wholesale business should energise with additional focus the most expensive and luxurious brands (Reuter, 2022).

Manufacturers were gathered from three main locations: Switzerland, Germany and the Far East. It is important to consider that some brands, despite where they have their roots, bear the label "Swiss Made" [5] and, usually, their products are shipped from that location.

A brief descriptive summary of each brand, highlighting their strengths and positioning and therefore reinforcing the decision of their eligibility can be understood on appendix 21.

Luxeconsult is one of the most recognized and reputable consulting houses in the Swiss watch industry. In attachment 8 we can see the study about the positioning they made for Delma Watches in 2021 (Delma, 2021a).

Based in that framework, with full responsibility of the author of this work of project, some of the most important BoI's listed were included in their respective positioning (attachment 9).

All BoI's listed are included in the categories from Consumer and Enthisiast all the way to Entry-Level and Basic Luxury, when taking into account the opinions of the market and the enthusiast community regarding the positioning of each brand (attachments 10 and 11).

Placement

According to the characteristics of each brand, alongside the traditional watch retailers, new distribution channels will be addressed in the wholesale business:

- PAD will involve sports-like and tool watches brands with mechanical movements;

[5] "Swiss Made" controlled label: A watch is considered "Swiss" if (I) It was assembled in Switzerland; (II) It was tested by the manufacturer in Switzerland; (III) At least 60% of production costs are generated in Switzerland and (IV) At least 50% by value of all components is Swiss-made, excluding the cost of assembly (COSC, 1995).

- Nautical environments such as seaside hotels, surf recognizable regions and nautical outlets will carry brands with product lines dedicated to diving tool watches;
- WFB - brands with ladies watches in their product lines;
- MFB - brands with male dressier and more elegant watches in their product range.

It is a disruptive and original distribution idea that, if it succeeds, will provide a meaningful competitive edge in this industry.

Launching an online trading platform will simultaneously establish the groundwork for the retail company's presence in the e-commerce trading space. This platform can eventually be used to introduce and oversee the pre-owned business segment.

Each brand will have a dedicated area in every POS with its own merchandising, e.g. the case of Delma Watches (attachments 12 to 19) (Delma, 2021b).

This material is usually provided free of charge by the manufacturer when the national distributor establishes the contract with the authorized dealer. The type and dimensions are the result of the characteristics of the POS itself, the space the retailer is willing to allocate to each brand, the amount of the first order and its sales forecasts. From then on, the AD will normally pay for extra supplies, although that is not a rigid rule, it will furthermore depend on the quality of the relationship and the AD's sales volume.

In addition, consignment stock should be highly requested in the prospecting approaches for AD's. Retailers are understood to prefer this solution, but the company should avoid trading on that basis, except on rare and special occasions, as it risks rapidly draining its financial resources. A strategy of lower sale margins for consigned stock could serve as a preventive for the retailers requirement.

Price

The RRP to be practiced by AD's is, usually, the one set by the brand worldwide, unless the manufacturer accepts exceptions or there are significant additional taxes or fees to be considered, specially custom duties. Brands from outside EU should have custom duties and VAT at customs clearance upon arrival. In these cases, the price may have differences from the one set by the manufacturer in his country of origin.

Custom duties on watches from outside EU are 4,5%. Besides, shipments from EU shouldn't take much handling costs as they are not subject to any special procedure.

On the other hand, these costs on shipments arriving from outside EU should be considered differently as they will need customs clearance and should be handled by a customs broker. All this should be reflected in final retail price and, although Swiss brands tend to request that the price are kept the same in Europe and Switzerland, in other brands with origin in USA, Singapore or Hong Kong, these differences definitely should be reflected on the RRP (appendix 22).

The RRP must be determined by the ND under the authorisation of manufacturers and it is the ND responsibility to ensure that it is practised throughout the territory with identical commercial policies that do not de-virtue the brand perception.

From the manufacturers contacted, Delma and Marathon, both were very similar in setting the margins granted to the ND between 60 and 65%. In Delma's case the orders would arrive from Switzerland and with Marathon, they would be able to ship them from Italy. As explained, in the first case 4,5% custom duties and 23% VAT should be considered in customs clearance. Costs with customs brokers fees should be treated as a monthly fee.

Promotion

Digital environments will be the primary vehicle of promotion, with a particular emphasis on the social networks environment. Also Google Ads and SEO should benefit of special attention. For that purpose the company will engage in outsourcing to optimize the $\frac{Efficiency}{Cost}$ ratio (attachment 7).

Other forms of promotion and advertising can also be addressed through the specialized press. The more luxurious positioning brands can benefit from increased exposure in dedicated luxury magazines to state the a presence in the segment. The massive bet on notoriety gains, however, as explained, will be carried out on digital environments, in a more targeted way.

4.6. Critical Success Factors

The first and foremost important critical success factor is obtaining the distribution contracts. Without brands to represent, unavoidably there's no business.

Although, all indicators point to a sharp growth of the online market, the self-assurance conveyed by physical retailers, with the confidence of its community is a factor of paramount importance for the success of this business model. For this order of reasons it is crucial to ensure a retail network consisting of operators with appropriate characteristics to this business model.

Another very important factor and with the potential to affect the viability of the entire project is the average receiving deadlines from clients in the wholesale business. In fact, it is crucial that the agreed-upon payment terms are observed to; otherwise, a large amount of money would need to be allocated to the business, which would have an impact on its profitability.

Succeed in brand activation, advertising in digital environments and contents management on social networks are key factors to rapidly increase the notoriety of the represented brands in the territory and therefore leverage sales, both in physical POS's and online. It is fundamental that the brands are well received by the market and that the institutional communication can create awareness about their value, without negative elements or distortions.

Customer service is essential not only to meet the standards imposed by manufacturers but also to build the quality image of the represented brands in the territory as well as the associated retail chain. More complex problems with guarantees can be addressed by the manufacturers, other minor ones may be resolved locally by ND technical services or outsourced. Of all BoI's only NOMOS has proprietary in-house movements, all other are either quartz, or Seiko and Swiss ETA/Sellita based mechanical calibres, which are well known and easy to service.

There are already credible companies identified to ensure the outsourcing of the services and maintenance of the watches, such as "Cinco em Ponto" in the city of Maia and "Relojoaria Mendonça" in the city centre of Porto.

4.7. Financial Analysis

4.7.1. Assumptions

Inflation was taken in consideration in the update of all prices during the investment period, based on the estimates of the Portuguese central bank, as per explained above in point 3.1.

Investment

In Tangible Assets, the Administrative Equipment includes, in the second year, with the opening of the office and hiring of an administrative, 2 printers, one laser and another inkjet, mobile phones, Microsoft Surface tablets with keyboard, PC Displays in LCD, Surface dock stations and 250€ reserved for other unforeseen expenses. in the following years only the individual equipment described will be purchased with each KAM hired.

In Other Constructions 6.000€ were assumed in the second year for office improvements.

The company number of vehicles is directly linked to the number of KAM's at service, since each of these employees should necessarily have a service vehicle to perform their job properly. To these, a vehicle for the project manager must be added.

Each vehicle is assumed to cost below 27.490€. This decision intends to optimize the autonomous taxation for vehicles related expenses, under the actual Portuguese law limits.

For the sake of the investment financial performance, it was decided to acquire the vehicles rather than renting them.

Basic Equipment contemplates all the furniture needed to equip the office in the second year. Office tables, meeting tables, chairs, drawer blocks, shelves cabinets, a refrigerator, a micro wave, a safe and an alarm were included. 9.500 € were estimated. To safeguard some business efficiency, office furniture, despite being acquired in the second year, already provides for a third workstation, anticipating the entry of a KAM in the fourth year. Only in the sixth year, with the admission of a second one, new acquisitions will be necessary.

A more comprehensive list of the investment in tangible assets can be found in appendix 23.

Regarding intangible assets, 11.750€ were budgeted for the webstore according with commercial proposal (attachment 6), divided by 5.500 for the webstore, 4.750 for 5 additional languages added to the Portuguese, which should be English, French, German, Spanish and Italian and 1.500 estimated for the integration with the company own ERP. Another 1.500€ were added in the second, fourth and sixth years for additional languages and maintenance.

Equity

This project's investment was designed to be financed entirely by shareholders' equity without any kind of financing option. 120K euros is the amount considered necessary and sufficient to make it viable. In order to optimize financial performance, the equity input into the project should be phased in the amount of 80K in the first year and 40K in the second.

Since the capital of the project is all made up of shareholders' equity it doesn't make sense to calculate the cost of capital by the method that weights the cost by the various sources of financing. It is assumed that the WACC is equal to the cost of equity.

Sales

As stated above in point 4.2, the goal of attaining 1,75 million euros in sales in the sixth year of investment was taken into account when calculating sales. This value represents around 1,88M euros at current prices. Also clarified was the ratio between wholesale and retail sales.

Table 22 - Estimated Sales

€	2024	2025	2026	2027	2028	2029
Whole Sales	199 053	270 802	377 874	543 225	813 681	1 275 070
Retail Sales	93 996	127 705	179 117	257 593	385 065	602 003
Total Sales	293 049	398 506	556 990	800 818	1 198 747	1 877 073

Source: Own elaboration.

The estimated sales took in consideration, firstly, the average recommended retail price for each brand, which was calculated by freely analysing the portfolio of each brand. Only then have the appropriate quantities been estimated.

Table 23 - BoI's Average Recommended Retail Price

Brands	**Origin**	**Avg. MSRP**	**Avg. RRP**
Delma	Switzerland	1 000	1 000 €
Delbana	Switzerland	350	350 €
Reservoir	Switzerland	4 000	4 000 €
Nomos	EU	1 500	1 500 €
Doxa	Switzerland	1 600	1 600 €
Ball	Switzerland	2 000	2 000 €
Bulova	Others	350	385 €
Hanhart	EU	2 000	2 000 €
Marathon	EU	800	800 €
Lüm-Tec	Others	700	770 €
Luminox	Switzerland	700	700 €
Stowa	EU	1 250	1 250 €
Sinn	EU	2 300	2 300 €
Squale	Switzerland	1 000	1 000 €
Zodiac	Switzerland	1 200	1 200 €
Aquatico	Others	500	550 €
Zelos	Others	800	880 €

Source: Own elaboration.

As shown in the table above, we can see that of the target set for the sixth year, more modest growth was assumed at the beginning of the project with increasing ambition as it unfolded. The calculation of the COGS was proved to be around 67,74% of the sales.

SES

A more detailed list of all supplies and their assumed values can be found in appendix 24:

- Office monthly rental was assumed to be around 500€ from the second year onwards, based on a simple real estate research around Porto, Maia and Matosinhos municipalities. In the first year only 120€ was per month was considered. It was assumed that, at this stage, the company will operate on incubator facilities with more favourable rental regimes and access to basic services such as electricity and internet;
- Office related expenses are also assumed only after the second year. In this lot were included the following SES':
    - Office supplies consider ink cartridges, paper and others in the amount of 80€ per month;
    - Communications, based on the Vodafone plan Pro+, which contemplate internet, land line and mobile phone plan in the amount of 71,99€ per month. It should be added by 25€ by each additional mobile phone (Vodafone, 2023). A good VPN service should be contracted and was estimated to be around 8€ per month;
    - Electricity was assumed in the amount of 60€ per month;
    - Water expenditures were estimated at 20€ monthly;
    - Maintenance and repairs are 250€ annually;
    - Surveillance contemplates the alarm 24H connection to a central security and is 50€ per month;
    - Insurances consider the office and vehicles. In the office insurance is expected 200€ per year for multi risks coverage and a specific and more comprehensive theft coverage representing an additional 200€ per year. Of course the office insurance is considered only after the second year while each vehicle yearly insurance is estimated to be 700€;
    - In cleaning & hygiene were also contemplated office and vehicles related expenses. In the office are included the necessary cleaning products, 25€

per month, as well as the service itself, 300€ per month. Office expenses are to be considered only from second year onwards. However, regarding vehicles, was estimated one cleaning of 15€ per week and per car;

- Each vehicle maintenance is estimated to be 1.200€ per year;
- Fast Wear Tools & Utensils are estimated at 500€ annually with exception of the first year. At the start-up it was found necessary to assume an amount of 2.000€ in order to include aluminium transport showcases, watchmaker basic tool set and display showcases and trays;
- Social networks management expenditures were estimated accordingly with the commercial proposal (attachment 7) of three publications per week with the addition of two "*reels*", also per week, in each network, Facebook and Instagram, totalising 750€ per month;
- Online paid advertisement was estimated, as a path to reinforce and highlight the bet on digital contents and reels, in the amount of 1.000€ per month;
- 2 pages are reserved per year for establishing presence in magazines considered strategic in the amount of 1.200€ each, totalizing 2.400€ per year;
- Board Travels & Stays contemplate the managers necessary trips abroad either to meet manufacturers or to visit horology events, which take place, usually, in Geneva or Basel. This value estimates 2.500€ per trip, divided by 500 for air flights, 900 for hotels, 600 for business dinners and leaving a remaining 500 for other unexpected expenses. The project assumes 3 trips per year in the first two years and 2 trips per year from the third year onwards;
- KAM's Travels & Stays contemplates 100€ for each night out, divided by 70 for hotel, 20 for dinner and 10 for breakfast. In the first three years were contemplated two nights out in forty weeks per year. In the fourth and fifth year, with the entrance of a KAM, that number is 3 per week in the same forty weeks per year and in the sixth year is 3 per week in 48 weeks per year. This is explained because until the sixth year the manager also ensures sales management work. From then on that role should be supported by KAM's only;
- Representation Expenses budget is 150€ per KAM and per month. This value relates to the KAM's taking clients out to lunch or dinner while conducting their business;
- Fuels expenditures were estimated at the price of 1,6€ per litre, observed on April 24th 2023. It assumes 40.000 kilometres per car/year and an average consumption of 6 litres per car for each 100 kilometres;

- Tolls & Parks per vehicle were estimated at 30€ per week, 48 weeks per year;
- For Litigation & Notary in the first year were contemplated 750€ for the company's installation expenses, such as emoluments and registrations. An annual amount of 150€ was secured for the following years;
- Fees were estimated at 700€ per month, divided by 400 for customs broker, 200 for accountant services and 100 for legal;
- Software licenses are estimated accordingly with the commercial proposal (attachment 5) in the monthly amount of 66€;
- An extra yearly amount of 600€ for unpredictable expenses was considered.

Personnel Costs

Salaries were updated annually at a rate of 3%. This allows to cover inflation, with the exception of the start-up year, if this occurs, as planned, in 2024 and to maintain purchasing power gains during the project's continuity. 23,75% to social security and 1% for work-related accidents insurance costs were included. Staff admissions are expected to occur as follows:

Table 24 - Staff Admissions

Year	2024	2025	2026	2027	2028	2029
Manager	1	1	1	1	1	1
Administrative	0	1	1	1	1	1
KAM	0	0	0	1	1	2
Total	**1**	**2**	**2**	**3**	**3**	**4**

Source: Own elaboration.

The monthly payroll was determined accordingly the next table:

Table 25 - Salaries & Other Personnel Costs

Manager	Assistant	Key Account	Food Allowance	Sales Commisions
1 300 €	1 200 €	1 000 €	7€ / Day	1% (*)

(*) on sales of the wholesale business with VAT included.

Source: Own Elaboration.

According with the Portuguese corporate practice fourteen monthly salaries per annum were considered. Still taking into account the Portuguese labour legislation, the necessary funds for professional training and workplace hygiene and safety were budgeted.

Depreciations

The depreciations policy generally followed the applicable tax law recommendation, exception made to vehicles, where a longer period has been adopted. The following table stipulates the entire life expectancy of the assets and their annual depreciation rates:

Table 26 - Depreciations

Item	Life Expectancy	Rate
Tangible Assets		
Administrative Equipment	5 Yrs.	20%
Other Constructions	20 Yrs.	5%
Transport Equipment	8 Yrs.	13%
Basic Equipment	10 Yrs.	10%
Intangible Assets		
Webstore	5 Yrs.	20%

Source: Own elaboration.

Taxation

The taxes applied in this project are those pursued by the Portuguese state. However, in the corporate income tax (IRC), although the effective rate is 21%, an increase of 2% was considered in order to offset the autonomous taxation on vehicles-related expenses. For VAT, 23% was the anticipated rate. The following table specifies all the assumptions in this regard:

Table 27 – Taxation

IRC	23,00%
Municipality Derrama	1,50%
IRS (salaries average rate)	15,00%
TSU Company	23,75%
TSU Workers	11,00%
Insurance (work-related accidents)	1,00%
VAT (normal tax)	23,00%
Losses Carried Forward (years)	5

Source: Own elaboration.

Treasury

Regarding treasury requirements, the project is quite demanding. Foreign suppliers won't fulfil any order without advanced payment. This, of course, can probably be smoothed to some extent over the accumulated working relation experience, but at least in the beginning and for the purposes of this project's estimates it wouldn't be wise to consider other than the upfront payment for all orders. In this sense the APP was reduced to zero days.

This makes it necessary to reflect this restriction downstream, under penalty of creating too much pressure on the treasury requirements and jeopardising the viability of the project.

Since the project is split into wholesale and retail, where payments are made upfront and online, an ARP of 15 days was taken into consideration to meet the eventual demands of the wholesale retail chain. ADI was assumed to be around 50 days.

Discount Rate

The risk free interest rate was secure at 4%, as in May 2023, Portuguese bonds were at 3,5%. While the sensitivity of investors is unknown, due to a global environment of uncertainty, it was considered prudent to advise a risk premium of no less than 12%, thus leading to a DR of 16%.

4.7.2. Financial Statements

Table 28 - Profit & Loss Statement

€	2024	2025	2026	2027	2028	2029
Sales	**293 049**	**398 506**	**556 990**	**800 818**	**1 198 747**	**1 877 073**
COGS	-198 515	-269 953	-377 312	-542 484	-812 046	-1 271 552
SES	-64 647	-77 032	-79 216	-93 324	-95 929	-116 323
Personnel	-25 507	-50 633	-52 105	-83 725	-90 058	-122 425
EBITDA	**4 379**	**888**	**48 357**	**81 285**	**200 714**	**366 772**
Depreciations	-5 864	-8 530	-8 530	-12 787	-12 787	-10 360
EBIT	-1 485	-7 643	39 827	68 498	187 927	356 413
EBT	**-1 485**	**-7 643**	**39 827**	**68 498**	**187 927**	**356 413**
Taxes			**-7 521**	**-16 782**	**-46 042**	**-87 321**
IRC			-7 061	-15 755	-43 223	-81 975
Derrama			-460	-1 027	-2 819	-5 346
Net Income	**-1 485**	**-7 643**	**32 305**	**51 716**	**141 885**	**269 092**

Source: Own elaboration.

As we can see, losses are only produced during the first two start-up years, mainly because in this initial period the sales volume just isn't enough to cover the overall expenditures. This scenario is quickly reversed from the third year onwards.

The next tables are the balance sheet and the capex, followed by the treasury map, where we can see listed all the treasury needs during the first six years of the investment. As noted, the project does not foresee any additional treasury needs.

The same can be observed on the map with the needs for operating funds (appendix 25). The project doesn't require supplementary operating funds.

Table 29 - Balance Sheet

€	2024	2025	2026	2027	2028	2029
Assets	**87 100**	**125 218**	**164 237**	**225 234**	**383 838**	**678 613**
Non Current Assets	**33 764**	**48 316**	**39 786**	**58 591**	**45 804**	**68 298**
Tangible Assets	24 054	39 769	33 982	54 218	44 503	65 941
Non Tangible Assets	9 710	8 547	5 804	4 373	1 301	2 357
Current Assets	**53 336**	**76 902**	**124 451**	**166 643**	**338 034**	**610 315**
Inventories	27 194	36 980	51 687	74 313	111 239	174 185
Clients	14 813	20 144	28 155	40 480	60 594	94 882
SOPE						
Cash	11 329	19 778	44 610	51 850	166 201	341 248
Equity	**78 515**	**110 873**	**143 178**	**194 894**	**336 779**	**605 870**
Paid Up Capital	80 000	120 000	120 000	120 000	120 000	120 000
Supplementary Installments						
Carried Forward Results		-1 485	-9 127	23 178	74 894	216 779
Net Income	-1 485	-7 643	32 305	51 716	141 885	269 092
Liabilities	**8 584**	**14 345**	**21 059**	**30 340**	**47 059**	**72 743**
Current Liabilities	**8 584**	**14 345**	**21 059**	**30 340**	**47 059**	**72 743**
Suppliers						
SOPE	8 584	14 345	21 059	30 340	47 059	72 743
Total Equity + Liabilities	**87 100**	**125 218**	**164 237**	**225 234**	**383 838**	**678 613**

Source: Own elaboration.

Table 30 - Capex

€	2024	2025	2026	2027	2028	2029
CAPEX (Investment)	**39 628**	**23 083**		**31 593**		**32 854**
Tangible Assets	**27 490**	**21 502**		**29 952**		**31 153**
Administrative Equipment		5 165		2 462		2 552
Other Constructions		6 324				
Transport Equipment	27 490			27 490		27 490
Basic Equipment		10 013				1 111
Intangible Assets	**12 138**	**1 581**		**1 641**		**1 701**
Webstore	12 138	1 581		1 641		1 701
Depreciations	**-5 864**	**-8 530**	**-8 530**	**-12 787**	**-12 787**	**-10 361**
From Tangible Assets	-3 436	-5 787	-5 787	-9 715	-9 715	-9 715
From Intangible Assets	-2 428	-2 744	-2 744	-3 072	-3 072	-644
CAPEX (Balance Sheet)	**33 764**	**48 316**	**39 786**	**58 591**	**45 804**	**68 298**
Tangible Assets	**24 054**	**39 769**	**33 982**	**54 218**	**44 503**	**65 941**
Administrative Equipment		4 132	3 099	4 035	2 510	3 536
Other Constructions		6 008	5 692	5 375	5 059	4 743
Transport Equipment	24 054	20 618	17 181	37 799	30 926	51 544
Basic Equipment		9 012	8 010	7 009	6 008	6 118
Intangible Assets	**9 710**	**11 291**	**11 291**	**12 932**	**12 932**	**14 633**
Webstore	9 710	8 547	5 804	4 373	1 301	2 357
Depreciations	**-5 864**	**-14 394**	**-22 925**	**-35 712**	**-48 499**	**-58 860**
From Tangible Assets	-3 436	-9 223	-15 010	-24 725	-34 440	-44 155
From Intangible Assets	-2 428	-5 171	-7 915	-10 987	-14 059	-14 703

Source: Own elaboration.

Table 31 - Treasury Map

€	2024	2025	2026	2027	2028	2029
From Operational Activities	**-19 929**	**-4 613**	**24 832**	**46 099**	**114 351**	**215 457**
Inflow	**345 637**	**484 832**	**677 087**	**972 682**	**1 454 344**	**2 274 512**
Current Year	345 637	470 019	656 944	944 527	1 413 864	2 213 918
Clients	345 637	470 019	656 944	944 527	1 413 864	2 213 918
Previous Year		14 813	20 144	28 155	40 480	60 594
Clients		14 813	20 144	28 155	40 480	60 594
Outflow	**365 566**	**489 445**	**652 256**	**926 583**	**1 339 993**	**2 059 055**
Current Year	365 566	480 861	630 389	888 742	1 263 611	1 924 675
Suppliers	305 503	375 087	490 065	680 815	967 898	1 478 832
Personnel	15 809	31 409	32 312	51 843	55 677	75 685
SOPE	44 253	74 365	108 012	156 084	240 036	370 158
IRS	2 410	4 772	4 915	7 934	8 574	11 657
VAT	36 259	58 537	91 710	129 769	211 598	331 495
TSU	5 584	11 056	11 387	18 381	19 864	27 006
Previous Year		8 584	21 867	37 841	76 382	134 380
SOPE		8 584	21 867	37 841	76 382	134 380
IRC			7 521	16 782	46 042	87 321
IRS		402	795	819	1 322	1 429
VAT		7 252	11 707	18 342	25 954	42 320
TSU		931	1 843	1 898	3 063	3 311
From Financing Activities	**80 000**	**40 000**				
Inflow	**80 000**	**40 000**				
Paid Up Capital	80 000	40 000				
From Investment Activities	**-48 742**	**-26 937**		**-38 859**		**-40 410**
OutFlow	**48 742**	**26 937**		**38 859**		**40 410**
Fixed Assets	48 742	26 937		38 859		40 410
Cash Beguining Year		**11 329**	**19 778**	**44 610**	**51 850**	**166 201**
Cash End Year	**11 329**	**19 778**	**44 610**	**51 850**	**166 201**	**341 248**
Treasury Requirements						

Source: Own elaboration.

4.7.3. Cash Flows

Table 32 - FCFF updated by WACC

	€	2024	2025	2026	2027	2028	2029
+	EBIT	-1 485	-7 643	39 827	68 498	187 927	356 413
-	IRC			-7 521	-16 782	-46 042	-87 321
+	Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
-	Operating Funds Variation	-33 423	-9 355	-16 004	-25 671	-40 321	-71 551
-	CAPEX	-39 628	-23 083		-31 593		-32 854
	Operational Cash-Flow	**-68 671**	**-31 550**	**24 832**	**7 240**	**114 351**	**175 047**
	Residual Value						264 623
	FCFE With RV	**-68 671**	**-31 550**	**24 832**	**7 240**	**114 351**	**439 669**
	Perpetuity						1 178 648
	FCFF With Perpetuity	**-68 671**	**-31 550**	**24 832**	**7 240**	**114 351**	**1 353 695**
	FCFF Discounted RV	-68 671	-27 199	18 454	4 638	63 155	209 332
	FCFF Discounted Acumulated RV	-68 671	-95 870	-77 416	-72 777	-9 622	199 710
	FCFF Discounted Perpetuity	-68 671	-27 199	18 454	4 638	63 155	644 512
	FCFF Discounted Acumulated Perpetuity	-68 671	-95 870	-77 416	-72 777	-9 622	634 889

Metric	W/ RV	W/ Perpetuity
NPV	199 710 €	634 889 €
IRR	51,58%	82,43%
DPP	5,05Yrs.	5,01Yrs.
PI	2,43	7,72

Source: Own elaboration.

At this point it’s important to underline that, since the project doesn’t contemplate financing with borrowed capital and the risk factor is neutral, the updated assessment using the CAPM method, both for FCFF and for FCFE produces the exact same results as the FCFF updated by WACC shown in the previous table. It was decided, therefore, that it would be redundant to include them in this work.

According to all methodologies, the project presents not only viability but also attractiveness with IRR rates well above the outlined DR.

It's also important to note that, in line with the pattern of the activity's results, all free cash flows begin to display positive values from the third year onwards.

4.7.4. Financial Metrics

Table 33 - Financial Ratios

	2024	2025	2026	2027	2028	2029
Business Profitability						
Operating Margin	1,49%	0,22%	8,68%	10,15%	16,74%	19,54%
Net Margin			5,80%	6,46%	11,84%	14,34%
Operational Activity						
Assets Turnover	336%	318%	339%	356%	312%	277%
Return						
On Investment (ROI)	5,03%	0,71%	29,44%	36,09%	52,29%	54,05%
On Assets (ROA)			19,67%	22,96%	36,96%	39,65%
On Equity (ROE)			22,56%	26,54%	42,13%	44,41%
Liquidity						
General Liquidity	621%	536%	591%	549%	718%	839%
Finance						
Financial Autonomy	90,1%	88,5%	87,2%	86,5%	87,7%	89,3%
Debt Ratio	9,9%	11,5%	12,8%	13,5%	12,3%	10,7%
Solvency	1015%	873%	780%	742%	816%	933%

Source: Own elaboration.

Business Profitability

Considering the project's activity is solely commercial and doesn't add any industrial value, the Operational Margin exhibits, with the exception of the first two years, a steady and extremely favourable rise.

The same reasoning is applied to the Net Margin.

Operational Activity

The Asset Turnover, which is consistently higher than 100%, shows how effectively the project's assets generate sales. The values that are displayed reveal attractiveness.

Return

The ROA shows the project's ability to generate income based on its assets and is likewise appealing, since, of the third year, it regularly displays values above the cost of the invested capital and the investor-required return. For the same reasoning, the ROE, above 16% after the initial two year start-up process shows us a strong indicator of the attractiveness of the project. ROI shows positive values from the projects' beginning.

Liquidity

General liquidity is considered sufficient when above 1 and good when above 2. As we can see, from the start it shows values consistently above 5 and more.

Finance

Financial autonomy is a very healthy ratio, reaching around 90% in the whole period under analysis. It is, however, important to note that this value doesn't necessarily mean that there isn't any dependence on external resources as there may still be around 10% share of expenses or needs that may depend on external sources, such as loans, grants, financial support from third parties. However, having such a high financial autonomy indicates a great ability to remain financially stable and sustainable.

In the opposite direction goes the Debt Ratio around 10%. All project debt is a short-term liability that results from the current account with the State, where obligations are assumed in one period and paid in the following, thus generating short-term obligations.

As we can see from the solvency ratio, the project's own resources are substantially higher than the obligations it generates.

Table 34 - Critical Point of Sales

€	2024	2025	2026	2027	2028	2029
Total Costs	**288 669**	**397 619**	**508 633**	**397 619**	**508 633**	**719 533**
Total Fixed Costs	83 750	122 027	125 574	166 599	175 345	223 151
Total Variable Costs	204 919	275 592	383 059	231 019	333 288	496 382
Annual Sales	293 049	398 506	556 990	800 818	1 198 747	1 877 073
Critical Point of Sales	278 487	395 629	402 133	234 145	242 870	303 377
Safety Margin	14 562	2 878	154 857	566 673	955 876	1 573 696
	4,97%	0,72%	27,80%	70,76%	79,74%	83,84%

Source: Own elaboration.

The determination of the optimal margin of safety may vary depending on the business sector, economic conditions, competition, and other specific factors. However, as a general guideline, it is common for a safety margin of at least 20% to 30% to be pursue, which, as we can see is achieved after the initial two year start-up period.

4.7.5. Market Sensitivity Test

By adjusting one or more independent variables while holding the rest constant, sensitivity analysis enables assessment to the variation in the investment project's value. This approach is crucial for assessing the investment's associated risk.

The single chosen variable, within the scope of this analysis, was the sales volume as it is the most important factor in terms of potentially impacting the project’s viability. This variable can be influenced by the volume of the market itself not corresponding to what was anticipated or by the possibility of the project not achieving the targeted market share it expected. Three scenarios were therefore carried out, a reduction of 10%, another of 20% and a third with a drop of 30% in sales volume, all of them equally distributed throughout the investment period under analysis.

Table 35 - Sensitivity Analysis I

FCFF by WACC	NPV	IRR	Payback (Years)	PI	Residual Value	Perpetuity
- 10% Scenario						
W/ Residual Value	125 587 €	37,9%	5,31	1,53	**244 911 €**	
W/ Perpetuity	446 426 €	65,4%	5,11	5,43		**918 784 €**
- 20% Scenario						
W/ Residual Value	52 769 €	24,6%	5,66	0,64	**225 200 €**	
W/ Perpetuity	270 333 €	47,5%	5,28	3,26		**675 115 €**
- 30% Scenario						
W/ Residual Value	-15 311 €	11,5%	No	-0,18	**205 489 €**	
W/ Perpetuity	167 659 €	33,1%	5,49	1,94		**556 601 €**

Source: Own elaboration.

Table 36 - Sensitivity Analysis II

FCFF by CAPM	NPV	IRR	Payback (Years)	PI	Residual Value	Perpetuity
- 10% Scenario	Same result as FCFF updated by WACC					
- 20% Scenario						
W/ Residual Value	50 143 €	24,6%	5,67	0,60	**225 200 €**	
W/ Perpetuity	256 642 €	46,9%	5,29	3,09		**658 920 €**
- 30% Scenario						
W/ Residual Value	-26 765 €	11,5%	No	-0,31	**205 489 €**	
W/ Perpetuity	103 717 €	29,4%	5,60	1,20		**479 544 €**

Source: Own elaboration.

Table 37 - Sensitivity Analysis III

FCFE by CAPM	NPV	IRR	Payback (Years)	PI	Residual Value	Perpetuity
- 10% Scenario	Same result as FCFF updated by WACC					
- 20% Scenario						
W/ Residual Value	33 900 €	21,7%	5,78	0,41	**225 200 €**	
W/ Perpetuity	240 399 €	44,3%	5,33	2,90		**658 920 €**
- 30% Scenario						
W/ Residual Value	-104 991 €	-0,7%	No	-1,22	**205 489 €**	
W/ Perpetuity	25 490 €	19,1%	5,90	0,30		**479 544 €**

Source: Own elaboration.

These calculations are based on the financial statements resulting only from the reduction of the sales variable, *ceteris paribus*, in the aforementioned proportions, of minus 10, minus 20 and minus 30% (appendices 26 to 41).

As can be observed, both scenarios of minus 10 and minus 20% sales volume are tolerated by the project, which, without any corrective measures, maintains its viability. Only the minus 30% scenario results in its unfeasibility.

Minus 10% Scenario

The minus 10% scenario maintains its viability without resorting to any kind of additional funding. The P&L statement shows profits from the third year onwards and no supplementary instalments are required from the shareholder's (appendices 26 to 29).

Minus 20% Scenario

The scenario of minus 20%, while maintaining its viability, presents a profitability index (PI) with a residual value (RV) of less than 1, which means that to be sold the project should need a bit more time for consolidation. It also requires a certain amount of external funding in the first three years, after which, the external financing is settled and no requirements are further needed. It also requires supplementary instalments from the shareholder's in the third and fourth year, which are settled in the fifth year (appendices 30 to 35).

Minus 30% Scenario

In this scenario the project becomes, as shown, unfeasible (appendices 36 to 41). However, a set of corrective measures was produced to reverse this outcome.

Minus 30% with Correctional Measures Scenario

Table 38 - Correctional Measures for -30% Scenario

Equity	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
€ K	90	30				
Total	90	120	120	120	120	120
Office	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Y / N	N	N	Y	Y	Y	Y
Staff	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Manager	1	1	1	1	1	1
Administrative				1	1	1
KAM						1
Total	**1**	**1**	**1**	**2**	**2**	**3**
Vehicles	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
#	1	1	1	1	1	2

Source: Own elaboration.

The company will see its central services operating in a business incubator environment, with all the resulting cost savings, during the first two years of activity, instead of only in the first one.

The rental of an office, which will serve as the company's headquarters, will be effective only in the third year. Similarly, all investment in basic and administrative equipment are postponed to the same extent.

Regarding staff admissions, it would not make sense to hire any other employee without an office, so the administrative function will only be filled in the fourth year and a KAM will only enter service in the sixth year. Vehicles are for manager and KAM's only, so one will be acquired in the first year and the second only in the sixth.

An additional correction has been introduced, regarding equity. Instead of the initial capital being injected into the project at the rate of 80K euros in the first year and 40K, in the second, as in the base scenario, it became necessary for the shareholder to allocate 90K in the first and 30K euros in the second year of activity. Total equity remained at 120K euros, only slightly changing the pace of its injection into the project, thus freeing it from the need of any kind of additional financing.

Table 39 - Profit & Loss (-30% w/ Correctional Measures Scenario)

€	2024	2025	2026	2027	2028	2029
Sales	**205 134**	**278 954**	**389 893**	**560 573**	**839 123**	**1 313 951**
COGS	-138 958	-188 964	-264 114	-379 732	-568 422	-890 071
SES	-64 647	-63 720	-79 164	-80 743	-82 318	-102 919
Personnel	-25 507	-26 252	-27 016	-53 522	-55 075	-93 303
EBITDA	**-23 978**	**19**	**19 600**	**46 575**	**133 307**	**227 659**
Depreciations	-5 864	-6 180	-7 852	-12 054	-12 054	-9 627
EBIT	-29 842	-6 161	11 747	34 521	121 253	218 032
EBT	**-29 842**	**-6 161**	**11 747**	**34 521**	**121 253**	**218 032**
Taxes			**-863**	**-2 537**	**-28 821**	**-53 418**
IRC			-811	-2 382	-27 057	-50 147
Derrama			-53	-155	-1 765	-3 270
Net Income	**-29 842**	**-6 161**	**10 884**	**31 984**	**92 432**	**164 614**

Source: Own elaboration.

With the corrective measures implemented the project recovers its viability and financial independence, as we can see by the analysis of the Balance Sheet, Treasury Map and Discounted Cash Flows in the following tables, where all the indicators positively indicate the project's attractiveness.

Table 40 - Balance Sheet (-30% w/ Correctional Measures Scenario)

€	2024	2025	2026	2027	2028	2029
Assets	**65 372**	**93 575**	**107 827**	**146 878**	**251 213**	**435 039**
Non Current Assets	**33 764**	**29 165**	**38 679**	**57 944**	**45 890**	**42 988**
Tangible Assets	24 054	20 618	32 876	53 571	44 589	40 630
Non Tangible Assets	9 710	8 547	5 804	4 373	1 301	2 357
Current Assets	**31 608**	**64 410**	**69 147**	**88 934**	**205 323**	**392 051**
Inventories	19 035	25 885	36 180	52 018	77 866	121 927
Clients	10 369	14 101	19 708	28 336	42 416	66 418
SOPE						
Cash	2 204	24 424	13 259	8 580	85 041	203 706
Equity	**60 158**	**83 997**	**94 881**	**126 864**	**219 296**	**383 910**
Paid Up Capital	80 000	120 000	120 000	120 000	120 000	120 000
Supplementary Installments	10 000					
Carried Forward Results		-29 842	-36 003	-25 119	6 864	99 296
Net Income	-29 842	-6 161	10 884	31 984	92 432	164 614
Liabilities	**5 214**	**9 578**	**12 946**	**20 014**	**31 916**	**51 129**
Current Liabilities	**5 214**	**9 578**	**12 946**	**20 014**	**31 916**	**51 129**
Suppliers						
SOPE	5 214	9 578	12 946	20 014	31 916	51 129
Total Equity + Liabilities	**65 372**	**93 575**	**107 827**	**146 878**	**251 213**	**435 039**

Source: Own elaboration.

Table 41 - Treasury Map (-30% w/ Correctional Measures Scenario)

€	2024	2025	2026	2027	2028	2029
From Operational Activities	**-39 054**	**-5 835**	**8 714**	**33 844**	**76 460**	**126 937**
Inflow	**241 946**	**339 382**	**473 961**	**680 877**	**1 018 041**	**1 592 159**
Current Year	241 946	329 013	459 860	661 169	989 705	1 549 743
Clients	241 946	329 013	459 860	661 169	989 705	1 549 743
Previous Year		10 369	14 101	19 708	28 336	42 416
Clients		10 369	14 101	19 708	28 336	42 416
Outflow	**281 000**	**345 217**	**465 247**	**647 033**	**941 580**	**1 465 222**
Current Year	281 000	340 003	454 805	631 550	892 745	1 379 888
Suppliers	237 788	274 473	371 927	495 505	696 152	1 061 670
Personnel	15 809	16 267	16 735	33 182	34 134	57 656
SOPE	27 403	49 263	66 143	102 863	162 458	260 561
IRS	2 410	2 483	2 557	5 053	5 205	8 896
VAT	19 409	41 030	57 663	86 104	145 197	231 056
TSU	5 584	5 751	5 924	11 706	12 057	20 609
Previous Year		5 214	10 442	15 483	48 835	85 334
SOPE		5 214	10 442	15 483	48 835	85 334
IRC			863	2 537	28 821	53 418
IRS		402	414	426	842	867
VAT		3 882	8 206	11 533	17 221	29 039
TSU		931	959	987	1 951	2 010
From Financing Activities	**90 000**	**30 000**				
Inflow	**90 000**	**30 000**				
Paid Up Capital + Installments	90 000	30 000				
From Investment Activities	**-48 742**	**-1 945**	**-19 879**	**-38 522**		**-8 271**
OutFlow	**48 742**	**1 945**	**19 879**	**38 522**		**8 271**
Fixed Assets	48 742	1 945	19 879	38 522		8 271
Cash Beguining Year		**2 204**	**24 424**	**13 259**	**8 580**	**85 041**
Cash End Year	**2 204**	**24 424**	**13 259**	**8 580**	**85 041**	**203 706**
Treasury Requirements						

Source: Own elaboration.

Table 42 - FCFF updated by WACC (-30% w/ Correctional Measures Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-29 842	-6 161	11 747	34 521	121 253	218 032
- IRC			-863	-2 537	-28 821	-53 418
+ Depreciations	5 864	6 180	7 852	12 054	12 054	9 627
- Operating Funds Variation	-24 190	-6 217	-12 534	-17 398	-28 026	-48 851
- CAPEX	-39 628	-1 581	-17 367	-31 319		-6 725
Operational Cash-Flow	**-87 796**	**-7 780**	**-11 165**	**-4 679**	**76 460**	**118 665**
Residual Value						180 204
FCFE With RV	**-87 796**	**-7 780**	**-11 165**	**-4 679**	**76 460**	**298 869**
Perpetuity						799 014
FCFF With Perpetuity	**-87 796**	**-7 780**	**-11 165**	**-4 679**	**76 460**	**917 680**
FCFF Discounted RV	-87 796	-6 707	-8 297	-2 997	42 228	142 296
FCFF Discounted Acumulated RV	-87 796	-94 503	-102 800	-105 798	-63 569	78 726
FCFF Discounted Perpetuity	-87 796	-6 707	-8 297	-2 997	42 228	436 919
FCFF Discounted Acumulated Perpetuity	-87 796	-94 503	-102 800	-105 798	-63 569	373 350

Metric	W/ RV	W/ Perpetuity
NPV	78 726 €	373 350 €
IRR	31,31%	60,35%
DPP	5,45Yrs.	5,15Yrs.
PI	1,18	5,61

Source: Own elaboration.

Again, since there is no type of funding source other than equity and the risk factor remains neutral, when using the CAPM method, both the FCFF and the FCFE produce the same results as the FCFF updated by WACC, shown above. Only one of them was presented to avoid redundance.

5. Conclusions

The theoretical elements that were initially approached became of clear importance for the development and analysis of all the information required in this work of project. They made possible to draw certain conclusions about the project's general viability based on the studies conducted.

From the market standpoint, it was concluded that it presents a trend of growth, and can, therefore, accommodate the expectations of this project, presenting them as attainable, despite the competition already installed.

> "In capital asset projects, economic profitability may be measured with absolute metrics, such as the net present value (NPV), expressing value increase in monetary units, or relative metrics, expressing rates of return or profitability indices which aim at identifying a project's financial efficiency." (Magni & Marchioni, 2020).

The same authors also tells us that several factors may influence whether absolute or relative measures may be preferred, often related to equity restrictions scenarios, e.g. the firm may face an upper limit to borrow from banks. None of these factors, however, have applicability in this project, which considers all the capital invested as equity, without any restriction whatsoever .

We can therefore consider, that the metrics used for its evaluation were adequate and, although there are studies that analyze them in a unified way scalping their various complexities (Sokolov, 2023), all of them showed positive indicators, even if the approach followed was a direct and basic evaluation.

The project, accordingly with the analysis made, reveals attractiveness to the investor from every possible angle, since it presents an internal rate of return of 52%, an NPV of nearly 200K euros, a DPP of 5 years and a PI way above 100%, which means that the investment is recovered with extra capital gains added.

Also from the risk analysis perspective it is concluded that, in general terms, the business environment presents few threats that can cause significant impact. From the project's outlook, the sensitivity analysis revealed, on one hand, resilience to withstand variations up to minus 20% of market value and, on the other hand, the ability to adapt to more adverse scenarios with the implementation of a simple set of corrective measures.

In accordance with all of the above, it can, therefore, be concluded that this is a project of interest to the investor.

From either, the community and the business sector angles, it is also possible to draw some conclusions about the project's interest, since it aims to boost and positively impact the business sector and a significant set of companies, benefiting communities in several geographical areas.

Finally, there is an important point that was purposely not addressed in the financial estimates and that has to do with the manufacturers contributions to the ND's marketing budget. It is commonly understood that the investment in marketing adds value to the brands and, therefore, it is usual for the brands to share this expense.

Typically, there is a contribution of up to 50%, based on the ND's marketing budget, provided that the ND, obviously, makes proof that it was actually executed.

In other cases, there is a kick-back based on a previously agreed value per unit purchased by the ND. For instance, if in the year "*n*" the business volume of the ND with the manufacturer involved "*z*" units, for the year "*n+1*" the brand's contribution "*c*" for the ND marketing budget will be: $c = z\, x\, (agreed\ value\ per\ unit)$.

There may be, also, less common cases where a higher operating margin is granted to the ND to accommodate this investment.

This topic has not been addressed mainly because it depends on the conditions that will be agreed with each manufacturer and because those conditions may, obviously, diverge between each of them and therefore would become unwise to take for granted unquantified inflows of money. Ultimately, it can be considered an extra financial buffer for the business viability sake.

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APPENDICES

Appendix 1 - Number of Companies by CAE and Location

Companies (#)	2020	2019	2018	2017	2016	2015
Wholesale of watches, jewellery and goldsmith articles						
North	209	213	204	214	202	203
Centre	61	64	59	59	58	54
Lisbon MA	69	71	65	71	74	78
Alentejo	6	6	5	5	6	6
Algarve	8	9	9	7	4	5
Portugal	**353**	**363**	**342**	**356**	**344**	**346**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	1 025	1 052	1 071	1 080	1 101	1 156
Centre	558	578	576	611	615	635
Lisbon MA	606	629	616	636	666	707
Alentejo	152	161	165	168	164	180
Algarve	103	110	113	120	127	128
Azores AR	38	38	38	38	38	39
Madeira AR	46	45	45	49	55	53
Portugal	**2 528**	**2 613**	**2 624**	**2 702**	**2 766**	**2 898**

Source: Own elaboration based on INE (2022).

Appendix 2 - Turnover of Companies by CAE and Location

Turnover (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	93 531 521	-13,3%	107 897 513	38,9%	77 698 366	20,2%	64 633 123	15,6%	55 906 351	-3,2%	57 749 703
Centre	9 670 735	-32,8%	14 400 908	11,2%	12 954 482	2,8%	12 606 862	0,3%	12 569 262	3,2%	12 181 951
Lisbon MA	88 818 026	-25,4%	119 105 078	-0,9%	120 225 026	-10,8%	134 758 758	-2,8%	138 612 235	-6,3%	147 979 148
Alentejo	455 369	-34,3%	692 622	16,4%	595 262	-17,8%	723 987	-6,0%	769 896	-18,0%	939 217
Algarve	690 730	-24,0%	908 682	-13,3%	1 047 997	32,6%	790 145	11,8%	706 761	-37,2%	1 125 003
Portugal	**193 166 381**	**-20,5%**	**243 004 803**	**14,3%**	**212 521 133**	**-0,5%**	**213 512 875**	**2,4%**	**208 564 505**	**-5,2%**	**219 975 022**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	240 507 056	-27,5%	331 576 211	5,9%	313 210 755	2,2%	306 350 033	7,9%	283 832 360	5,8%	268 397 863
Centre	53 552 545	-24,6%	71 002 578	-2,7%	72 987 189	-3,1%	75 345 362	5,9%	71 150 866	1,8%	69 879 833
Lisbon MA	232 973 356	-30,7%	336 218 372	11,0%	302 946 263	-0,2%	303 500 849	12,8%	269 179 527	-3,9%	280 136 985
Alentejo	9 355 215	-17,2%	11 301 143	8,0%	10 463 015	-17,2%	12 640 390	15,0%	10 993 811	-6,2%	11 720 529
Algarve	9 369 186	-33,4%	14 077 995	4,8%	13 430 632	-5,3%	14 176 843	-5,3%	14 975 415	-2,0%	15 279 582
Azores AR	5 783 891	-30,2%	8 289 156	2,6%	8 076 577	2,8%	7 859 872	6,6%	7 376 658	4,4%	7 066 581
Madeira AR	2 946 891	-35,4%	4 559 213	5,1%	4 338 333	-14,0%	5 041 847	-2,2%	5 156 734	-8,3%	5 625 334
Portugal	**554 488 140**	**-28,6%**	**777 024 668**	**7,1%**	**725 452 764**	**0,1%**	**724 915 196**	**9,4%**	**662 665 371**	**0,7%**	**658 106 707**

Source: Own elaboration based on INE (2022).

Appendix 3 - Average Turnover by Company, CAE and Location

Turnover (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	447 519	-11,7%	506 561	33,0%	380 874	26,1%	302 024	9,1%	276 764	-2,7%	284 481
Centre	158 537	-29,5%	225 014	2,5%	219 567	2,8%	213 676	-1,4%	216 711	-3,9%	225 592
Lisbon MA	1 287 218	-23,3%	1 677 536	-9,3%	1 849 616	-2,5%	1 898 011	1,3%	1 873 138	-1,3%	1 897 169
Alentejo	75 895	-34,3%	115 437	-3,0%	119 052	-17,8%	144 797	12,8%	128 316	-18,0%	156 536
Algarve	86 341	-14,5%	100 965	-13,3%	116 444	3,2%	112 878	-36,1%	176 690	-21,5%	225 001
Portugal	**547 214**	**-18,3%**	**669 435**	**7,7%**	**621 407**	**3,6%**	**599 755**	**-1,1%**	**606 292**	**-4,6%**	**635 766**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	234 641	-25,6%	315 187	7,8%	292 447	3,1%	283 657	10,0%	257 795	11,0%	232 178
Centre	95 972	-21,9%	122 842	-3,1%	126 714	2,8%	123 315	6,6%	115 692	5,1%	110 047
Lisbon MA	384 444	-28,1%	534 528	8,7%	491 796	3,1%	477 203	18,1%	404 173	2,0%	396 233
Alentejo	61 547	-12,3%	70 193	10,7%	63 412	-15,7%	75 240	12,2%	67 035	3,0%	65 114
Algarve	90 963	-28,9%	127 982	7,7%	118 855	0,6%	118 140	0,2%	117 917	-1,2%	119 372
Azores AR	152 208	-30,2%	218 136	2,6%	212 542	2,8%	206 839	6,6%	194 123	7,1%	181 194
Madeira AR	64 063	-36,8%	101 316	5,1%	96 407	-6,3%	102 895	9,7%	93 759	-11,7%	106 138
Portugal	**219 339**	**-26,2%**	**297 369**	**7,6%**	**276 468**	**3,0%**	**268 288**	**12,0%**	**239 575**	**5,5%**	**227 090**

Source: Own elaboration based on INE (2022)

Appendix 4 - Sales of Companies by CAE and Location

Sales (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	89 404 279	-12,1%	101 715 584	38,7%	73 330 559	22,9%	59 657 980	15,8%	51 497 716	-3,3%	53 245 739
Centre	9 297 415	-33,5%	13 979 458	14,8%	12 180 277	1,3%	12 026 185	-0,8%	12 123 330	1,8%	11 907 653
Lisbon MA	83 083 511	-26,6%	113 180 843	-1,3%	114 637 320	-12,3%	130 701 854	-3,8%	135 803 993	-5,6%	143 823 439
Alentejo	423 327	-38,3%	685 958	15,7%	593 005	-18,1%	723 987	-6,0%	769 896	-18,0%	939 217
Algarve	688 527	-21,7%	879 682	-16,1%	1 047 997	32,6%	790 121	11,8%	706 761	-37,2%	1 125 003
Portugal	**182 897 059**	**-20,6%**	**230 441 525**	**14,2%**	**201 789 158**	**-1,0%**	**203 900 127**	**1,5%**	**200 901 696**	**-4,8%**	**211 041 051**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	235 959 909	-27,4%	325 130 179	6,6%	305 115 262	2,3%	298 231 992	8,1%	275 977 112	5,9%	260 666 748
Centre	51 507 581	-25,5%	69 167 180	-3,0%	71 315 104	-2,8%	73 346 890	5,6%	69 467 967	1,6%	68 340 791
Lisbon MA	225 916 518	-31,0%	327 236 060	11,8%	292 586 285	-0,5%	294 139 310	12,6%	261 118 768	-4,3%	272 929 468
Alentejo	9 265 754	-17,4%	11 211 592	8,1%	10 376 235	-17,0%	12 494 725	15,2%	10 846 390	-6,9%	11 655 783
Algarve	9 163 514	-34,5%	13 990 317	5,1%	13 305 506	-4,8%	13 983 406	-5,9%	14 860 362	-1,9%	15 142 757
Azores AR	5 665 199	-30,6%	8 162 130	2,9%	7 935 095	2,8%	7 715 817	6,8%	7 222 444	4,4%	6 919 684
Madeira AR	2 838 797	-35,8%	4 424 639	5,6%	4 191 376	-13,6%	4 853 780	-0,6%	4 883 663	-12,0%	5 547 569
Portugal	**540 317 272**	**-28,8%**	**759 322 097**	**7,7%**	**704 824 863**	**0,0%**	**704 765 920**	**9,4%**	**644 376 706**	**0,5%**	**641 202 800**

Source: Own elaboration based on INE (2022).

Appendix 5 - Average Sales by Company, CAE and Location

Sales (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	427 772	-10,4%	477 538	32,8%	359 464	28,9%	278 776	9,3%	254 939	-2,8%	262 294
Centre	152 417	-30,2%	218 429	5,8%	206 445	1,3%	203 834	-2,5%	209 023	-5,2%	220 512
Lisbon MA	1 204 109	-24,5%	1 594 096	-9,6%	1 763 651	-4,2%	1 840 871	0,3%	1 835 189	-0,5%	1 843 890
Alentejo	70 555	-38,3%	114 326	-3,6%	118 601	-18,1%	144 797	12,8%	128 316	-18,0%	156 536
Algarve	86 066	-11,9%	97 742	-16,1%	116 444	3,2%	112 874	-36,1%	176 690	-21,5%	225 001
Portugal	**518 122**	**-18,4%**	**634 825**	**7,6%**	**590 027**	**3,0%**	**572 753**	**-1,9%**	**584 017**	**-4,3%**	**609 945**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	230 205	-25,5%	309 059	8,5%	284 888	3,2%	276 141	10,2%	250 660	11,2%	225 490
Centre	92 307	-22,9%	119 666	-3,3%	123 811	3,1%	120 044	6,3%	112 956	5,0%	107 623
Lisbon MA	372 800	-28,3%	520 248	9,5%	474 978	2,7%	462 483	18,0%	392 070	1,6%	386 039
Alentejo	60 959	-12,5%	69 637	10,7%	62 886	-15,4%	74 373	12,5%	66 137	2,1%	64 754
Algarve	88 966	-30,0%	127 185	8,0%	117 748	1,0%	116 528	-0,4%	117 011	-1,1%	118 303
Azores AR	149 084	-30,6%	214 793	2,9%	208 818	2,8%	203 048	6,8%	190 064	7,1%	177 428
Madeira AR	61 713	-37,2%	98 325	5,6%	93 142	-6,0%	99 057	11,6%	88 794	-15,2%	104 671
Portugal	**213 733**	**-26,4%**	**290 594**	**8,2%**	**268 607**	**3,0%**	**260 831**	**12,0%**	**232 963**	**5,3%**	**221 257**

Source: Own elaboration based on INE (2022).

Appendix 6 - COGS of Companies by CAE and Location

COGS (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
					Wholesale of watches, jewellery and goldsmith articles						
North	75 380 697	-9,5%	83 256 028	121,5%	37 592 263	1,3%	37 127 891	7,8%	34 437 207	-7,0%	37 026 806
Centre	6 413 863	-31,2%	9 322 297	13,4%	8 222 356	3,3%	7 963 113	0,0%	7 961 295	-2,7%	8 182 573
Lisbon MA	53 563 736	-18,9%	66 055 434	-3,7%	68 566 654	-11,3%	77 294 821	-10,3%	86 155 731	-8,7%	94 400 473
Alentejo	337 524	-32,0%	496 150	7,2%	462 768	-11,4%	522 057	-10,0%	580 365	-18,1%	708 298
Algarve	579 907	4,0%	557 562	-9,7%	617 334	10,6%	558 230	5,1%	531 364	-41,6%	909 528
Portugal	**136 275 727**	**-14,7%**	**159 687 471**	**38,3%**	**115 461 375**	**-6,5%**	**123 466 112**	**-4,8%**	**129 665 962**	**-8,2%**	**141 227 678**
					Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	174 878 305	-24,5%	231 489 105	2,5%	225 756 304	0,2%	225 315 670	8,3%	208 127 578	6,4%	195 588 767
Centre	33 874 313	-25,5%	45 441 645	-2,2%	46 448 307	-5,2%	49 005 802	6,6%	45 959 445	0,2%	45 868 824
Lisbon MA	143 193 370	-29,5%	203 121 601	9,5%	185 579 195	-2,6%	190 472 917	11,7%	170 461 384	-6,6%	182 561 135
Alentejo	6 331 959	-15,7%	7 511 425	8,3%	6 933 300	-19,2%	8 582 617	19,9%	7 156 951	-12,8%	8 212 047
Algarve	5 752 202	-36,4%	9 040 387	9,1%	8 289 732	-9,5%	9 163 204	-9,7%	10 149 922	-5,5%	10 738 281
Azores AR	3 008 731	-40,4%	5 048 484	2,6%	4 919 527	-0,1%	4 926 542	10,8%	4 445 622	3,7%	4 286 442
Madeira AR	1 884 963	-30,4%	2 710 083	2,9%	2 632 655	-16,3%	3 146 991	7,0%	2 940 243	-14,8%	3 452 841
Portugal	**368 923 843**	**-26,9%**	**504 362 730**	**5,0%**	**480 559 020**	**-2,0%**	**490 613 743**	**9,2%**	**449 241 145**	**-0,3%**	**450 708 337**

Source: Own elaboration based on INE (2022).

Appendix 7 - Average COGS by Company, CAE and Location

COGS (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	360 673	-7,7%	390 873	112,1%	184 276	6,2%	173 495	1,8%	170 481	-6,5%	182 398
Centre	105 145	-27,8%	145 661	4,5%	139 362	3,3%	134 968	-1,7%	137 264	-9,4%	151 529
Lisbon MA	776 286	-16,6%	930 358	-11,8%	1 054 872	-3,1%	1 088 659	-6,5%	1 164 267	-3,8%	1 210 262
Alentejo	56 254	-32,0%	82 692	-10,7%	92 554	-11,4%	104 411	7,9%	96 728	-18,1%	118 050
Algarve	72 488	17,0%	61 951	-9,7%	68 593	-14,0%	79 747	-40,0%	132 841	-27,0%	181 906
Portugal	**386 050**	**-12,2%**	**439 910**	**30,3%**	**337 606**	**-2,7%**	**346 815**	**-8,0%**	**376 936**	**-7,7%**	**408 172**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	170 613	-22,5%	220 047	4,4%	210 790	1,0%	208 626	10,4%	189 035	11,7%	169 194
Centre	60 707	-22,8%	78 619	-2,5%	80 639	0,5%	80 206	7,3%	74 731	3,5%	72 234
Lisbon MA	236 293	-26,8%	322 928	7,2%	301 265	0,6%	299 486	17,0%	255 948	-0,9%	258 219
Alentejo	41 658	-10,7%	46 655	11,0%	42 020	-17,7%	51 087	17,1%	43 640	-4,3%	45 622
Algarve	55 847	-32,0%	82 185	12,0%	73 360	-3,9%	76 360	-4,5%	79 921	-4,7%	83 893
Azores AR	79 177	-40,4%	132 855	2,6%	129 461	-0,1%	129 646	10,8%	116 990	6,4%	109 909
Madeira AR	40 977	-32,0%	60 224	2,9%	58 503	-8,9%	64 224	20,1%	53 459	-17,9%	65 148
Portugal	**145 935**	**-24,4%**	**193 021**	**5,4%**	**183 140**	**0,9%**	**181 574**	**11,8%**	**162 415**	**4,4%**	**155 524**

Source: Own elaboration based on INE (2022).

Appendix 8 - Gross Margin of Companies by CAE and Location

Gross Margin (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	14 023 582	-24,0%	18 459 556	-48,3%	35 738 296	58,6%	22 530 089	32,1%	17 060 509	5,2%	16 218 933
Centre	2 883 552	-38,1%	4 657 161	17,7%	3 957 921	-2,6%	4 063 072	-2,4%	4 162 035	11,7%	3 725 080
Lisbon MA	29 519 775	-37,4%	47 125 409	2,3%	46 070 666	-13,7%	53 407 033	7,6%	49 648 262	0,5%	49 422 966
Alentejo	85 803	-54,8%	189 808	45,7%	130 237	-35,5%	201 930	6,5%	189 531	-17,9%	230 919
Algarve	108 620	-66,3%	322 120	-25,2%	430 663	85,7%	231 891	32,2%	175 397	-18,6%	215 475
Portugal	**46 621 332**	**-34,1%**	**70 754 054**	**-18,0%**	**86 327 783**	**7,3%**	**80 434 015**	**12,9%**	**71 235 734**	**2,0%**	**69 813 373**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	61 081 604	-34,8%	93 641 074	18,0%	79 358 958	8,8%	72 916 322	7,5%	67 849 534	4,3%	65 077 981
Centre	17 633 268	-25,7%	23 725 535	-4,6%	24 866 797	2,2%	24 341 088	3,5%	23 508 522	4,6%	22 471 967
Lisbon MA	82 723 148	-33,3%	124 114 459	16,0%	107 007 090	3,2%	103 666 393	14,3%	90 657 384	0,3%	90 368 333
Alentejo	2 933 795	-20,7%	3 700 167	7,5%	3 442 935	-12,0%	3 912 108	6,0%	3 689 439	7,1%	3 443 736
Algarve	3 411 312	-31,1%	4 949 930	-1,3%	5 015 774	4,1%	4 820 202	2,3%	4 710 440	6,9%	4 404 476
Azores AR	2 656 468	-14,7%	3 113 646	3,3%	3 015 568	8,1%	2 789 275	0,4%	2 776 822	5,5%	2 633 242
Madeira AR	953 834	-44,4%	1 714 556	10,0%	1 558 721	-8,7%	1 706 789	-12,2%	1 943 420	-7,2%	2 094 728
Portugal	**171 393 429**	**-32,8%**	**254 959 367**	**13,7%**	**224 265 843**	**4,7%**	**214 152 177**	**9,7%**	**195 135 561**	**2,4%**	**190 494 463**

Source: Own elaboration based on INE (2022).

Appendix 9 - Margin on Sales of Companies by CAE and Location

Margin on Sales (%)	2020	2019	2018	2017	2016	2015
Wholesale of watches, jewellery and goldsmith articles						
North	15,7%	18,1%	48,7%	37,8%	33,1%	30,5%
Centre	31,0%	33,3%	32,5%	33,8%	34,3%	31,3%
Lisbon MA	35,5%	41,6%	40,2%	40,9%	36,6%	34,4%
Alentejo	20,3%	27,7%	22,0%	27,9%	24,6%	24,6%
Algarve	15,8%	36,6%	41,1%	29,3%	24,8%	19,2%
Portugal	**25,5%**	**30,7%**	**42,8%**	**39,4%**	**35,5%**	**33,1%**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	25,9%	28,8%	26,0%	24,4%	24,6%	25,0%
Centre	34,2%	34,3%	34,9%	33,2%	33,8%	32,9%
Lisbon MA	36,6%	37,9%	36,6%	35,2%	34,7%	33,1%
Alentejo	31,7%	33,0%	33,2%	31,3%	34,0%	29,5%
Algarve	37,2%	35,4%	37,7%	34,5%	31,7%	29,1%
Azores AR	46,9%	38,1%	38,0%	36,2%	38,4%	38,1%
Madeira AR	33,6%	38,8%	37,2%	35,2%	39,8%	37,8%
Portugal	**31,7%**	**33,6%**	**31,8%**	**30,4%**	**30,3%**	**29,7%**

Source: Own elaboration based on INE (2022).

Appendix 10 - Average Gross Margin by Companies, CAE and Location

Gross Margin (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	67 098	-22,6%	86 665	-50,5%	175 188	66,4%	105 281	24,7%	84 458	5,7%	79 896
Centre	47 271	-35,0%	72 768	8,5%	67 083	-2,6%	68 866	-4,0%	71 759	4,0%	68 983
Lisbon MA	427 823	-35,5%	663 738	-6,4%	708 779	-5,8%	752 212	12,1%	670 922	5,9%	633 628
Alentejo	14 301	-54,8%	31 635	21,5%	26 047	-35,5%	40 386	27,9%	31 589	-17,9%	38 487
Algarve	13 578	-62,1%	35 791	-25,2%	47 851	44,4%	33 127	-24,5%	43 849	1,8%	43 095
Portugal	**132 072**	**-32,2%**	**194 915**	**-22,8%**	**252 420**	**11,7%**	**225 938**	**9,1%**	**207 081**	**2,6%**	**201 773**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	59 592	-33,1%	89 012	20,1%	74 098	9,8%	67 515	9,6%	61 625	9,5%	56 296
Centre	31 601	-23,0%	41 048	-4,9%	43 172	8,4%	39 838	4,2%	38 225	8,0%	35 389
Lisbon MA	136 507	-30,8%	197 320	13,6%	173 713	6,6%	162 997	19,7%	136 122	6,5%	127 819
Alentejo	19 301	-16,0%	22 982	10,1%	20 866	-10,4%	23 286	3,5%	22 497	17,6%	19 132
Algarve	33 120	-26,4%	44 999	1,4%	44 387	10,5%	40 168	8,3%	37 090	7,8%	34 410
Azores AR	69 907	-14,7%	81 938	3,3%	79 357	8,1%	73 402	0,4%	73 074	8,2%	67 519
Madeira AR	20 736	-45,6%	38 101	10,0%	34 638	-0,6%	34 832	-1,4%	35 335	-10,6%	39 523
Portugal	**67 798**	**-30,5%**	**97 573**	**14,2%**	**85 467**	**7,8%**	**79 257**	**12,3%**	**70 548**	**7,3%**	**65 733**

Source: Own elaboration based on INE (2022).

Appendix 11 - Net Income of Companies by CAE and Location

Net Income (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	880 032	-62,4%	2 339 299	16,1%	2 015 224	70,2%	1 183 874	-41,9%	2 036 944	71,8%	1 185 870
Centre	69 797	-88,2%	593 952	106,8%	287 182	-32,1%	422 990	-14,9%	497 306	-24,8%	660 997
Lisbon MA	1 564 783	-89,3%	14 626 138	52,7%	9 578 986	-85,9%	68 084 674	254,0%	19 231 986	1,2%	19 011 585
Alentejo	42 271	-17,2%	51 064	195,0%	-53 772	-267,3%	32 142	2098,5%	1 462	-94,1%	24 919
Algarve	-239 283	-45,6%	-164 308	-23,4%	-133 167	-203,1%	-43 932	-505,5%	10 835	44,3%	7 507
Portugal	**2 317 600**	**-86,7%**	**17 446 145**	**49,2%**	**11 694 453**	**-83,2%**	**69 679 748**	**219,9%**	**21 778 533**	**4,2%**	**20 890 878**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	19 173 143	-43,1%	33 676 618	63,3%	20 619 687	26,9%	16 243 316	26,2%	12 868 617	12,9%	11 394 969
Centre	1 891 789	-42,7%	3 299 566	9,6%	3 009 214	-2,6%	3 089 049	-8,9%	3 390 481	17,1%	2 896 066
Lisbon MA	3 828 049	-76,6%	16 343 879	4,1%	15 697 426	23,2%	12 743 423	132,7%	5 476 225	9,8%	4 987 794
Alentejo	-225 916	-197,3%	232 221	67,9%	138 290	-48,6%	269 285	-17,4%	326 114	107,1%	157 450
Algarve	128 090	-77,0%	557 791	-14,8%	655 061	9,7%	597 271	72,4%	346 397	262,9%	-212 608
Azores AR	367 631	-28,7%	515 469	17,6%	438 444	62,4%	270 056	-41,8%	464 001	89,2%	245 182
Madeira AR	-574 952	-4589,3%	-12 261	89,0%	-111 730	62,6%	-298 522	-275,1%	-79 579	-123,9%	-35 546
Portugal	**24 587 834**	**-55,0%**	**54 613 283**	**35,0%**	**40 446 392**	**22,9%**	**32 913 878**	**44,4%**	**22 792 256**	**17,3%**	**19 433 307**

Source: Own elaboration based on INE (2022).

Appendix 12 - Average Net Income by Company, CAE and Location

Net Income (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	4 211	-61,7%	10 983	11,2%	9 879	78,6%	5 532	-45,1%	10 084	72,6%	5 842
Centre	1 144	-87,7%	9 281	90,7%	4 867	-32,1%	7 169	-16,4%	8 574	-30,0%	12 241
Lisbon MA	22 678	-89,0%	206 002	39,8%	147 369	-84,6%	958 939	269,0%	259 892	6,6%	243 738
Alentejo	7 045	-17,2%	8 511	179,1%	-10 754	-267,3%	6 428	2538,2%	244	-94,1%	4 153
Algarve	-29 910	-63,8%	-18 256	-23,4%	-14 796	-135,8%	-6 276	-331,7%	2 709	80,4%	1 501
Portugal	**6 565**	**-86,3%**	**48 061**	**40,6%**	**34 194**	**-82,5%**	**195 730**	**209,2%**	**63 310**	**4,9%**	**60 378**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	18 706	-41,6%	32 012	66,3%	19 253	28,0%	15 040	28,7%	11 688	18,6%	9 857
Centre	3 390	-40,6%	5 709	9,3%	5 224	3,3%	5 056	-8,3%	5 513	20,9%	4 561
Lisbon MA	6 317	-75,7%	25 984	2,0%	25 483	27,2%	20 037	143,7%	8 223	16,6%	7 055
Alentejo	-1 486	-203,0%	1 442	72,1%	838	-47,7%	1 603	-19,4%	1 989	127,3%	875
Algarve	1 244	-75,5%	5 071	-12,5%	5 797	16,5%	4 977	82,5%	2 728	264,2%	-1 661
Azores AR	9 675	-28,7%	13 565	17,6%	11 538	62,4%	7 107	-41,8%	12 211	94,2%	6 287
Madeira AR	-12 499	-4487,3%	-272	89,0%	-2 483	59,2%	-6 092	-321,1%	-1 447	-115,7%	-671
Portugal	**9 726**	**-53,5%**	**20 901**	**35,6%**	**15 414**	**26,5%**	**12 181**	**47,8%**	**8 240**	**22,9%**	**6 706**

Source: Own elaboration based on INE (2022).

Appendix 13 - Number of Employees of Companies by Location

Employees (#)	2020	2019	2018	2017	2016	2015
Wholesale of watches, jewellery and goldsmith articles						
North	511	547	518	514	495	481
Centre	124	133	132	133	136	125
Lisbon MA	363	364	346	365	397	416
Alentejo	7	8	7	6	8	9
Algarve	17	17	22	14	7	10
Portugal	**1 022**	**1 069**	**1 025**	**1 032**	**1 043**	**1 041**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	2 350	2 479	2 514	2 519	2 449	2 543
Centre	1 105	1 155	1 218	1 246	1 241	1 230
Lisbon MA	2 468	2 645	2 545	2 583	2 545	2 481
Alentejo	247	253	272	275	251	281
Algarve	233	251	261	264	277	274
Azores AR	121	126	122	125	128	107
Madeira AR	94	99	107	117	125	127
Portugal	**6 618**	**7 008**	**7 039**	**7 129**	**7 016**	**7 043**

Source: Own elaboration based on INE (2022).

Appendix 14 - Average Number of Employees by Company, CAE and Location

Employees (#)	2020	2019	2018	2017	2016	2015
Wholesale of watches, jewellery and goldsmith articles						
North	2,4	2,6	2,5	2,4	2,5	2,4
Centre	2,0	2,1	2,2	2,3	2,3	2,3
Lisbon MA	5,3	5,1	5,3	5,1	5,4	5,3
Alentejo	1,2	1,3	1,4	1,2	1,3	1,5
Algarve	2,1	1,9	2,4	2,0	1,8	2,0
Portugal	**2,9**	**2,9**	**3,0**	**2,9**	**3,0**	**3,0**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	2,3	2,4	2,3	2,3	2,2	2,2
Centre	2,0	2,0	2,1	2,0	2,0	1,9
Lisbon MA	4,1	4,2	4,1	4,1	3,8	3,5
Alentejo	1,6	1,6	1,6	1,6	1,5	1,6
Algarve	2,3	2,3	2,3	2,2	2,2	2,1
Azores AR	3,2	3,3	3,2	3,3	3,4	2,7
Madeira AR	2,0	2,2	2,4	2,4	2,3	2,4
Portugal	**2,6**	**2,7**	**2,7**	**2,6**	**2,5**	**2,4**

Source: Own elaboration based on INE (2022).

Appendix 15 - Personnel Costs of Companies by CAE and Location

Personnel Costs (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	6 418 435	-9,9%	7 126 031	10,7%	6 437 908	6,7%	6 031 270	6,4%	5 670 968	-1,4%	5 751 659
Centre	1 707 152	-11,4%	1 926 394	11,9%	1 722 285	4,1%	1 655 067	-3,5%	1 715 206	16,4%	1 473 973
Lisbon MA	12 197 087	-2,0%	12 442 249	10,9%	11 217 625	-1,0%	11 334 801	3,6%	10 940 877	-8,7%	11 989 119
Alentejo	94 103	-4,6%	98 610	10,6%	89 136	0,5%	88 696	-21,9%	113 521	37,5%	82 535
Algarve	119 960	-26,6%	163 423	-14,4%	191 006	79,5%	106 426	38,1%	77 045	-30,0%	110 070
Portugal	**20 536 737**	**-5,6%**	**21 756 707**	**10,7%**	**19 657 960**	**2,3%**	**19 216 260**	**3,8%**	**18 517 617**	**-4,6%**	**19 407 356**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	24 853 836	-8,7%	27 210 992	5,0%	25 903 495	3,6%	25 004 848	5,4%	23 722 920	2,3%	23 191 478
Centre	9 224 551	-11,7%	10 446 069	-4,7%	10 956 043	6,7%	10 265 374	7,3%	9 563 755	8,5%	8 814 049
Lisbon MA	39 322 858	-17,4%	47 624 535	9,3%	43 560 626	6,6%	40 856 307	7,3%	38 088 291	3,8%	36 698 536
Alentejo	1 741 863	-3,3%	1 801 446	-1,5%	1 828 636	4,8%	1 744 907	7,5%	1 623 543	-6,7%	1 740 316
Algarve	1 906 450	-10,7%	2 135 527	-0,3%	2 142 574	7,5%	1 992 291	-1,2%	2 016 414	5,2%	1 916 649
Azores AR	1 412 480	-4,4%	1 478 156	0,7%	1 468 072	5,8%	1 387 267	4,9%	1 322 561	-5,4%	1 397 978
Madeira AR	964 820	-7,7%	1 045 676	-4,2%	1 091 299	-3,4%	1 130 148	-5,3%	1 192 951	-2,7%	1 226 328
Portugal	**79 426 858**	**-13,4%**	**91 742 401**	**5,5%**	**86 950 745**	**5,5%**	**82 381 142**	**6,3%**	**77 530 435**	**3,4%**	**74 985 334**

Source: Own elaboration based on INE (2022).

Appendix 16 - Average Personnel Costs by Company, CAE and Location

Personnel Costs (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
					Wholesale of watches, jewellery and goldsmith articles						
North	30 710	-8,2%	33 456	6,0%	31 558	12,0%	28 184	0,4%	28 074	-0,9%	28 333
Centre	27 986	-7,0%	30 100	3,1%	29 191	4,1%	28 052	-5,1%	29 573	8,3%	27 296
Lisbon MA	176 769	0,9%	175 243	1,5%	172 579	8,1%	159 645	8,0%	147 850	-3,8%	153 707
Alentejo	15 684	-4,6%	16 435	-7,8%	17 827	0,5%	17 739	-6,2%	18 920	37,5%	13 756
Algarve	14 995	-17,4%	18 158	-14,4%	21 223	39,6%	15 204	-21,1%	19 261	-12,5%	22 014
Portugal	**58 178**	**-2,9%**	**59 936**	**4,3%**	**57 479**	**6,5%**	**53 978**	**0,3%**	**53 830**	**-4,0%**	**56 091**
					Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	24 248	-6,3%	25 866	6,9%	24 186	4,5%	23 153	7,5%	21 547	7,4%	20 062
Centre	16 531	-8,5%	18 073	-5,0%	19 021	13,2%	16 801	8,0%	15 551	12,0%	13 880
Lisbon MA	64 889	-14,3%	75 715	7,1%	70 715	10,1%	64 239	12,3%	57 190	10,2%	51 907
Alentejo	11 460	2,4%	11 189	1,0%	11 083	6,7%	10 386	4,9%	9 900	2,4%	9 668
Algarve	18 509	-4,7%	19 414	2,4%	18 961	14,2%	16 602	4,6%	15 877	6,0%	14 974
Azores AR	37 171	-4,4%	38 899	0,7%	38 633	5,8%	36 507	4,9%	34 804	-2,9%	35 846
Madeira AR	20 974	-9,7%	23 237	-4,2%	24 251	5,1%	23 064	6,3%	21 690	-6,3%	23 138
Portugal	**31 419**	**-10,5%**	**35 110**	**6,0%**	**33 137**	**8,7%**	**30 489**	**8,8%**	**28 030**	**8,3%**	**25 875**

Source: Own elaboration based on INE (2022).

Appendix 17 - Average Personnel Costs of Companies by Employee, CAE and Geographic Location

Personnel Costs (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
					Wholesale of watches, jewellery and goldsmith articles						
North	12 561	-3,6%	13 027	4,8%	12 428	5,9%	11 734	2,4%	11 457	-4,2%	11 958
Centre	13 767	-4,9%	14 484	11,0%	13 048	4,8%	12 444	-1,3%	12 612	7,0%	11 792
Lisbon MA	33 601	-1,7%	34 182	5,4%	32 421	4,4%	31 054	12,7%	27 559	-4,4%	28 820
Alentejo	13 443	9,1%	12 326	-3,2%	12 734	-13,9%	14 783	4,2%	14 190	54,7%	9 171
Algarve	7 056	-26,6%	9 613	10,7%	8 682	14,2%	7 602	-30,9%	11 006	0,0%	11 007
Portugal	**20 095**	**-1,3%**	**20 352**	**6,1%**	**19 178**	**3,0%**	**18 620**	**4,9%**	**17 754**	**-4,8%**	**18 643**
					Retail trade of watches, jewellery and goldsmith articles, in specialized outlets						
North	10 576	-3,6%	10 977	6,5%	10 304	3,8%	9 926	2,5%	9 687	6,2%	9 120
Centre	8 348	-7,7%	9 044	0,5%	8 995	9,2%	8 239	6,9%	7 706	7,5%	7 166
Lisbon MA	15 933	-11,5%	18 005	5,2%	17 116	8,2%	15 817	5,7%	14 966	1,2%	14 792
Alentejo	7 052	-1,0%	7 120	5,9%	6 723	6,0%	6 345	-1,9%	6 468	4,4%	6 193
Algarve	8 182	-3,8%	8 508	3,6%	8 209	8,8%	7 547	3,7%	7 279	4,1%	6 995
Azores AR	11 673	-0,5%	11 731	-2,5%	12 033	8,4%	11 098	7,4%	10 333	-20,9%	13 065
Madeira AR	10 264	-2,8%	10 562	3,6%	10 199	5,6%	9 659	1,2%	9 544	-1,2%	9 656
Portugal	**12 002**	**-8,3%**	**13 091**	**6,0%**	**12 353**	**6,9%**	**11 556**	**4,6%**	**11 051**	**3,8%**	**10 647**

Source: Own elaboration based on INE (2022).

Appendix 18 - Supplies & External Services of Companies by CAE and Location

SES (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	6 875 871	-28,4%	9 606 331	8,9%	8 817 593	-4,1%	9 190 024	6,0%	8 673 667	6,0%	8 184 010
Centre	1 180 800	-34,6%	1 805 695	15,0%	1 569 702	-0,4%	1 576 084	-2,9%	1 623 946	16,6%	1 393 273
Lisbon MA	18 734 944	-34,2%	28 483 435	-2,9%	29 345 091	-2,0%	29 952 828	-4,9%	31 482 579	-2,9%	32 415 727
Alentejo	36 481	-38,4%	59 261	5,8%	56 006	-9,3%	61 775	-28,5%	86 359	-31,3%	125 690
Algarve	162 959	-31,1%	236 468	-5,2%	249 524	91,7%	130 184	95,4%	66 636	-32,1%	98 176
Portugal	**26 991 055**	**-32,8%**	**40 191 190**	**0,4%**	**40 037 916**	**-2,1%**	**40 910 895**	**-2,4%**	**41 933 187**	**-0,7%**	**42 216 876**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	24 495 321	-16,9%	29 460 190	4,1%	28 298 870	4,2%	27 157 439	6,4%	25 524 121	4,1%	24 509 169
Centre	6 984 663	-17,7%	8 487 243	-7,3%	9 155 410	1,1%	9 058 452	5,7%	8 569 028	2,6%	8 351 116
Lisbon MA	38 227 593	-30,7%	55 157 554	12,0%	49 253 737	2,7%	47 936 740	8,8%	44 059 208	-0,1%	44 089 521
Alentejo	1 166 596	-6,7%	1 250 451	-0,8%	1 260 363	-18,1%	1 538 323	0,2%	1 535 149	23,0%	1 247 614
Algarve	1 572 713	-16,0%	1 871 518	-2,6%	1 922 337	5,2%	1 827 297	1,9%	1 792 659	-6,3%	1 914 001
Azores AR	695 158	-18,9%	857 526	2,2%	839 234	3,8%	808 387	4,2%	775 898	1,1%	767 291
Madeira AR	574 294	-11,5%	649 070	2,7%	631 757	-18,1%	771 421	-8,4%	842 571	0,5%	838 437
Portugal	**73 716 338**	**-24,6%**	**97 733 552**	**7,0%**	**91 361 708**	**2,5%**	**89 098 059**	**7,2%**	**83 098 634**	**1,7%**	**81 717 149**

Source: Own elaboration based on INE (2022).

Appendix 19 - Average Supplies & External Services by Company, CAE and Location

SES (€)	2020	Δ	2019	Δ	2018	Δ	2017	Δ	2016	Δ	2015
Wholesale of watches, jewellery and goldsmith articles											
North	32 899	-27,1%	45 100	4,3%	43 223	0,7%	42 944	0,0%	42 939	6,5%	40 315
Centre	19 357	-31,4%	28 214	6,0%	26 605	-0,4%	26 713	-4,6%	27 999	8,5%	25 801
Lisbon MA	271 521	-32,3%	401 175	-11,1%	451 463	7,0%	421 871	-0,8%	425 440	2,4%	415 586
Alentejo	6 080	-38,4%	9 877	-11,8%	11 201	-9,3%	12 355	-14,2%	14 393	-31,3%	20 948
Algarve	20 370	-22,5%	26 274	-5,2%	27 725	49,1%	18 598	11,6%	16 659	-15,2%	19 635
Portugal	**76 462**	**-30,9%**	**110 720**	**-5,4%**	**117 070**	**1,9%**	**114 918**	**-5,7%**	**121 899**	**-0,1%**	**122 014**
Retail trade of watches, jewellery and goldsmith articles, in specialized outlets											
North	23 898	-14,7%	28 004	6,0%	26 423	5,1%	25 146	8,5%	23 183	9,3%	21 202
Centre	12 517	-14,8%	14 684	-7,6%	15 895	7,2%	14 826	6,4%	13 933	5,9%	13 151
Lisbon MA	63 082	-28,1%	87 691	9,7%	79 957	6,1%	75 372	13,9%	66 155	6,1%	62 361
Alentejo	7 675	-1,2%	7 767	1,7%	7 639	-16,6%	9 157	-2,2%	9 361	35,1%	6 931
Algarve	15 269	-10,3%	17 014	0,0%	17 012	11,7%	15 227	7,9%	14 115	-5,6%	14 953
Azores AR	18 294	-18,9%	22 566	2,2%	22 085	3,8%	21 273	4,2%	20 418	3,8%	19 674
Madeira AR	12 485	-13,4%	14 424	2,7%	14 039	-10,8%	15 743	2,8%	15 319	-3,2%	15 820
Portugal	**29 160**	**-22,0%**	**37 403**	**7,4%**	**34 818**	**5,6%**	**32 975**	**9,8%**	**30 043**	**6,5%**	**28 198**

Source: Own elaboration based on INE (2022).

Appendix 20 - BoI (Brands of Interest)

#	Brands	Origin	Site	Features	Gender	Distribution Channel
1	Delma	Switzerland	www.delma.ch	Tool, Dive, Sport, Elegant, Dress	M / F	Traditional, PAD, NE, MFB, WFB
2	Delbana	Switzerland	www.delbana.ch	Classic, Sport, Dress	M / F	Traditional, MFB, WFB
3	Reservoir	French-Swiss	www.reservoir-watch.com	Sport, Elegant	M	Traditional, PAD, MFB
4	Nomos	Germany	www.nomos-glashuette.com	Classic, Dress, Bauhaus Style	M	Traditional, MFB
5	Doxa	Swiss	www.doxawatches.com	Tool, Dive	M	Traditional, NE
6	Ball	USA-Swiss	www.ballwatch.com	Sport	M	Traditional, PAD
7	Bulova	USA	www.bulova.com	Entry Level	M/F	Traditional
8	Hanhart	Germany	www.hanhart.com	Tool, Sport	M	Traditional, PAD
9	Marathon	Canadian-Swiss	www.marathonwatch.com	Military, Tool	M	Traditional, PAD, NE
10	Lüm-Tec	USA	www.lum-tec.com	Military, Sport	M	Traditional, PAD
11	Luminox	USA-Swiss	eu.luminox.com	Military, Sport	M	Traditional, PAD
12	Stowa	Germany	www.stowa.de	Military, Sport, Dress	M	Traditional
13	Sinn	Germany	www.sinn.de	Sport, Elegant, Tool	M	Traditional, PAD, MFB
14	Squale	Switzerland	www.squale.ch	Tool, Dive	M	Traditional, NE
15	Zodiac	Switzerland	www.zodiacwatches.com	Sport, Casual	M	Traditional, PAD
16	Aquatico	Hong Kong	www.aquaticowatches.com	Sport, Casual	M	Traditional, PAD
17	Zelos	Singapore	www.zeloswatches.com	Sport, Casual	M	Traditional, PAD
18	Bonetto Cinturini	Italy	www.bonettocinturini.it	Accessories: Rubber Straps	M / F	Traditional
19	ColaReb	Italy	www.colareb.it	Accessories: Leather Straps	M / F	Traditional
20	Staib Gmbh	Germany	www.staib.de	Accessories: Metal Bracelets	M / F	Traditional
21	Crown & Buckle	USA	www.crownandbuckle.com	Accessories: Nato and Zulu Straps	M / F	Traditional

Source: Own elaboration.

Appendix 21 - Brief Description of Selected BoI's

Delma: Founded in 1924, in Grenchen, Switzerland, it is an independent, family-owned brand with an uninterrupted production line since its foundation. Its success was consolidated, especially, after the end of the World War II, with notable pieces such as chronographs first and diving watches later, in the 1960's. It has a vast and wide range, both in its male and female lines, totaling more than 350 SKU's. The men's line covers various segments, from aeronautical-inspired units, with their oversized pieces, to racing chronographs, to the heritage line, inspired by the 1960's dress watches and culminating in their diving line, with some remarkable tool watches.
Delbana: This brand belongs to the universe of Delma Watches. It aims a fusion of swiss technology with italian design. It primarily equips quartz calibres and has a lower, entry-level positioning.
Reservoir: This is a recently founded brand, dating just 2015. It boasts French design combined with Swiss-powered mechanics, "taking its inspiration from measuring instruments, Reservoir Watches reflect the functionality and aesthetic appeal of counters, manometers, gauges from universes like automobile, aeronautics and marine" (Reservoir Watches, 2022). It's an entry level luxury brand famous for presenting 3 watchmaking complications in its most recognized models: jumping hours, retrograde minutes and power reserve indicator.
Nomos: Founded in Glashütte, in the heart of the traditional German watchmaking industry, shortly after the fall of the Berlin Wall and subsequent reunification of Germany. Nomos is a highly recommended brand among the watchmaking enthusiast community due to its bold bauhaus-inspired design and its in-house inovative calibers.
Doxa: Swiss brand, founded in the late nineteenth century, Doxa is a highly reputated brand, especially in diving tool-watches. Launched in the Baselword event in 1967, the Sub 300 immediatly achieved a fair reputation, with its orange dial, considered today

the best color for diving watches, for its visibility in high depths. The marketing association with Jacques Costeau evoques its vocation as a reputable tool and culminates this success.
Ball: A highly recognizable brand founded in Ohio, in the U.S., at the end of the 19th century, although it carries the “Swiss Made” label. It is best known for having been adopted for the time standards management of the North American railways, after a big accident that occur in Kripten, Ohio, in 1891. Its signature is until today “Rail Road Standard”. Ball played a key role in the nationwide acceptance of the General Railroad Timepiece Standards in 1893, just after 10 years the Standard Time was adopted in the United States. Today, its headquarters are located in La Chaux-de-Fonds, in Switzerland.
Bulova: Was founded at the beginning of the 20th century in New York, by Joseph Bulova, a young immigrant from Bohemia, passionate about watchmaking and it’s famous and recognized worldwide. Some notable moments in its history refer to the launch of the Accutron model in 1960, the first fully electronic watch and also several associations to various NASA missions, which culminated in the Lunar Pilot chronograph, evocative of the model worn by Dave Scott on the lunar surface in 1971 and many times referred as an affordable alternative to the more luxurious moonwatch, the Omega Speedmaster. The company was acquired by Citizen in 2008.
Hanhart: German brand specialized in reputable mechanic racing chronographs. It is famous for being used by the actor Steve McQueen, known for its passion for car racing.
Marathon: Canadian-swiss brand, known for its models dedicated to military use. The search and rescue pilot divers’ models stand out and are the most recognized among the brand. Also, more affordable, resin made, field watches are appreciated by the watch enthusiasts. It’s a “Swiss Made” brand.
Lüm-Tec: American brand from Ohio, founded in 2008, recognizable for the strong, bold design of its models and, especially, for its own proprietary MDV technology (Maximum Darkness Visibility) innovation. This technology is implemented by using several

layers application of extremely bright Super Luminova photo-luminescent material and makes it possible to note the time by just a glance to the dial even in extremely low-light conditions.
Luminox: American brand, respecting compliance with the Swiss-made regulations, with its roots in the collaborations with the United States armed forces, specially the Navy Seals. Its core business is the supply of armed forces and military special units around the world as well as outdoor adventure sports lovers.
Stowa: German brand, founded in 1927, famous for being one of the 5 manufacturers that produced the "Flieger" model for the German Air Force (Luftwaffe) during World War II. It continues to have in its range, among others, models of aeronautical inspiration.
Sinn: German manufacturer of mechanical watches based in Frankfurt am Main, in Germany. The company was founded in 1961 by flight instructor and pilot Helmut Sinn under the name “Helmut Sinn Spezialuhren”. It is a highly appreciatted brand among watch enthusiasts.
Squale: Founded by Charls von Büren in Neuchâtel, Switzerland in 1959, Squale first began as a prominent casemaker for prestigious brands including Blancpain, Doxa and Heuer. In 1959, the Squale brand was established with patent for the production of diving watches. Today, the brand has established itself to become a highly regarded manufacturer of their very own Swiss-made professional diving tool watches built upon the brand’s vision and tradition in the field of maritime horology.
Zodiac: Brand founded in 1882 in Le Locle, Switzerland. Famous for its Sea Wolf dive line, but also for the never-identified Californian serial killer, that became known as the Zodiac Killer, because of the use of the brand’s logo in the letters he used to sent to the press. It currently belongs to the american-based Fossil group.
Aquatico: Established in 2017, in Hong Kong with a very focused line of products: dive watches. They make highly desirable, modern design dive pieces with Swiss, Japanese and even Chinese movements.

<u>Zelos</u>: Founded in Singapore in 2014. Uses Japanase or Swiss movements in their watches. It is an entry level, affordable, mechanic watches brand, which has experienced recognition for their bold design and overall quality.
<u>Bonetto Cinturini</u>: High quality Italian rubber straps for watches.
<u>ColaReb</u>: High quality Italian leather straps for watches.
<u>Staib</u>: High quality German metal bracelets for watches. Specialized in mesh bracelets, either in precious metals or stainless steel.
<u>Crown & Buckle</u>: American company specialized in military-inspired watch straps, such as Nato and Zulu type.

Source: Own Elaboration.

Appendix 22 - Pricing

Imports Scenario	MSRP	ND Margin	Ex Works	Shipping	Custom Duties	Handling	Stock	% MSRP	Outward	Stock Margins		Sales Margins		VAT	Invoice	MSRP Margins
EU	**1 000**	65%	350,0	15,0	0,0	3,5	368,5	36,9%	Retail Chain	**43,4%**	160,0	528,5	30,3%	121,5	650,0	**65%**
		65%	350,0	15,0	0,0	3,5	368,5		Final Consumer	**120,6%**	444,5	813,0	54,7%	187,0	1 000,0	**100%**
						Retail Chain:	528,5		Final Consumer	**35,0%**	284,6	813,0	35,0%	187,0	**1 000 €**	**RRP**
Swiss	**1 000**	65%	350,0	20,0	16,7	10,5	397,2	39,7%	Retail Chain	**33,1%**	131,3	528,5	24,8%	121,5	650,0	**65%**
		65%	350,0	20,0	16,7	10,5	397,2		Final Consumer	**104,7%**	415,9	813,0	51,2%	187,0	1 000,0	**100%**
						Retail Chain:	528,5		Final Consumer	**35,0%**	284,6	813,0	35,0%	187,0	**1 000 €**	**RRP**
Others	**1 000**	65%	350,0	20,0	16,7	10,5	397,2	39,7%	Retail Chain	**33,1%**	131,3	528,5	24,8%	121,5	650,0	**65%**
		65%	350,0	20,0	16,7	10,5	397,2		Final Consumer	**125,2%**	497,2	894,3	55,6%	205,7	1 100,0	**110%**
						Retail Chain:	528,5		Final Consumer	**40,9%**	365,9	894,3	40,9%	205,7	**1 100 €**	**RRP**

Source: Own Elaboration.

Appendix 23 - Assets Investment

Basic Equipment			
Item	**Price**	**Un.**	**Value**
Manager Secretary	850 €	1	850 €
Chair	250 €	1	250 €
Administrative Secretary	500 €	1	500 €
Chair	200 €	1	200 €
KAM Secretary	300 €	1	300 €
Chair	160 €	1	160 €
Drawer Blocks	170 €	3	510 €
Shelves	100 €	2	200 €
Meeting Table	750 €	1	750 €
Meeting Chairs	90 €	8	720 €
Reception Chairs	200 €	1	200 €
Visitors Chairs	40 €	4	160 €
Office Cabinets	250 €	3	750 €
Refrigerator	550 €	1	550 €
Micro Wave	300 €	1	300 €
Safe	2 000 €	1	2 000 €
Alarm	600 €	1	600 €
Others	500 €	1	500 €
Total			**9 500 €**

Administrative Equipment			
Item	**Price**	**Un.**	**Value**
Laser Printer	500 €	1	500 €
InkJet Printer	150 €	1	150 €
Mobile Phones	400 €	2	800 €
Wi-Fi Router	400 €	0	0 €
Microsoft Surface	1 000 €	2	2 000 €
Surface Keyboards	100 €	2	200 €
PC LCD Display	200 €	2	400 €
Dock Station	300 €	2	600 €
Others	250 €	1	250 €
Total			**4 900 €**
Vehicles	27 490 €	1	**27 490 €**
Office Improvements			**6 000 €**

Source: Own elaboration.

Appendix 24 - SES

Board Travels & Stays (3)	
Item	**Value**
Air Flights	500 €
Hotels	900 €
Dinners	600 €
Others	500 €
Total	2 500 €

KAM Travels & Stays (3)	
Item	**Value**
Hotel	70 €
Dinner	20 €
Breakfast	10 €
Total	100 €

Salaries (1)		
Item	**Value**	**Food**
Director	1 300 €	
Administrative	1 200 €	
KAM	1 000 €	154 €
Sales Comissions	1,00%	
Total	3 500 €	

Vehicles Maintenance (2)	
Item	**Value**
Service	600 €
Tires	500 €
Others	100 €
Total	1 200 €

Fuel / Vehicle (2)	
Item	**Value**
Kms per Year	40 000
Consumption	6 L/100
Diesel Price	1,6 € (*)
Total	3 840 €

Fast Wear Tools (3)	
Item	**Value**
Aluminum Suitcases	600 €
Watchmaker Tools	300 €
Display Showcases	400 €
Trays	200 €
Others	500 €
Total	2 000 €

Tolls & Parks / Vehicle (2)	
Item	**Value**
Tolls/Parks	1 440 €

Representation Exp. (1)	
Item	**Value**
Budget	150 €

Communications (1)	
Item	**Value**
Vodafone Pro +	72 €
Mobile Added	25 €
VPN	8 €
Total	105 €

Insurances (2)	
Item	**Value**
Office Multi Risk	200 €
Theft Coverage	200 €
Auto	700 €
Total	1 100 €

Fees (1)	
Item	**Value**
Customs Broker	400 €
Accountant	200 €
Legal	100 €
Total	700 €

Cleaning & Hygiene (2)	
Item	**Value**
Services	3 600 €
Products	300 €
Car Wash	720 €
Total	4 620 €

Office Supplies (1)	
Item	**Value**
Ink Cartridges	50 €
Paper	5 €
Others	25 €
Total	80 €

Litigation & Notary (2)	
Item	**Value**
Installation Expenses	750 €
After 2nd Year	150 €

Office Rent (1)	500 €

Surveillance (1)	
Item	**Value**
24H Connection	50 €

Incubator Office Rent (1)	120 €

(1) Monthly **(2) Yearly** **(3) Unit** **(*) 24/04/2023**

Source: Own elaboration.

Appendix 25 - Operating Funds (Base Scenario)

€	2024	2025	2026	2027	2028	2029
Operating Funds Requirements	**42 007**	**57 124**	**79 841**	**114 793**	**171 833**	**269 067**
Clients	14 813	20 144	28 155	40 480	60 594	94 882
Inventories	27 194	36 980	51 687	74 313	111 239	174 185
SOPE						
Other Credits						
Operating Funds Resources	**8 584**	**14 345**	**21 059**	**30 340**	**47 059**	**72 743**
Suppliers						
SOPE	8 584	14 345	21 059	30 340	47 059	72 743
IRS	402	795	819	1 322	1 429	1 943
VAT	7 252	11 707	18 342	25 954	42 320	66 299
TSU	931	1 843	1 898	3 063	3 311	4 501
Other Debts						
Operating Funds	**33 423**	**42 778**	**58 782**	**84 453**	**124 774**	**196 325**
Operating Funds Variation	**33 423**	**9 355**	**16 004**	**25 671**	**40 321**	**71 551**

Source: Own elaboration.

Appendix 26 - Profit & Loss (-10% Scenario)

€	2024	2025	2026	2027	2028	2029
Sales	**263 744**	**358 656**	**501 291**	**720 737**	**1 078 872**	**1 689 366**
COGS	-178 663	-242 958	-339 581	-488 236	-730 841	-1 144 397
SES	-64 647	-77 032	-79 216	-93 324	-95 929	-116 323
Personnel	-25 507	-50 633	-52 105	-83 725	-90 058	-122 425
EBITDA	**-5 074**	**-11 968**	**30 389**	**55 452**	**162 044**	**306 220**
Depreciations	-5 864	-8 530	-8 530	-12 787	-12 787	-10 360
EBIT	-10 938	-20 498	21 859	42 665	149 257	295 861
EBT	**-10 938**	**-20 498**	**21 859**	**42 665**	**149 257**	**295 861**
Taxes			**-1 607**	**-6 500**	**-36 568**	**-72 486**
IRC			-1 508	-6 102	-34 329	-68 048
Derrama			-98	-398	-2 239	-4 438
Net Income	**-10 938**	**-20 498**	**20 252**	**36 165**	**112 689**	**223 375**

Sorce: Own elaboration.

Appendix 27 - Balance Sheet (-10% Scenario)

€	2024	2025	2026	2027	2028	2029
Assets	**76 523**	**101 382**	**127 740**	**172 251**	**300 134**	**546 592**
Non Current Assets	**33 764**	**48 316**	**39 786**	**58 591**	**45 804**	**68 298**
Tangible Assets	24 054	39 769	33 982	54 218	44 503	65 941
Non Tangible Assets	9 710	8 547	5 804	4 373	1 301	2 357
Current Assets	**42 759**	**53 066**	**87 954**	**113 660**	**254 330**	**478 294**
Inventories	24 474	33 282	46 518	66 882	100 115	156 767
Clients	13 332	18 129	25 339	36 432	54 535	85 394
SOPE						
Cash	4 953	1 654	16 097	10 347	99 680	236 133
Equity	**69 062**	**88 564**	**108 816**	**144 981**	**257 670**	**481 045**
Paid Up Capital	80 000	120 000	120 000	120 000	120 000	120 000
Supplementary Installments						
Carried Forward Results		-10 938	-31 436	-11 184	24 981	137 670
Net Income	-10 938	-20 498	20 252	36 165	112 689	223 375
Liabilities	**7 461**	**12 818**	**18 924**	**27 270**	**42 464**	**65 547**
Current Liabilities	**7 461**	**12 818**	**18 924**	**27 270**	**42 464**	**65 547**
Suppliers						
SOPE	7 461	12 818	18 924	27 270	42 464	65 547
Total Equity + Liabilities	**76 523**	**101 382**	**127 740**	**172 251**	**300 134**	**546 592**

Source: Own elaboration.

Appendix 28 - Treasury Map (-10% Scenario)

€	2024	2025	2026	2027	2028	2029
From Operational Activities	**-26 305**	**-16 361**	**14 443**	**33 108**	**89 334**	**176 863**
Inflow	**311 073**	**436 349**	**609 378**	**875 413**	**1 308 910**	**2 047 061**
Current Year	311 073	423 017	591 249	850 074	1 272 478	1 992 526
Clients	311 073	423 017	591 249	850 074	1 272 478	1 992 526
Previous Year		13 332	18 129	25 339	36 432	54 535
Clients		13 332	18 129	25 339	36 432	54 535
Outflow	**337 378**	**452 710**	**594 936**	**842 305**	**1 219 576**	**1 870 198**
Current Year	337 378	445 249	580 511	816 882	1 155 738	1 755 248
Suppliers	282 932	347 113	450 863	624 304	883 001	1 345 382
Personnel	15 809	31 409	32 312	51 843	55 677	75 685
SOPE	38 636	66 727	97 337	140 735	217 060	334 181
IRS	2 410	4 772	4 915	7 934	8 574	11 657
VAT	30 643	50 899	81 034	114 420	188 623	295 517
TSU	5 584	11 056	11 387	18 381	19 864	27 006
Previous Year		7 461	14 424	25 424	63 838	114 950
SOPE		7 461	14 424	25 424	63 838	114 950
IRC			1 607	6 500	36 568	72 486
IRS		402	795	819	1 322	1 429
VAT		6 129	10 180	16 207	22 884	37 725
TSU		931	1 843	1 898	3 063	3 311
From Financing Activities	**80 000**	**40 000**				
Inflow	**80 000**	**40 000**				
Paid Up Capital	80 000	40 000				
From Investment Activities	**-48 742**	**-26 937**		**-38 859**		**-40 410**
OutFlow	**48 742**	**26 937**		**38 859**		**40 410**
Fixed Assets	48 742	26 937		38 859		40 410
Cash Beguining Year		**4 953**	**1 654**	**16 097**	**10 347**	**99 680**
Cash End Year	**4 953**	**1 654**	**16 097**	**10 347**	**99 680**	**236 133**
Treasury Requirements						

Source: Own elaboration.

Appendix 29 - FCFF updated by WACC (-10% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-10 938	-20 498	21 859	42 665	149 257	295 861
- IRC			-1 607	-6 500	-36 568	-72 486
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-30 345	-8 248	-14 340	-23 110	-36 142	-64 427
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-75 047**	**-43 298**	**14 443**	**-5 751**	**89 334**	**136 453**
Residual Value						244 911
FCFE With RV	**-75 047**	**-43 298**	**14 443**	**-5 751**	**89 334**	**381 364**
Perpetuity						918 784
FCFF With Perpetuity	**-75 047**	**-43 298**	**14 443**	**-5 751**	**89 334**	**1 055 237**
FCFF Discounted RV	-75 047	-37 326	10 733	-3 684	49 338	181 573
FCFF Discounted Acumulated RV	-75 047	-112 373	-101 640	-105 324	-55 986	125 587
FCFF Discounted Perpetuity	-75 047	-37 326	10 733	-3 684	49 338	502 412
FCFF Discounted Acumulated Perpetuity	-75 047	-112 373	-101 640	-105 324	-55 986	446 426

Metric	W/ RV	W/ Perpetuity
NPV	125 587 €	446 426 €
IRR	37,94%	65,39%
DPP	5,31Yrs.	5,11Yrs.
PI	1,53	5,43

Residual Value (RV)	244 911 €
Perpetuity Value	918 784 €

In this scenario there is no financing other than equity, which means the FCFF and FCFE updated by CAPM produce the same results.

Source: Own elaboration.

Appendix 30 - Profit & Loss (-20% Scenario)

€	2024	2025	2026	2027	2028	2029
Sales	**234 439**	**318 805**	**445 592**	**640 655**	**958 997**	**1 501 659**
COGS	-158 812	-215 962	-301 850	-433 987	-649 636	-1 017 242
SES	-64 647	-77 032	-79 216	-93 324	-95 929	-116 323
Personnel	-25 507	-50 633	-52 105	-83 725	-90 058	-122 425
EBITDA	**-14 527**	**-24 823**	**12 422**	**29 619**	**123 374**	**245 668**
Depreciations	-5 864	-8 530	-8 530	-12 787	-12 787	-10 360
EBIT	-20 391	-33 354	3 891	16 831	110 586	235 308
EBT	**-20 391**	**-33 354**	**3 891**	**16 831**	**110 586**	**235 308**
Taxes			**-286**	**-1 237**	**-17 480**	**-57 651**
IRC			-268	-1 161	-16 410	-54 121
Derrama			-18	-76	-1 070	-3 530
Net Income	**-20 391**	**-33 354**	**3 605**	**15 594**	**93 106**	**177 658**

Source: Own elaboration.

Appendix 31 - Balance Sheet (-20% Scenario)

€	2024	2025	2026	2027	2028	2029
Assets	**67 369**	**94 015**	**103 659**	**174 473**	**216 430**	**414 571**
Non Current Assets	**33 764**	**48 316**	**39 786**	**58 591**	**45 804**	**68 298**
Tangible Assets	24 054	39 769	33 982	54 218	44 503	65 941
Non Tangible Assets	9 710	8 547	5 804	4 373	1 301	2 357
Current Assets	**33 605**	**45 699**	**63 873**	**115 882**	**170 626**	**346 273**
Inventories	21 755	29 584	41 349	59 450	88 991	139 348
Clients	11 850	16 115	22 524	32 384	48 475	75 906
SOPE						
Cash				24 048	33 159	131 019
Equity	**59 609**	**66 255**	**82 536**	**150 273**	**178 561**	**356 219**
Paid Up Capital	80 000	120 000	120 000	120 000	120 000	120 000
Supplementary Installments			12 676	64 818		
Carried Forward Results		-20 391	-53 745	-50 140	-34 545	58 561
Net Income	-20 391	-33 354	3 605	15 594	93 106	177 658
Liabilities	**7 761**	**27 760**	**21 123**	**24 200**	**37 869**	**58 352**
Non Current Liabilities	**-1 423**	**-16 470**	**-4 334**			
Financing (MLT)	-1 423	-16 470	-4 334			
Current Liabilities	**9 184**	**44 229**	**25 457**	**24 200**	**37 869**	**58 352**
Suppliers						
SOPE	6 337	11 290	16 789	24 200	37 869	58 352
Financing (ST)	2 846	32 939	8 668			
Total Equity + Liabilities	**67 369**	**94 015**	**103 659**	**174 473**	**216 430**	**414 571**

Source: Own elaboration.

Appendix 32 - Treasury Map (-20% Scenario)

€	2024	2025	2026	2027	2028	2029
From Operational Activities	**-32 681**	**-28 109**	**-540**	**15 098**	**73 930**	**138 270**
Inflow	**276 509**	**387 866**	**541 670**	**778 145**	**1 163 475**	**1 819 610**
Current Year	276 509	376 015	525 555	755 622	1 131 091	1 771 135
Clients	276 509	376 015	525 555	755 622	1 131 091	1 771 135
Previous Year		11 850	16 115	22 524	32 384	48 475
Clients		11 850	16 115	22 524	32 384	48 475
Outflow	**309 191**	**415 975**	**542 210**	**763 047**	**1 089 545**	**1 681 340**
Current Year	309 191	409 637	530 634	745 021	1 047 865	1 585 821
Suppliers	260 362	319 139	411 661	567 793	798 104	1 211 932
Personnel	15 809	31 409	32 312	51 843	55 677	75 685
SOPE	33 020	59 089	86 661	125 386	194 084	298 204
IRS	2 410	4 772	4 915	7 934	8 574	11 657
VAT	25 026	43 261	70 358	99 071	165 647	259 540
TSU	5 584	11 056	11 387	18 381	19 864	27 006
Previous Year		6 337	11 576	18 026	41 680	95 520
SOPE		6 337	11 576	18 026	41 680	95 520
IRC			286	1 237	17 480	57 651
IRS		402	795	819	1 322	1 429
VAT		5 005	8 652	14 072	19 814	33 129
TSU		931	1 843	1 898	3 063	3 311
From Financing Activities	**80 000**	**38 577**	**-3 794**	**47 808**	**-64 818**	
Inflow	**80 000**	**40 000**	**12 676**	**52 142**		
Paid Up Capital + Installments	80 000	40 000	12 676	52 142		
Outflow		**1 423**	**16 470**	**4 334**	**64 818**	
Debt Repayment		1 423	16 470	4 334		
Installments Repayment					64 818	
From Investment Activities	**-48 742**	**-26 937**		**-38 859**		**-40 410**
OutFlow	**48 742**	**26 937**		**38 859**		**40 410**
Fixed Assets	48 742	26 937		38 859		40 410
Cash Beguining Year					**24 048**	**33 159**
Cash End Year	**-1 423**	**-16 470**	**-4 334**	**24 048**	**33 159**	**131 019**
Treasury Requirements	**1 423**	**16 470**	**4 334**			

Source: Own Elaboration

Appendix 33 - FCFF updated by WACC (-20% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-20 391	-33 354	3 891	16 831	110 586	235 308
- IRC			-286	-1 237	-17 480	-57 651
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-27 268	-7 141	-12 676	-20 550	-31 964	-57 304
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**97 859**
Residual Value						225 200
FCFE With RV	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**323 059**
Perpetuity						675 115
FCFF With Perpetuity	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**772 975**
FCFF Discounted RV	-81 423	-47 601	-404	-15 365	41 341	156 221
FCFF Discounted Acumulated RV	-81 423	-129 025	-129 428	-144 794	-103 452	52 769
FCFF Discounted Perpetuity	-81 423	-47 601	-404	-15 365	41 341	373 785
FCFF Discounted Acumulated Perpetuity	-81 423	-129 025	-129 428	-144 794	-103 452	270 333

Metric	**W/ RV**	**W/ Perpetuity**
NPV	52 769 €	270 333 €
IRR	24,60%	47,48%
DPP	5,66Yrs.	5,28Yrs.
PI	0,64	3,26

Residual Value (RV)	225 200 €
Perpetuity Value	675 115 €

Source: Own elaboration.

Appendix 34 - FCFF updated by CAPM (-20% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-20 391	-33 354	3 891	16 831	110 586	235 308
- IRC			-286	-1 237	-17 480	-57 651
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-27 268	-7 141	-12 676	-20 550	-31 964	-57 304
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**97 859**
Residual Value						225 200
FCFF With RV	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**323 059**
Perpetuity						658 920
FCFF With Perpetuity	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**756 779**
FCFF Discounted RV	-81 423	-47 454	-401	-15 223	40 831	153 813
FCFF Discounted Acumulated RV	-81 423	-128 877	-129 278	-144 501	-103 670	50 143
FCFF Discounted Perpetuity	-81 423	-47 454	-401	-15 223	40 831	360 312
FCFF Discounted Acumulated Perpetuity	-81 423	-128 877	-129 278	-144 501	-103 670	256 642

Metric	W/ RV	W/ Perpetuity
NPV	50 143 €	256 642 €
IRR	24,60%	46,86%
DPP	5,67Yrs.	5,29Yrs.
PI	0,60	3,09

Residual Value (RV)	225 200 €
Perpetuity Value	658 920 €

Source: Own elaboration.

Appendix 35 - FCFE updated by CAPM (-20% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-20 391	-33 354	3 891	16 831	110 586	235 308
- IRC			-286	-1 237	-17 480	-57 651
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-27 268	-7 141	-12 676	-20 550	-31 964	-57 304
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**97 859**
Debt Repayment		-1 423	-16 470	-4 334		
FCFE	**-81 423**	**-56 470**	**-17 010**	**-28 095**	**73 930**	**97 859**
Residual Value						225 200
FCFE With RV	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**323 059**
Perpetuity						658 920
FCFE With Perpetuity	**-81 423**	**-55 046**	**-540**	**-23 761**	**73 930**	**756 779**
FCFE Discounted RV	-81 423	-48 681	-12 641	-17 999	40 831	153 813
FCFE Discounted Acumulated RV	-81 423	-130 104	-142 745	-160 744	-119 913	33 900
FCFE Discounted Perpetuity	-81 423	-48 681	-12 641	-17 999	40 831	360 312
FCFE Discounted Acumulated Perpetuity	-81 423	-130 104	-142 745	-160 744	-119 913	240 399

Metric	W/ RV	W/ Perpetuity
NPV	33 900 €	240 399 €
IRR	21,66%	44,28%
DPP	5,78Yrs.	5,33Yrs.
PI	0,41	2,90

Residual Value (RV)	225 200 €
Perpetuity Value	658 920 €

Source: Own elaboration.

Appendix 36 - Profit & Loss (-30% Scenario)

€	2024	2025	2026	2027	2028	2029
Sales	**205 134**	**278 954**	**389 893**	**560 573**	**839 123**	**1 313 951**
COGS	-138 960	-188 967	-264 118	-379 739	-568 432	-890 087
SES	-64 647	-77 032	-79 216	-93 324	-95 929	-116 323
Personnel	-25 507	-50 633	-52 105	-83 725	-90 058	-122 425
EBITDA	**-23 981**	**-37 678**	**-5 546**	**3 785**	**84 703**	**185 116**
Depreciations	-5 864	-8 530	-8 530	-12 787	-12 787	-10 360
EBIT	-29 845	-46 209	-14 077	-9 002	71 916	174 756
EBT	**-29 845**	**-46 209**	**-14 077**	**-9 002**	**71 916**	**174 756**
Taxes					**-5 286**	**-30 862**
IRC					-4 962	-28 972
Derrama					-324	-1 889
Net Income	**-29 845**	**-46 209**	**-14 077**	**-9 002**	**66 630**	**143 895**

Source: Own elaboration.

Appendix 37 - Balance Sheet (-30% Scenario)

€	2024	2025	2026	2027	2028	2029
Assets	**63 169**	**88 303**	**95 675**	**138 946**	**209 150**	**282 550**
Non Current Assets	**33 764**	**48 316**	**39 786**	**58 591**	**45 804**	**68 298**
Tangible Assets	24 054	39 769	33 982	54 218	44 503	65 941
Non Tangible Assets	9 710	8 547	5 804	4 373	1 301	2 357
Current Assets	**29 405**	**39 986**	**55 889**	**80 355**	**163 346**	**214 252**
Inventories	19 036	25 886	36 181	52 019	77 867	121 930
Clients	10 369	14 101	19 708	28 336	42 416	66 418
SOPE						
Cash					43 063	25 904
Equity	**50 155**	**43 946**	**40 881**	**81 461**	**175 877**	**231 393**
Paid Up Capital	80 000	120 000	120 000	120 000	120 000	120 000
Supplementary Installments			11 011	60 593	88 378	
Carried Forward Results		-29 845	-76 054	-90 130	-99 132	-32 502
Net Income	-29 845	-46 209	-14 077	-9 002	66 630	143 895
Liabilities	**13 013**	**44 356**	**54 793**	**57 485**	**33 274**	**51 157**
Non Current Liabilities	**-7 799**	**-34 593**	**-40 140**	**-36 355**		
Financing (MLT)	-7 799	-34 593	-40 140	-36 355		
Current Liabilities	**20 813**	**78 950**	**94 933**	**93 839**	**33 274**	**51 157**
Suppliers						
SOPE	5 214	9 763	14 654	21 130	33 274	51 157
Financing (ST)	15 599	69 187	80 279	72 709		
Total Equity + Liabilities	**63 169**	**88 303**	**95 675**	**138 946**	**209 150**	**282 550**

Source: Own elaboration.

Appendix 38 - Treasury Map (-30% Scenario)

€	2024	2025	2026	2027	2028	2029
From Operational Activities	**-39 057**	**-39 857**	**-16 558**	**-6 938**	**51 633**	**111 630**
Inflow	**241 946**	**339 382**	**473 961**	**680 877**	**1 018 041**	**1 592 159**
Current Year	241 946	329 013	459 860	661 169	989 705	1 549 743
Clients	241 946	329 013	459 860	661 169	989 705	1 549 743
Previous Year		10 369	14 101	19 708	28 336	42 416
Clients		10 369	14 101	19 708	28 336	42 416
Outflow	**281 003**	**379 239**	**490 519**	**687 815**	**966 408**	**1 480 529**
Current Year	281 003	374 025	480 756	673 161	939 992	1 416 394
Suppliers	237 791	291 165	372 459	511 282	713 206	1 078 482
Personnel	15 809	31 409	32 312	51 843	55 677	75 685
SOPE	27 403	51 451	75 985	110 037	171 108	262 226
IRS	2 410	4 772	4 915	7 934	8 574	11 657
VAT	19 409	35 623	59 683	83 722	142 671	223 563
TSU	5 584	11 056	11 387	18 381	19 864	27 006
Previous Year		5 214	9 763	14 654	26 416	64 135
SOPE		5 214	9 763	14 654	26 416	64 135
IRC					5 286	30 862
IRS		402	795	819	1 322	1 429
VAT		3 882	7 125	11 937	16 744	28 534
TSU		931	1 843	1 898	3 063	3 311
From Financing Activities	**80 000**	**32 201**	**-23 582**	**9 442**	**-8 570**	**-88 378**
Inflow	**80 000**	**40 000**	**11 011**	**49 582**	**27 785**	
Paid Up Capital + Installments	80 000	40 000	11 011	49 582	27 785	
Outflow		**7 799**	**34 593**	**40 140**	**36 355**	**88 378**
Debt Repayment		7 799	34 593	40 140	36 355	
Installments Repayment						88 378
From Investment Activities	**-48 742**	**-26 937**		**-38 859**		**-40 410**
OutFlow	**48 742**	**26 937**		**38 859**		**40 410**
Fixed Assets	48 742	26 937		38 859		40 410
Cash Beguining Year						**43 063**
Cash End Year	**-7 799**	**-34 593**	**-40 140**	**-36 355**	**43 063**	**25 904**
Treasury Requirements	**7 799**	**34 593**	**40 140**	**36 355**		

Source: Own elaboration.

Appendix 39 - FCFF updated by WACC (-30% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-29 845	-46 209	-14 077	-9 002	71 916	174 756
- IRC					-5 286	-30 862
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-24 191	-6 033	-11 011	-17 989	-27 785	-50 181
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**71 219**
Residual Value						205 489
FCFE With RV	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**276 708**
Perpetuity						556 601
FCFF With Perpetuity	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**627 820**
FCFF Discounted RV	-87 799	-58 631	-12 758	-30 974	30 653	144 197
FCFF Discounted Acumulated RV	-87 799	-146 430	-159 188	-190 162	-159 509	-15 311
FCFF Discounted Perpetuity	-87 799	-58 631	-12 758	-30 974	30 653	327 168
FCFF Discounted Acumulated Perpetuity	-87 799	-146 430	-159 188	-190 162	-159 509	167 659

Metric	**W/ RV**	**W/ Perpetuity**
NPV	-15 311 €	167 659 €
IRR	11,49%	33,10%
DPP	No	5,49Yrs.
PI	-0,18	1,94

Residual Value (RV)	205 489 €
Perpetuity Value	556 601 €

Source: Own elaboration.

Appendix 40 - FCFF updated by CAPM (-30% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-29 845	-46 209	-14 077	-9 002	71 916	174 756
- IRC					-5 286	-30 862
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-24 191	-6 033	-11 011	-17 989	-27 785	-50 181
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**71 219**
Residual Value						205 489
FCFF With RV	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**276 708**
Perpetuity						479 544
FCFF With Perpetuity	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**550 764**
FCFF Discounted RV	-87 799	-57 581	-12 305	-29 340	28 516	131 744
FCFF Discounted Acumulated RV	-87 799	-145 380	-157 686	-187 026	-158 509	-26 765
FCFF Discounted Perpetuity	-87 799	-57 581	-12 305	-29 340	28 516	262 226
FCFF Discounted Acumulated Perpetuity	-87 799	-145 380	-157 686	-187 026	-158 509	103 717

Metric	**W/ RV**	**W/ Perpetuity**
NPV	-26 765 €	103 717 €
IRR	11,49%	29,36%
DPP	No	5,60Yrs.
PI	-0,31	1,20

Residual Value (RV)	205 489 €
Perpetuity Value	479 544 €

Source: Own elaboration.

Appendix 41 - FCFE updated by CAPM (-30% Scenario)

€	2024	2025	2026	2027	2028	2029
+ EBIT	-29 845	-46 209	-14 077	-9 002	71 916	174 756
- IRC					-5 286	-30 862
+ Depreciations	5 864	8 530	8 530	12 787	12 787	10 360
- Operating Funds Variation	-24 191	-6 033	-11 011	-17 989	-27 785	-50 181
- CAPEX	-39 628	-23 083		-31 593		-32 854
Operational Cash-Flow	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**71 219**
Debt Repayment		-7 799	-34 593	-40 140	-36 355	
FCFE	**-87 799**	**-74 593**	**-51 151**	**-85 936**	**15 278**	**71 219**
Residual Value						205 489
FCFE With RV	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**276 708**
Perpetuity						479 544
FCFE With Perpetuity	**-87 799**	**-66 794**	**-16 558**	**-45 797**	**51 633**	**550 764**
FCFE Discounted RV	-87 799	-64 305	-38 014	-55 056	8 438	131 744
FCFE Discounted Acumulated RV	-87 799	-152 104	-190 118	-245 173	-236 735	-104 991
FCFE Discounted Perpetuity	-87 799	-64 305	-38 014	-55 056	8 438	262 226
FCFE Discounted Acumulated Perpetuity	-87 799	-152 104	-190 118	-245 173	-236 735	25 490

Metric	W/ RV	W/ Perpetuity
NPV	-104 991 €	25 490 €
IRR	-0,72%	19,11%
DPP	No	5,90Yrs.
PI	-1,22	0,30

Residual Value (RV)	205 489 €
Perpetuity Value	479 544 €

Source: Own elaboration.

ATTACHMENTS

Attachment 1 - EUR/CHF exchange rates (2015-2020)

Source: Retrieved from ECB (2022).

Attachment 2 - World distribution of Swiss watch exports (2020)

Markets	Mil. of CHF			Variation			
	2020	2019	2018	2020/2019		2020/2018	
				(+)	(-)	(+)	(-)
1. China	**2,394.0**	1,994.2	1,717.9	+20.0%		+39.4%	
2. USA	**1,986.7**	2,409.4	2,218.0		-17.5%		-10.4%
3. Hong Kong	**1,696.7**	2,691.0 *	3,002.5		-36.9%		-43.5%
4. Japan	**1,189.5**	1,608.6	1,341.7		-26.1%		-11.3%
5. United Kingdom	**1,030.2**	1,366.2	1,232.8		-24.6%		-16.4%
6. Singapore	**933.6**	1,269.0	1,106.8		-26.4%		-15.6%
7. Germany	**886.4**	1,127.3	1,124.4		-21.4%		-21.2%
8. UAE	**758.5**	935.3	911.8		-18.9%		-16.8%
9. France	**667.2**	1,073.7	1,071.4		-37.9%		-37.7%
10. Italy	**647.6**	970.8	1,011.9		-33.3%		-36.0%
11. South Korea	**584.2**	921.6	878.5		-36.6%		-33.5%
12. Taiwan	**279.2**	309.8	306.1		-9.9%		-8.8%
13. Spain	**256.1**	392.6	396.5		-34.8%		-35.4%
14. Netherlands	**234.9**	259.5	267.4		-9.5%		-12.2%
15. Saudi Arabia	**222.2**	322.4	344.3		-31.1%		-35.5%
16. Australia	**202.2**	237.8	240.1		-15.0%		-15.8%
17. Russia	**191.4**	199.1	195.0		-3.9%		-1.8%
18. Canada	**159.4**	194.5	177.2		-18.1%		-10.1%
19. Qatar	**156.2**	195.1	214.8		-19.9%		-27.3%
20. Thailand	**140.6**	229.5	279.0		-38.8%		-49.6%
21. Mexico	**139.2**	218.6	214.1		-36.3%		-35.0%
22. Austria	**135.0**	184.9	210.4		-27.0%		-35.8%
23. Oman	**131.5**	75.8	92.4	+73.4%		+42.4%	
24. Ireland	**130.2**	18.3	1.3	+611.6%		> 1,000%	
25. Turkey	**121.0**	140.0	145.1		-13.5%		-16.6%
26. Kuwait	**120.4**	148.2	150.1		-18.8%		-19.8%
27. Portugal	**106.3**	165.8	175.3		-35.9%		-39.4%
28. India	**97.0**	149.7	154.9		-35.2%		-37.4%
29. Bahrain	**93.5**	129.5	129.3		-27.8%		-27.7%
30. Belgium	**86.9**	113.6	102.7		-23.5%		-15.4%
Total 30 markets	**15,777.7**	**20,052.0**	**19,413.6**		**-21.3%**		**-18.7%**
Share in %	**92.9%**	92.3%	91.7%				
Total value	**16,984.1**	**21,717.7**	**21,180.2**		**-21.8%**		**-19.8%**

Source: Retrieved from Fédération d'Industrie Horlogère Suisse FH (2021).

Attachment 3 - World distribution of Swiss watch exports (2021)

Markets	Mil. of CHF			Variation			
	2021	2020	2019	2021/2020		2021/2019	
				(+)	(-)	(+)	(-)
1. USA	**3,078.8**	1,987.2	2,409.4	+54.9%		+27.8%	
2. China	**2,967.2**	2,394.7	1,994.2	+23.9%		+48.8%	
3. Hong Kong	**2,133.4**	1,697.1	2,691.0	+25.7%			-20.7%
4. Japan	**1,416.5**	1,189.7	1,608.6	+19.1%			-11.9%
5. United Kingdom	**1,334.0**	1,031.6	1,366.2	+29.3%			-2.4%
6. Singapore	**1,276.9**	935.5	1,269.0	+36.5%		+0.6%	
7. Germany	**1,061.2**	887.0	1,127.3	+19.6%			-5.9%
8. UAE	**995.5**	759.0	935.3	+31.2%		+6.4%	
9. France	**953.9**	667.9	1,073.7	+42.8%			-11.2%
10. Italy	**859.6**	650.0	970.8	+32.3%			-11.5%
11. South Korea	**749.1**	584.2	921.6	+28.2%			-18.7%
12. Spain	**341.9**	256.2	392.6	+33.5%			-12.9%
13. Taiwan	**318.9**	279.3	309.8	+14.2%		+3.0%	
14. Saudi Arabia	**316.5**	222.8	322.4	+42.0%			-1.8%
15. Netherlands	**292.1**	235.0	259.5	+24.3%		+12.6%	
16. Australia	**279.6**	202.2	237.8	+38.3%		+17.6%	
17. Russia	**260.1**	192.3	199.1	+35.3%		+30.6%	
18. Canada	**214.8**	159.5	194.5	+34.7%		+10.4%	
19. Mexico	**199.0**	139.3	218.6	+42.8%			-9.0%
20. Thailand	**192.7**	140.6	229.5	+37.1%			-16.0%
21. Qatar	**184.4**	156.7	195.1	+17.7%			-5.4%
22. Turkey	**173.1**	121.0	140.0	+43.0%		+23.6%	
23. Austria	**167.9**	135.1	184.9	+24.3%			-9.2%
24. India	**156.8**	97.0	149.7	+61.7%		+4.7%	
25. Kuwait	**150.7**	120.4	148.2	+25.1%		+1.7%	
26. Bahrain	**137.2**	93.5	129.5	+46.7%		+5.9%	
27. Ireland	**121.1**	131.9 *	18.3		-8.2%	+561.9%	
28. Belgium	**114.3**	86.9	113.6	+31.6%		+0.6%	
29. Portugal	**99.7**	106.3	165.8		-6.2%		-39.9%
30. Greece	**89.3**	64.4	94.0	+38.7%			-5.0%
Total 30 markets	**20,636.3**	**15,724.3**	**20,070.1**	**+31.2%**		**+2.8%**	
Share in %	**92.6%**	92.5%	92.4%				
Total value	**22,296.7**	**16,999.7**	**21,717.7**	**+31.2%**		**+2.7%**	

Source: Retrieved from Fédération d’Industrie Horlogère Suisse FH (2022).

Attachment 4 - World distribution of Swiss watch exports (2022)

Markets	Mil. of CHF			Variation			
	2022	2021	2020	2022/2021		2022/2020	
				(+)	(-)	(+)	(-)
1. USA	**3,889.6**	3,080.5	1,987.2	+26.3%		+95.7%	
2. China	**2,563.8**	2,966.9	2,394.7		-13.6%	+7.1%	
3. Hong Kong	**1,908.5**	2,133.2	1,697.1		-10.5%	+12.5%	
4. Japan	**1,693.0**	1,417.1	1,189.7	+19.5%		+42.3%	
5. United Kingdom	**1,620.2**	1,334.1	1,031.6	+21.5%		+57.1%	
6. Singapore	**1,613.8**	1,277.0	935.5	+26.4%		+72.5%	
7. Germany	**1,291.5**	1,061.3	887.0	+21.7%		+45.6%	
8. France	**1,183.6**	953.9	667.9	+24.1%		+77.2%	
9. UAE	**1,124.6**	997.4	759.0	+12.7%		+48.2%	
10. Italy	**974.4**	859.6	650.0	+13.4%		+49.9%	
11. South Korea	**763.7**	749.3	584.2	+1.9%		+30.7%	
12. Spain	**430.6**	341.9	256.2	+25.9%		+68.1%	
13. Taiwan	**366.7**	318.9	279.3	+15.0%		+31.3%	
14. Australia	**359.0**	279.6	202.2	+28.4%		+77.6%	
15. Saudi Arabia	**345.4**	316.5	222.8	+9.1%		+55.0%	
16. Netherlands	**331.4**	292.2	235.0	+13.4%		+41.0%	
17. Qatar	**288.5**	184.4	156.7	+56.4%		+84.1%	
18. Thailand	**279.7**	192.9	140.6	+45.0%		+98.9%	
19. Canada	**263.7**	214.8	159.5	+22.8%		+65.4%	
20. Mexico	**250.0**	199.0	139.3	+25.6%		+79.5%	
21. Turkey	**245.5**	173.1	121.0	+41.9%		+102.9%	
22. Austria	**190.0**	167.9	135.1	+13.2%		+40.6%	
23. India	**187.6**	156.8	97.0	+19.6%		+93.4%	
24. Kuwait	**166.3**	150.7	120.4	+10.4%		+38.1%	
25. Ireland	**150.9**	121.1	131.9	+24.6%		+14.4%	
26. Bahrain	**146.5**	137.2	93.5	+6.8%		+56.7%	
27. Belgium	**136.5**	114.4	86.9	+19.4%		+57.1%	
28. Portugal	**114.2**	99.7	106.3	+14.6%		+7.5%	
29. Greece	**113.5**	89.3	64.4	+27.1%		+76.2%	
30. Malaysia	**93.3**	59.3	51.9	+57.2%		+79.9%	
Total 30 markets	**23,086.2**	**20,440.1**	**15,583.8**	**+12.9%**		**+48.1%**	
Share in %	**93.0%**	91.7%	91.7%				
Total value	**24,834.8**	**22,302.1**	**16,999.7**	**+11.4%**		**+46.1%**	

Source: Retrieved from Fédération d'Industrie Horlogère Suisse FH (2023).

Attachment 5 - ERP Modules Proposal

INFORMATICA ARANTES E PEREIRA
SOFTWARE E EQUIPAMENTOS, LDA.

Amora, 02 de Maio de 2023

Boa tarde segue em anexo a nossa proposta para fornecimento e manutenção do software Olisoft nos módulos indicados.
Os valores indicados incluem todas as atualizações que forem efetuadas ao software.

Software Olisoft:

CTA-Contabilidade	22€/Mês
GCO-Gestão Comercial Clássica	44€/Mês
GCS-Gestão Comercial Standard	22€/Mês
(tem as limitações indicadas no panfleto em anexo)	
Instalação inicial/configuração/formação	50€
Resolução de problemas pós instalação inicial	10€/hora
(que necessitem de intervenção técnica)	

Aos valores indicados acresce o I.V.A. á taxa de 23%

Av. Marcos Portugal, 10 2º Dir. Amora 2845-545 AMORA Contribuinte: 503 690 503 Telm. 919403916

Source: Arantes e Pereira, Lda. ERP Proposal.

Attachment 6 - Webstore Proposal

WEBSITE

4. Proposta

- Criação e desenvolvimento de loja online..**5.500€**
  - ✓ Layout **Avançado, personalizado, dinâmico** e **responsivo**
  - ✓ **Customização total** – botões, gráficos, tabelas, layout, design, cores, imagens & videos
  - ✓ Desenvolvimento **Front-End e Back-End**
  - ✓ Integração com ferramentas de Marketing + SEO
- NOTA: *Em função do número de produtos a colocar, o upload dos mesmos poderá ter que ser feito pelo cliente.*

- Adição de língua extra (caso necessário)..**950€**
- **Integração c/ sistema de gestão de stocks e faturação**..........................**preço sob consulta e de acordo com necessidades do cliente**

Pelican Bay
DIGITAL AGENCY

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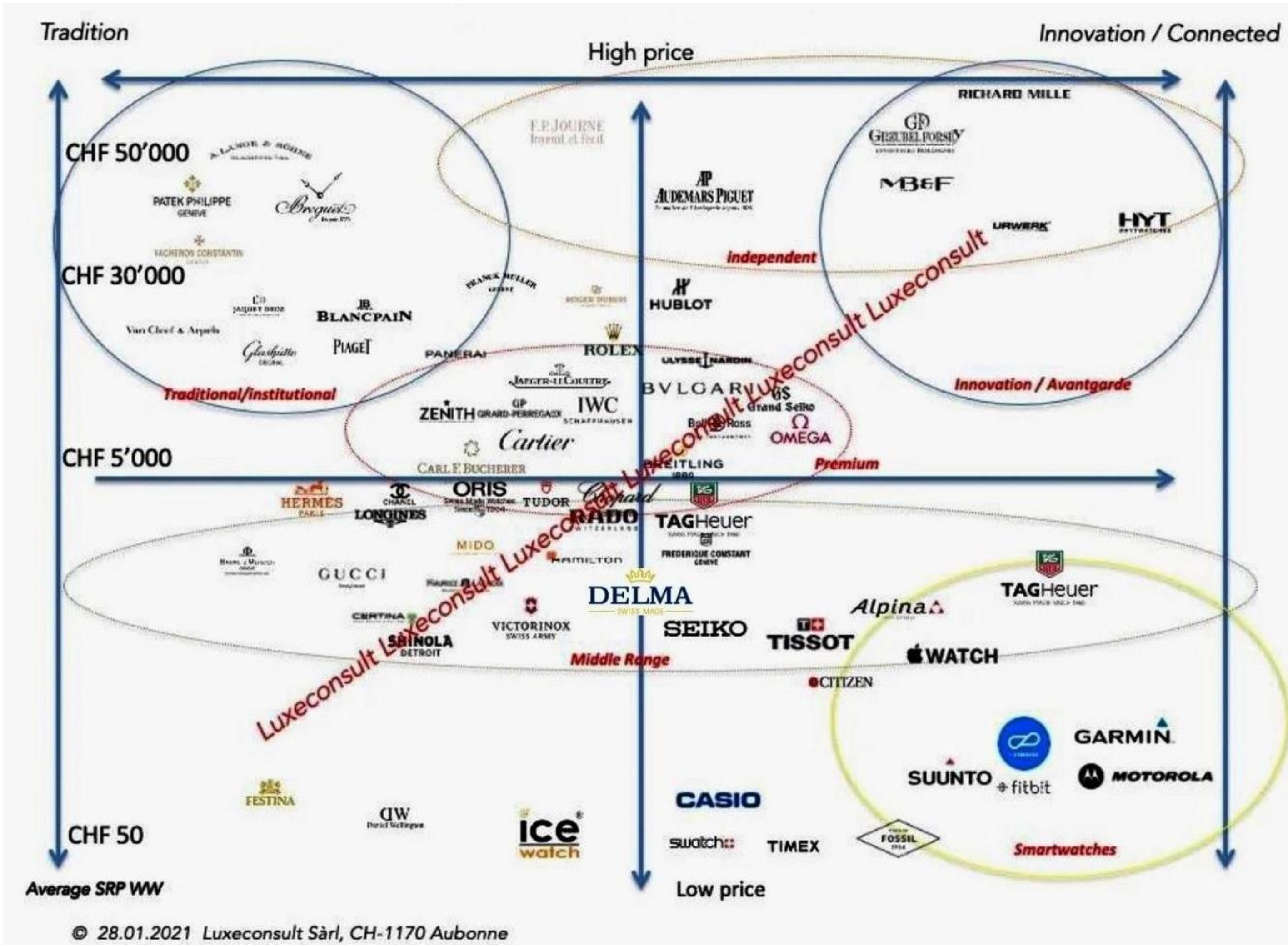
Source: Pelican Bay Webstore Proposal.

Attachment 7 - Social Media Management Proposal

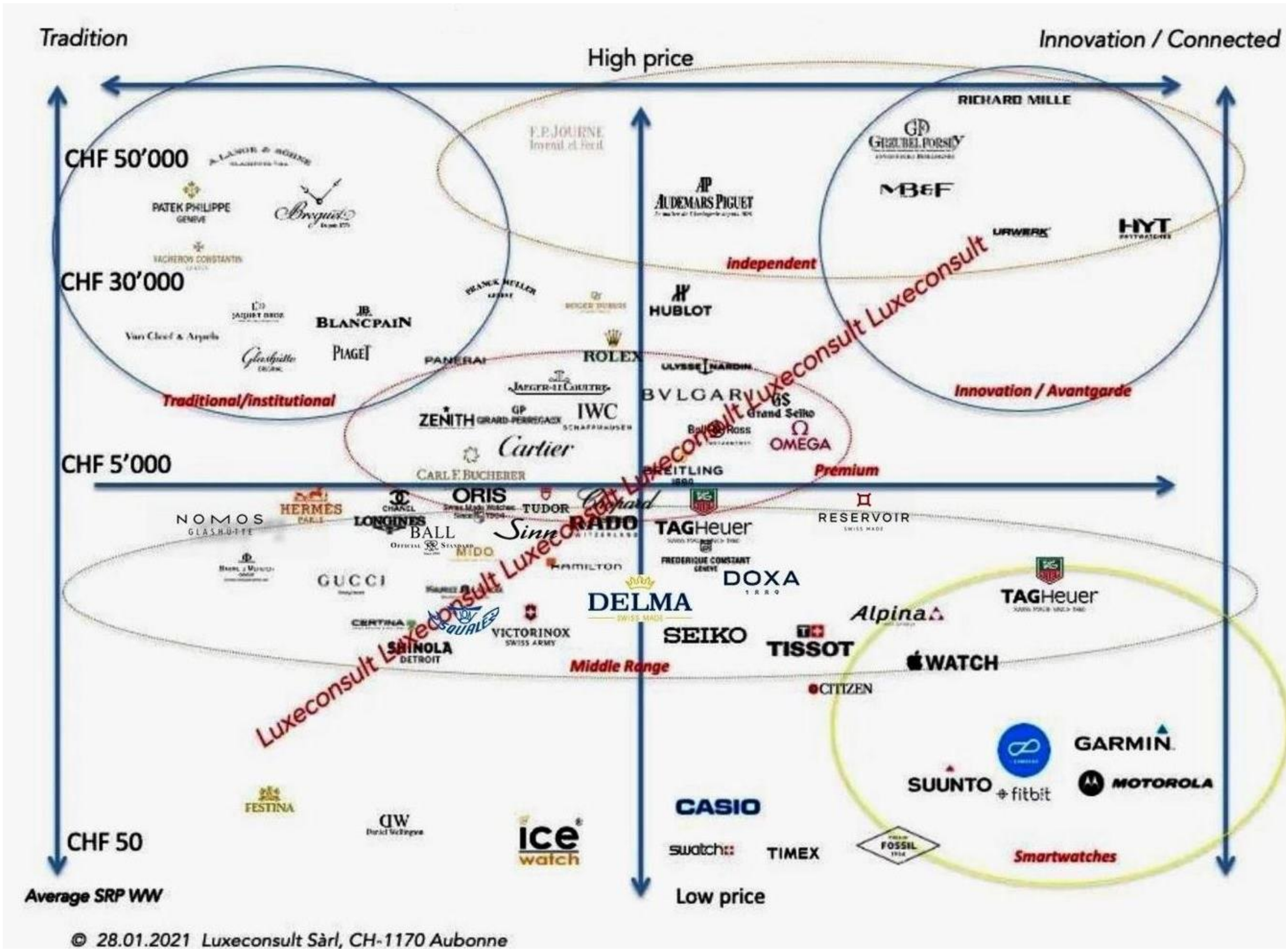
Source: Pelican Bay Social Media Management Proposal.

Attachment 8 - DELMA positioning



Source: Delma (2021a).

Attachment 9 - Nomos, Ball, Reservoir, Sinn, Squale and Doxa positioning



Source: Own elaboration based on Delma (2021a).

Attachment 10 - Watch Categories (according to enthusiasts)

Retrieved from *Watch Category Chart* (2022)

Attachment 11 - Watch Brands Tier List

Retrieved from *Watch Brands Tier List* (2022)

Attachment 12 - Delma POS Large Window Display

Source: Delma (2021b)

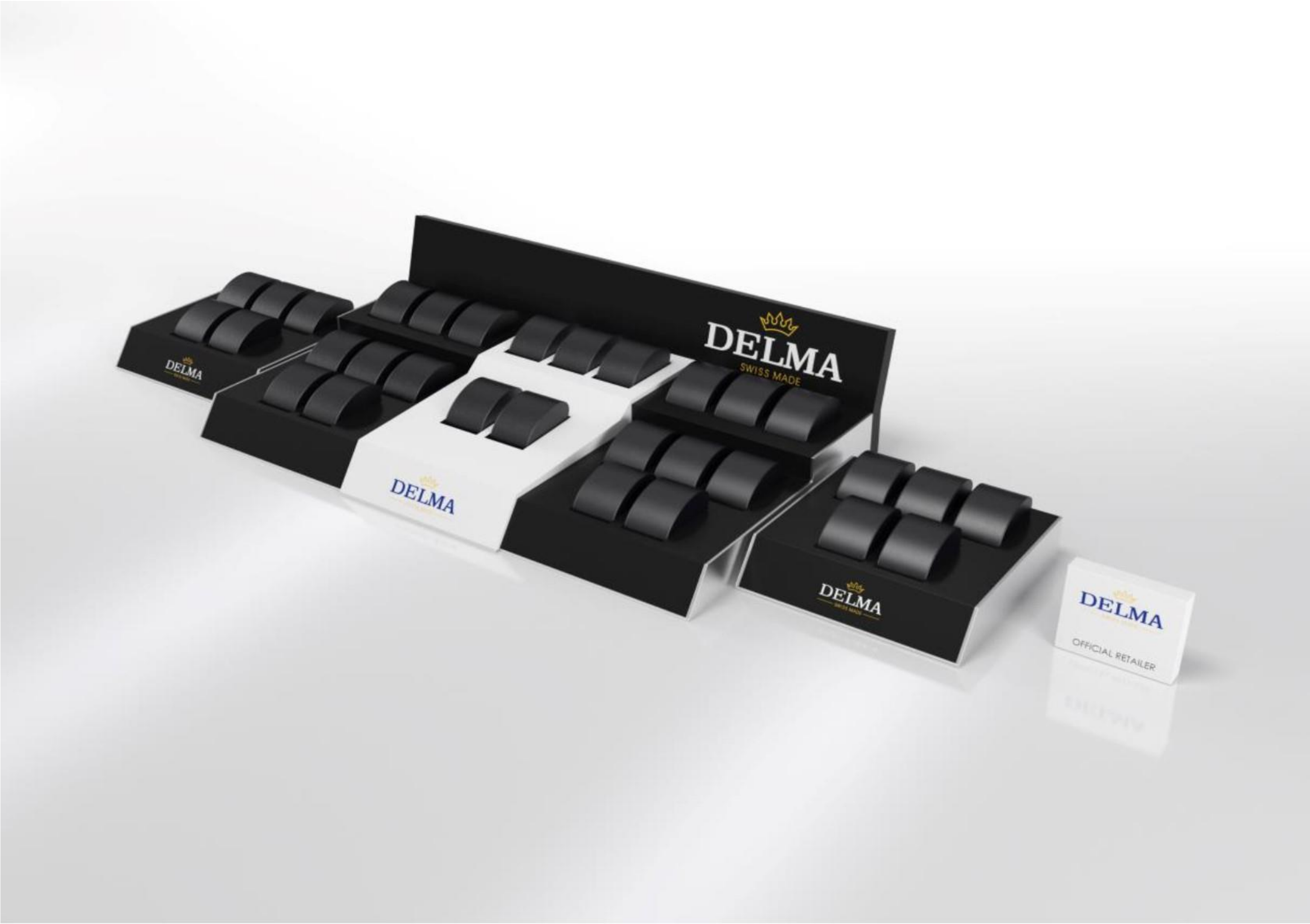
Attachment 13 - Delma POS Medium Window Display

Source: Delma (2021b)

Attachment 14 - Delma POS Small Window Display

Source: Delma (2021b)

Attachment 15 - Delma POS Large Counter Display



Source: Delma (2021b)

Attachment 16 - Delma POS Medium Counter Display

Source: Delma (2021b)

Attachment 17 - Delma POS Small Base Display

Source: Delma (2021b)

Attachment 18 - Delma POS Small Backwall

Source: Delma (2021b)

Attachment 19 - Delma POS Miscellaneous Material

Source: Delma (2021b)