Richemont

Annual Report and Accounts 2022

Richemont is one of the world's leading luxury goods groups.

The Group's luxury goods interests encompass some of the most prestigious names in the industry, including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC Schaffhausen and Montblanc.

Each of our Maisons represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Cautionary statement regarding forward-looking statements

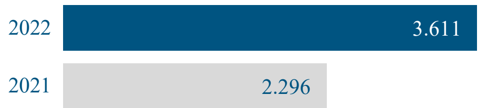
This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.

Financial and operating highlights

Group sales (€m)

Operating profit (€m)

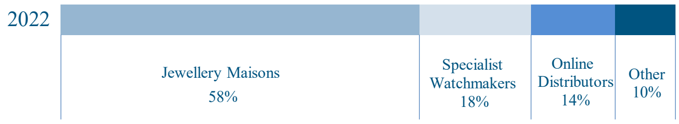
Earnings per share, diluted basis (€)



Dividend per share*

* CHF 1.00 special dividend

Sales by business area (% of Group)



Jewellery Maisons (€m)

Specialist Watchmakers (€m)

Online Distributors (€m)

Other Businesses (€m)

- Sales up by 46% at actual exchange rates and by 44% at constant exchange rates, with double-digit increases across all business areas, regions and channels; growth momentum led by retail and the Americas.
- Operating profit more than doubled to € 3 390 million, delivering improved operating margin of 17.7%.
- Profit for the year rose by 61% to € 2 079 million.
- 55% increase in net cash position to € 5 251 million, supported by strong cash flow from operating activities and strict working capital management.

Chairman's review

Johann Rupert, Chairman

Overview of results

The financial year ended 31 March 2022 saw Richemont report another strong set of results. Increased inflationary pressures and repeated temporary store closures due to health protection measures were offset by relatively improved economies up until February 2022. The Group's strong sales, profit and cash flows confirm the strong appeal of our Maisons and relevance of our long-term strategy.

Sales during the year under review reached an all-time high of € 19.2 billion, a 46% increase over last year (+35% on a two-year comparative period) with all Maisons, channels and regions achieving double-digit growth, led by retail and the Americas (+79%). Sales in Asia Pacific rose by 32%, with mainland China sales growing by 20% compared to the prior year. The strong European client base more than offset subdued inbound tourism, leading to a 51% sales increase, while in the Middle East and Africa sales grew at a similar pace, surpassing Japan as the Group's fourth largest market, where sales rose albeit by 28%.

Our Maisons and businesses' continued focus on client-centric initiatives, resulted in direct-to-client sales further progressing to 76% of Group sales across our directly-operated stores and the online retail channel. We have an improved insight into client profiles, allowing us to better meet expectations, nurture closer relationships and optimise supply chain management. While wholesale sales recovered from last year, direct-to-client sales rose by double digits compared to both the prior year and on a two-year comparative basis. This was further enhanced by the return to in-person high-jewellery events and the long-awaited Watches and Wonders event, which opened its physical doors in Geneva for the first time in three years.

Our Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels, delivered a step-change in performance with combined sales exceeding € 11 billion and the operating margin reaching 34.3% versus 31.0% in the prior year. Cartier and Van Cleef & Arpels posted an outstanding performance, increasing their market leadership. Buccellati also developed successfully, further expanding its international footprint with nine new directly-operated stores.

Another noteworthy achievement relates to the Specialist Watchmakers' strong sales rebound (+53%) to € 3.4 billion and operating margin recovery to 17.3%, with nearly all Maisons exceeding pre-pandemic sales levels. The Specialist Watchmakers reaped the benefits of direct-to-client sales exceeding 50%, achieved through continuous improvements in distribution, communication, notably on social media, and supply chain management. The increased appeal of high-quality watches to Millennials and Gen-Z is very positive for the future.

At the Group's Online Distributors, sales rose by 27% and EBITDA reached breakeven before the exceptional reward payments to Group employees and negative contribution of Feng Mao, the Chinese joint-venture with Alibaba. The shift towards a hybrid business model (mix of inventory ownership and e-concessions/marketplace) at NET-A-PORTER and YOOX, as well as localisation efforts, progressed further. Watchfinder consolidated its position as a leader in pre-owned watches in its home market and outside the UK.

The Group's 'Other' business area, mostly composed of the Fashion & Accessories Maisons, posted strong growth, with sales 53% higher than in the prior year, positively impacted by newly appointed creative directors at Alaïa, Chloé and Montblanc as well as by the contribution of Delvaux, the Belgian luxury leather goods Maison, acquired last June. Peter Millar continued to perform strongly, notably through its G/FORE brand, while Alaïa and Chloé enjoyed a good reception of their recent collections. Montblanc's leather collection was successfully launched this March, while lacklustre travel retail continued to weigh on the Maison's performance. Overall, the business area's operating loss was significantly reduced to € 47 million.

Discussion with our Luxury New Retail ('LNR') partners continues around closer future collaboration. There is considerable complexity, which means the process is inevitably protracted. We look forward to concluding matters in the near future.

At the Group level, operating profit more than doubled to € 3.4 billion and the operating margin strengthened to 17.7%. This significant growth in operating profit, combined with careful management of working capital, led to cash flow from operating activities increasing to € 4.6 billion. Profit for the year rose by 61% to € 2.1 billion and net cash by 55% to € 5.3 billion at the end of March 2022.

Dividend

Given the strong performance of the year and robust net cash position of the Group, the Board proposes to pay an ordinary dividend of CHF 2.25 per 'A' share (and CHF 0.225 per 'B' share), an increase of 13% over the prior year, as well as an additional special dividend of CHF 1.00 per 'A' share/10 'B' shares, subject to shareholders' approval at the Annual General Meeting on 7 September 2022. This is a recognition of the excellent profits achieved over the year that we would like to share, not only with all Richemont colleagues through an exceptional reward payment, but also with Richemont's loyal long-term shareholders.

Annual General Meeting and Board changes

The Annual General Meeting ('AGM') in September 2021 saw some significant board changes: we were delighted to welcome Patrick Thomas, former Chief Executive Officer of Hermès, who brings unparalleled luxury industry expertise, and Jasmine Whitbread, an experienced director and highly regarded Environmental, Social & Governance expert. Both directors bring very valuable contributions to our Board.

We also bid farewell to two long-serving and valued non-executive directors, Alan Quasha and Gary Saage, who stepped down from the Board; two other respected and experienced non-executive directors, Jan Rupert and Ruggero Magnoni, have also indicated that they will not seek re-election to the Board of Directors at the 2022 AGM, having each served for 16 years. They made immeasurable contributions to the development of Richemont and will be sorely missed. I wish to thank each of them for their loyal, insightful and valuable support.

After the 2022 AGM and subject to shareholders' approval, the Board will be reduced to 16 members as we continue to seek an optimal balance between diversity and experience relevant to the business with a Board size which does not over-burden our non-executive directors. Female Board members will represent 31% of the new Board.

PricewaterhouseCoopers ('PWC') has been the Group's external auditor since 1993. Recognising shareholders' expectations, it has been decided to initiate a tender process which may lead to the appointment of a new Group external auditor.

Sustainability

Our vision of sustainable luxury requires that we leave no stone unturned.

One important step is to remove polyvinyl chloride ('PVC') from our products and packaging. I am pleased to report that we are on track to achieve this objective by December 2022 and wish to salute the countries that have already banned PVC from their landfills, thus contributing to a healthier planet for humans, fauna and flora.

Another major aspect is to ensure that sustainability is firmly embedded in our governance. With this in mind, Board member Ms Whitbread was appointed in February 2022 to chair Richemont's Governance and Sustainability Committee, drawing on her experience at Standard Chartered plc and previously at, inter alia, BT Group plc.

In parallel to the enhanced Board expertise and involvement, the Group has continued to raise investment behind sustainability, including appointing its first Chief Sustainability Officer in February 2022 to further advance Richemont's sustainability vision. The Group will build upon its already strong position in this area, validated by independent authorities such as MSCI (AA rating), Carbon Disclosure Project (A rating) and the Science Based Targets initiative (targets validated). We were also proud to be rated among the top 2% of companies rated worldwide by Sustainalytics and the World's Best Employers by Forbes 2021, and to be named as a Financial Times-Statista Climate Leader 2022.

I encourage you to read our 2022 Sustainability Report, which speaks to many more of our achievements and commitments.

Outlook

As I conclude my comments, I would like to convey our deepest sympathy and compassion to all those affected by the tragic conflict taking place in Ukraine. Richemont and its Maisons have made significant donations to Médecins Sans Frontières to support its relief efforts.

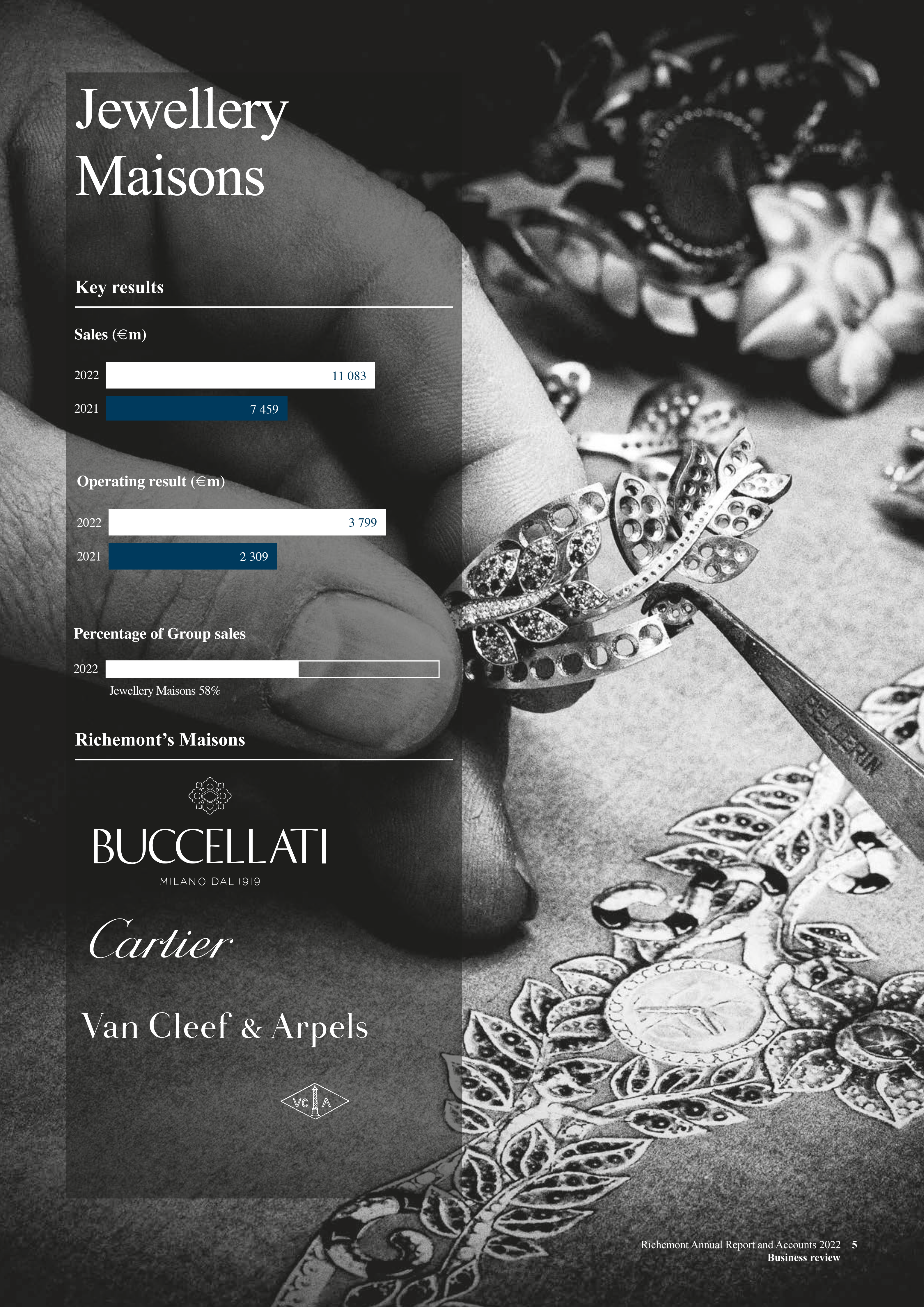
We remain in close contact with our colleagues in Ukraine and Russia, where we have suspended our operations. Their safety and wellbeing are our highest priority.

Even if the worst of Covid is hopefully behind us, we face a global environment which is the most unsettled we have experienced for a number of years. We can, however, take comfort from the strength and enduring appeal of our Maisons as well as their relatively balanced geographic spread. Richemont's € 5.3 billion net cash position at the end of March 2022 is a source of strength as we face volatile times ahead. I am confident that the Group is well positioned to benefit from any strengthening in consumer demand. We will work to maintain the necessary agility and flexibility to manage global uncertainties.

Finally, I would like to thank all our colleagues across the Group for their contribution to the excellent performance delivered with solidarity, empathy, creativity, agility and responsibility. We have seen all our businesses improve and made major strides in our sustainability agenda. We consider ourselves custodians of Richemont's underlying businesses and the planet for future generations. As such, I would like to reiterate how important it is for us to build brand equity over time, and to do it in a responsible manner.

Johann Rupert
Chairman

Compagnie Financière Richemont SA



Jewellery Maisons

Key results

Sales (€m)

2022	11 083
2021	7 459

Operating result (€m)

2022	3 799
2021	2 309

Percentage of Group sales

2022

Jewellery Maisons 58%

Richemont's Maisons

BUCCELLATI
MILANO DAL 1919

Cartier

Van Cleef & Arpels

BUCCELLATI

MILANO DAL 1919

Buccellati is one of the most prestigious Italian jewellers, established in Milan in 1919. Its jewellery, silver pieces and watches are all characterised by a highly distinctive style inspired by Italian Renaissance art, combined with a Venetian ornate influence, all executed with a superior level of craftsmanship and engraving techniques. This unique identity, originally introduced by Mario Buccellati in jewellery and silverware, embodies precious fabrics, delicate damasks and Venetian laces and immediately obtained the admiration of royal families in Italy, Spain and Egypt, of Popes and Cardinals and of the famous poet Gabriele D'Annunzio, who coined the expression 'Prince of Goldsmiths'.

Buccellati's headquarters, Milan

- Buccellati continued its retail expansion with the opening of new stores in Seoul, Taipei, Tokyo, Nagoya, Osaka, Brussels, Las Vegas, Costa Mesa and Dubai.
- The year was marked by the extension of *one-of-a-kind* creations with the launch of the *Giardino* High Jewellery collection during Haute Couture in Paris, as well as variations in the key *Icona* jewellery, silver and gift lines.
- The company presented the book 'A Century of Timeless Beauty' edited by Assouline and flanked by the re-edition of the distinctive *Ombelicali* High Jewellery necklaces created by Mario Buccellati in the 1930s for Gabriele D'Annunzio.
- Buccellati produced a new episode of the 'Timeless Beauty' advertising campaign with Beatrice Borromeo as ambassador.

Throughout its 100 years of activity, Buccellati has always strenuously defended its unique and unmistakable style, based on ancient goldsmithing techniques, such as engraving and chiseling, expertly combined with the use of yellow and white gold to obtain unusual and extraordinary effects.

Richemont acquired Buccellati at the end of 2019 and, with Andrea Buccellati as honorary chairman and creative director and the help of other family members, is securing the tradition of the Maison.

2021 has been Buccellati's second full year within the Group, with further significant investments in the product range and in opening nine new points of sale in Seoul, Taipei, Tokyo, Nagoya, Osaka, Brussels, Las Vegas, Costa Mesa and Dubai.

In 2021, Buccellati saw the introduction of new creations in the *one-of-a-kind* collection, with the launch of the *Giardino* High Jewellery collection during Haute Couture in Paris, as well as variations in the key *Icona* jewellery, silver and gift items lines.

The Maison presented the book 'A Century of Timeless Beauty' edited by Assouline and flanked by the re-edition of the distinctive *Ombelicali* High Jewellery necklaces created by Mario Buccellati in the 1930s for Gabriele D'Annunzio.

Buccellati produced also the fifth episode of the 'Timeless Beauty' advertising campaign in the Brera district in Milan and in a beautiful villa on the lake of Como, featuring Beatrice Borromeo as the ambassador for the Maison.

Buccellati jewellery and silver items can be admired and purchased in 55 boutiques, shop-in-shops and corners in the main cities of the world, as well as in a selection of over 185 prestigious multi-brand jewellers and exclusive department stores.

In the coming months, Buccellati will continue its retail expansion with the opening of twelve new stores in Singapore, Shenzhen, Hangzhou, Nanjing, Macau, Seoul, Tokyo, Doha, Riyadh, Zurich, Luzern and San Francisco.

In the year ahead, Buccellati will also launch its new website, including e-commerce omni-channel functionality offering its products for delivery in 13 key markets around the world, whilst maintaining its presence in prestigious multi-brand e-commerce sites, such as NET-A-PORTER and MR PORTER.

Gianluca Brozzetti
Chief Executive

Established 1919
Via Lodovico Mancini 1, Milan, Italy
Chief Executive Officer Gianluca Brozzetti
Chief Finance Officer Juliette Mathias De Guardia De Ponte
www.buccellati.com

Cartier

Founded in 1847, Cartier is not only one of the most established names in the world of jewellery and watches, it is also the reference of true and timeless luxury. The Maison Cartier distinguishes itself by its mastery of all the unique skills and crafts used for the creation of a Cartier piece. Driven by a constant quest for excellence in design, innovation and expertise, the Maison has successfully managed over the years to stand in a unique and enviable position: that of a leader and pioneer in its field.

Bond Street boutique, London

- Cartier launched a new version of the iconic *Tank* watch, that integrates a photovoltaic movement and a non-leather strap.
- Cartier reinforced its commitments to women's empowerment through several coalitions and co-operations, notably by presenting the Women's Pavilion at the World Expo in Dubai.

After the massive shock of 2020, Cartier bounced back and grew in all regions, confirming its appeal to all clientele across the globe.

From a product perspective, 2021 was marked by the successful relaunch of the iconic *Tank* watch, an innovative piece that integrates for the first time a photovoltaic movement and a non-leather strap. The Maison also expressed its creativity through *Clash [Un]limited*, a new jewellery limited edition collection. The High Jewellery collection *Sixième Sens* was unveiled at Lake Como, Italy, and enriched Cartier's living heritage.

In 2021, Cartier pursued the transformation of its boutiques worldwide to offer clients more immersive retail experiences. The boutique at rue du Rhône 35, in Geneva, was the 100th renovated boutique endorsing the new retail concept.

The Maison saw a strong performance in e-commerce after a year of impressive expansion, with triple-digit growth during the pandemic.

The Maison continued to actively contribute to society. Cartier reinforced its commitments to women's empowerment through several collaborations and co-operations. The Maison participated in the World Expo in Dubai and presented the Women's Pavilion as a tribute to women changemakers. Cartier also became an official member of Unstereotype Alliance, an industry-led initiative convened by UN Women to end harmful stereotypes in media and advertising.

The Maison also continued participating in the global coronavirus relief effort through Cartier Philanthropy, that will celebrate its tenth anniversary in 2022. Since the beginning of the Covid-19 pandemic, Cartier and Cartier Philanthropy donated over CHF 4 million to 19 non-profit organisations.

2021 marked important milestones in the Maison's long-standing support to arts and culture: Cartier became a main sponsor of the Venice International Film Festival; in Paris, Fondation Cartier pour l'art contemporain unveiled 'Cherry Blossoms', Damien Hirst's first museum exhibition in France, and the Musée des Arts Décoratifs presented 'Cartier and Islamic Art: In Search of Modernity', an exhibition showcasing the influence of Islamic Art on the creations of the Maison Cartier.

To celebrate universal and timeless love, Cartier presented LOVE IS ALL, an unparalleled choral film with an extraordinary cast including ambassadors of the Maison Ella Balinska, Monica Bellucci, Mariacarla Boscono, Khatia Buniatishvili, Lily Collins, Golshifteh Farahani, Mélanie Laurent, Troye Sivan, Willow Smith, Annabelle Wallis, Jackson Wang and Maisie Williams.

In 2022, Cartier will unveil a new High Jewellery collection. The Maison will also confirm its singularity in jewellery and watchmaking, reinforcing its iconic collections. The home of the Maison on the rue de la Paix, Paris, will reopen its doors after an extensive two-year renovation.

Cyrille Vigneron
Chief Executive

Established 1847 at
13 rue de la Paix, Paris, France
Chief Executive Officer Cyrille Vigneron
Chief Finance Officer François Lepercq
www.cartier.com

Van Cleef & Arpels

Created in 1906, Van Cleef & Arpels is a High Jewellery Maison embodying the values of creation, transmission and expertise. Each new jewellery and timepiece collection is inspired by the identity and heritage of the Maison and tells a story with a universal cultural background, a timeless meaning and which expresses a positive and poetic vision of life.

Van Cleef & Arpels on Place Vendôme, Paris

- Poetic astronomy celebration through the *Sous les étoiles* High Jewellery collection and the *Zodiac* jewellery collection.
- Corporate Social Responsibility ('CSR') initiatives grew through five axes: Education & Craftsmanship, Environment, Responsible Sourcing, Art & Culture and People.
- Retail network extension in new territories such as New Zealand and Portugal.

Over the past twelve months, the Maison has reached a new stage in its development. The significant sales acceleration has come from the global dynamism of the jewellery industry and the specific attraction of the Maison and its capacity to adapt to fast-evolving situations.

Relying on a strong and balanced worldwide retail network of 141 stores and an online distribution covering 26 countries, the Maison reinforced its presence in strategic markets such as the US, China and Korea. It has strengthened the bonds with its local clients in historical markets such as France, Hong Kong SAR, China and Taiwan, China whilst developing the accessibility of its online distribution in China, Korea, the Middle East and Russia. It extended its boutique network in new territories such as New Zealand and Portugal.

The Maison focused on its flower inspiration through the *Frivole* collection programme and the 'Florae' exhibition. Van Cleef & Arpels launched the *Zodiac* jewellery collection, continued the ongoing presentation of the *Sous les étoiles* High Jewellery collection and the *Poetry of Time* programme implementation, based on *Pont des Amoureux* watches.

Celebrating its tenth anniversary, L'École des Arts Joailliers continued to develop a growing offer of classes, exhibitions and its research activity. In addition to its campuses in Paris and Hong Kong SAR, China, it has prepared new openings, a second location in Paris and a new permanent school in Shanghai.

Human resources are at the heart of the Maison, building inclusive teams, reinforcing expertise and ensuring the flexibility of the organisation. With the acceleration of recruitment and the integration of new staff, the Maison makes sure that the strategic vision and values are understood at all levels. Specific attention is paid to the development of functions related to media, data and e-commerce. On the CSR side, the Maison will accelerate its initiatives and communication plan through five axes: Education & Craftsmanship, Environment, Responsible Sourcing, Art & Culture and People.

For the coming year, the Maison will continue to strongly support the development of its retail network with new physical boutiques in the US, China, Saudi Arabia, Korea and Japan and online boutiques mainly in Asia Pacific and Europe. It will renovate, relocate and extend existing stores and pursue the internalisation of targeted locations.

Production capacity being key for the Maison, new workshops will open in France to support the development of Jewellery and High Jewellery.

In terms of new products, a strong focus will be put on the *Perlée* collection. A major High Jewellery collection dedicated to diamonds will also be revealed. The Maison will participate in the Watches and Wonders exhibition. Institutional moments are planned, such as the patrimonial exhibition 'Time, Nature, Love' in Shanghai and the first 'Dance Reflections' at the Van Cleef & Arpels festival in London.

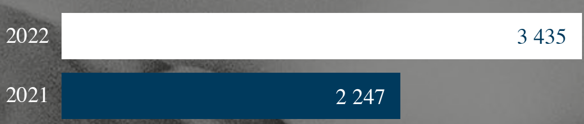
Nicolas Bos
Chief Executive

Established 1906 at
20-22 Place Vendôme, Paris, France
Chief Executive Officer Nicolas Bos
Chief Finance Officer Christophe Grenier
www.vancleefarpels.com

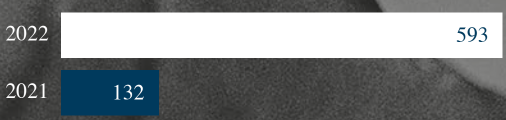
Specialist Watchmakers

Key results

Sales (€m)



Operating result (€m)



Percentage of Group sales

Richemont's Maisons

A. Lange & Söhne Glashütte I/SA
Panerai
Baume & Mercier Maison d'Horlogerie Genève 1830
Piaget
IWC Schaffhausen
Roger Dubuis
Jaeger-LeCoultre
Vacheron Constantin Genève

A. LANGE & SÖHNE
GLASHÜTTE I/SA

A. Lange & Söhne creates outstanding hand-finished mechanical timepieces with challenging complications that follow a clear and classical design line. Innovative engineering skills and traditional craftsmanship of the highest level guarantee state-of-the-art calibre design, the utmost mechanical precision and meticulously hand-finished movements.

Main manufacturing building, inaugurated in 2015

- During the Watches and Wonders event, the Lange Experience Hub, a digital experience platform, offered event participants an insight into the corporate and product world of A. Lange & Söhne.
- The *Zeitwerk Honeygold Lumen* was presented as the fifth model in the series of timepieces with semi-transparent dials and luminous displays. The launch was celebrated with exclusive events in Dubai, Tokyo, Shanghai and New York.
- With the 20th anniversary of the passing of the company's co-founder Günter Blümlein, a global communication campaign was carried out to honour his memory.

Since its re-establishment, A. Lange & Söhne has developed 69 different in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.

During the Watches and Wonders exhibition in April 2021, which once again was held exclusively online, the *Lange 1 Perpetual Calendar* was presented in two versions. It comes in a pink gold case with grey dial and, limited to 150 pieces, in a white gold case with pink gold dial. Additionally, the *Little Lange 1 Moon Phase* in white gold with a gold-flux-coated dial in dark-blue and the *Triple Split* in pink gold with a dark-blue dial, limited to 100 pieces, were launched. To provide both first-hand information and to bring customers closer to the brand, further digital communication channels were used and new tools were created. For example, the Lange Experience Hub, a digital experience platform, offered event participants an insight into the corporate and product world of A. Lange & Söhne.

The year continued with the introduction of the *Cabaret Tourbillon Handwerkskunst* in July, the seventh model of the *Handwerkskunst* collection and limited to 30 pieces. On the occasion of its 20th birthday, the *Langematik Perpetual* was celebrated with a version in white and pink gold, both with a blue dial and limited to 50 pieces each. Furthermore, a *Saxonia Thin* in pink gold in a limited edition of 50 pieces was launched.

As the fifth model in the series of timepieces with semi-transparent dials and luminous displays, the *Zeitwerk Honeygold Lumen* premiered on 24 October, a particular date in the Maison's history. On that day in 1994, the first collection of timepieces after the brand's revival was presented. The watch is limited to 200 pieces and the launch was accompanied by exclusive events in Dubai, Tokyo, Shanghai and New York.

With the 20th anniversary of the passing of the company's co-founder Günter Blümlein, a global communication campaign was carried out to honour his memory. The charismatic businessman and strategist played a crucial role in driving the renaissance of the watchmaking industry in the late 20th century. One of his greatest accomplishments was re-establishing A. Lange & Söhne together with Walter Lange.

The Maison has been perpetuating its patronage for the Dresden State Art Collections and the Semperoper in Dresden. Additionally, the long-lasting partnership with the Concorso d'Eleganza Villa d'Este, a renowned contest for beauty and elegant design of classic automobiles, continued. It was complemented by a collaboration with the Concours of Elegance at Hampton Court Palace.

In order to improve customer-centricity and as a further development of the distribution strategy, the Maison has opened nine exclusive boutiques, such as in Hong Kong SAR, China, Macau SAR, China, Berlin and Geneva. In addition, telephone advice and ordering options via the Maison's website have been expanded. To even better meet the expectations of customers in a digital environment, a new website will be launched in the summer 2022, offering a deeper brand experience and additional opportunities for online orders. Also, further boutique openings in key markets like Asia, Europe and the US are planned.

Wilhelm Schmid
Chief Executive

Established 1990
Ferdinand-A.-Lange-Platz 1, Glashütte, Germany
Chief Executive Officer Wilhelm Schmid
Chief Finance Officer Katrin Gravier
www.alange-soehne.com

Baume & Mercier has been creating timepieces of the highest quality since 1830, combining refined design and technical achievements. For both men and women, the Maison offers style with cutting-edge technology.

Baume & Mercier, Les Brenets

- Relaunch of the *Riviera* collection in 2021.
- Limited edition *Hampton Hommage à Pierre Soulages* in February 2022.

Baume & Mercier looks to the future, unveiling a blend of watchmaking expertise and the aspiration to move towards new horizons. Focused around innovation, materials, colours and style, the Maison approaches the coming year with a revitalised and optimistic vision of the way it conceives watchmaking. Tradition and modernity, elegance and personality, nature and consciousness will beat the rhythm of the Maison throughout the year and direct all its initiatives to build the Maison's future. The tradition of excellence at Baume & Mercier is based on the design and development of its products at the Maison's headquarters in Geneva, and its manufacture in the Swiss Jura, in Les Brenets.

2021 marked the return of the iconic *Riviera* collection. Baume & Mercier relaunched the famous *Riviera* during the Watches and Wonders online exhibition. The rebirth of this icon, born in 1973 with its distinctive twelve-sided bezel, marks a new chapter for the Maison and strengthens the uniqueness of Baume & Mercier.

The Maison continues to express its watchmaking *savoir faire* and legitimacy. The Maison is expanding its *Baumatic* movement to other collections by creating two *Riviera* models equipped with *Baumatic*. The *Riviera Baumatic* represents by essence the best of the Maison by merging a strong design and aesthetic approach to a best-in-class innovation and technical quality. In addition, the Baume & Mercier style is infused in a magnificent timepiece.

Baume & Mercier has continued its international development by strengthening its visibility in historical markets such as Italy, France and the US. In addition, the Maison accelerated its development in Asian markets, especially in China, through the participation at Watches and Wonders in both Shanghai and Sanya. Baume & Mercier has been in 2021 and remains in 2022 the official timekeeper of the Hainan Expo.

In February, the Maison continued its road to the collective power culture by collaborating with Musée Pierre Soulages with the *Hampton Hommage à Pierre Soulages*, a numbered and limited edition that expresses the connection of the Maison with the world of art.

Always looking to its future, the Maison is strengthening its identity, focusing on design, watchmaking and collaboration through the lens of different and creative projects. In the year ahead, the Maison will continue to install the *Riviera* collection as its signature collection through new materials and colour combinations. In addition, Baume & Mercier will continue to develop *Clifton* as a robust platform for the *Baumatic* movement, *Hampton* with a focus on women and refresh the *Classima* design.

Baume & Mercier will develop its existing CSR strategy by leveraging key partners such as Waste Free Oceans and the Central Saint Martins design school, as well as developing new product initiatives based on upcycling, for instance the Baume *Ocean* Second Edition.

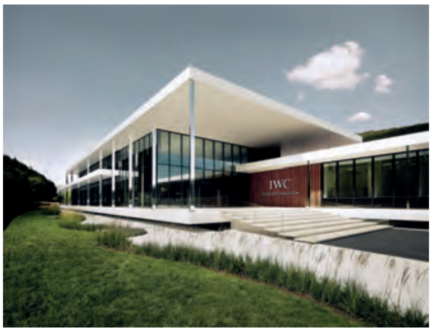
David Chaumet
Chief Executive

Established 1830
4 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Officer David Chaumet
Chief Finance Officer François Monet
www.baume-et-mercier.com

IWC

SCHAFFHAUSEN

IWC Schaffhausen is the engineer and storyteller of fine watchmaking and the choice for ambitious individuals with an appreciation of mechanics, a sense of style and a taste for adventure.



IWC Manufakturzentrum in Schaffhausen

- IWC completed its *Pilot's Watches* collection with the *Big Pilot's Watch 43* and the *Pilot's Watch Chronograph 41*. The Maison also highlighted its engineering competence with the *Big Pilot's Watch Shock Absorber XPL*.
- IWC underscored its position as a sustainability leader in the luxury watch industry by introducing vegan watch straps made from low-impact paper-based material. In Switzerland, the Maison renewed its 'Great Place to Work®' certification.
- IWC opened its second flagship boutique at Dubai Mall. Offering an unparalleled customer experience, the transparent space underscores the Maison's leadership in integrating innovative new retail tools and technologies.

In the second year marked by the Covid-19 pandemic, IWC strengthened its position as the engineer of fine watchmaking. In an increasingly digitalised, casualised and polarised market, IWC sharpened its positioning by focusing on its successful *Pilot's Watches* collection, taking it to a whole new level.

At the digital Watches and Wonders exhibition in April 2021, the Maison unveiled the *Big Pilot's Watch 43* and the *Pilot's Watch Chronograph 41* and demonstrated its engineering competence with the *Big Pilot's Watch Shock Absorber XPL*. IWC also introduced a smartphone app with an Augmented Reality ('AR') try-on feature. For the first time, the Maison orchestrated a worldwide campaign with one consistent message: *The Big Pilot*. The Big Pilot Roadshow visited more than 30 cities in seven countries. Optical illusion installations brought the 'cultural icon' to prominent locations such as Hollywood Boulevard in Los Angeles, Gangnam Street in Seoul and Piccadilly Circus in London, and engaged with a broad audience worldwide across social media channels.

The Maison marked a strong presence at Watches and Wonders in Shanghai and Sanya. In October, IWC's classic racing team returned to Goodwood in the UK. In addition, IWC welcomed Chinese-American freeskier and Olympic gold medal winner Eileen Gu to the family and announced new partnerships with Airspeeder and Boom Supersonic for the future of sustainable air travel.

True to its claim 'Engineering Dreams', IWC supported 'Inspiration 4', the first all-civilian mission to orbit, with four unique *Pilot's Chronographs*. After returning to earth, the watches were auctioned to benefit the St. Jude Children's Research Hospital®.

Delivering on its ambitious sustainability roadmap and targets, the Maison unveiled new TimberTex® watch straps made from a low-impact paper-based FSC-certified material. IWC also received the 'Great Place to Work®' certification in Switzerland for a second time.

With the new flagship boutique at Dubai Mall, IWC expanded its worldwide boutique network. IWC aims to build new boutiques in a sustainable way, respecting Leadership in Energy and Environmental Design ('LEED') standards. With special releases and events on the flagship store of Alibaba's Tmall Luxury Pavilion, the Maison strengthened its direct-to-client relations in China.

In 2022, IWC will build on the momentum created with the *Big Pilot* launch with 'The colors of TOP GUN', introducing chronographs in coloured ceramic. In addition, the Maison will continue its roadshow programme and publish its third Sustainability Report to the standards of the Global Reporting Initiative ('GRI').

Christoph Grainger-Herr
Chief Executive

Established 1868
Baumgartenstrasse 15, Schaffhausen, Switzerland
Chief Executive Officer Christoph Grainger-Herr
Chief Finance Officer Lorenz Bärlocher
www.iwc.com

Since its founding in 1833, Jaeger-LeCoultre has created over 1 200 calibres and registered more than 400 patents, placing the Manufacture at the forefront of invention in fine watchmaking. Its leading position stems from its full integration with over 180 areas of expertise gathered under one roof, in the heart of the Vallée de Joux, Switzerland.

Manufacture Jaeger-LeCoultre, Le Sentier, Vallée de Joux

- Jaeger-LeCoultre celebrated 90 years of *Reverso*, a timeless icon, with a series of exceptional timepieces, showing not only the high complications but also the Métiers Rares® housed under the roof of the Manufacture.
- The Maison revealed major exhibitions with different themes (*Reverso* and *Soundmaker*) and artistic collaborations (Spacetime, 1931 Café) that invited visitors to immersive experiences. The educational programme Atelier d'Antoine continued to roll out, not only in the Manufacture but also in exhibitions worldwide.
- The Maison opened a new flagship boutique in Shanghai, bringing the Manufacture experience to the other side of the world.

2021 marked the 90-year anniversary of the *Reverso*. Originally created to withstand the rigours of polo matches, its sleek, Art Deco lines and unique reversible case make it one of the most immediately recognisable watches of all time. Through nine decades, the *Reverso* has continually reinvented itself without ever compromising its identity.

To celebrate this icon, the Maison released a series of exceptional timepieces fuelled by nearly two centuries of expertise and relentless innovation. The *Reverso Hybris Mechanica Calibre 185*, the world's first wristwatch with four faces: eleven complications and twelve patents, combining the key *savoir faire* of the Manufacture with new astronomical indications. The *Reverso Precious Flower*, and the *Reverso Tribute Enamel Hidden Treasures*, brought together Métiers Rares®, enamelling, engraving, gem-setting, miniature painting and guillochage work.

The celebration was also highlighted with the thematic exhibition 'Reverso, Timeless Story Since 1931' held in Shanghai and in Paris, leading visitors on a journey through 90 years of timeless modernity, showcasing artistic collaboration and immersive experiences. In parallel, the Maison continued to pay homage to its sound making expertise with the *Soundmaker* exhibition held in Seoul and in New York, featuring the sound installation from Swiss artist Zimoun.

The year also saw the acceleration of the Maison's retailisation, most recently with the new flagship boutique opened in Shanghai. With decor inspired by the Vallée de Joux, this warm and inviting environment brings the Manufacture to its clients through various interactive learning experience, notably the Atelier d'Antoine.

The Maison d'Antoine was created in 2011 and the Atelier d'Antoine, a watchmaking educational programme, continued the story in 2020. The Atelier stages different types of themed programmes including Manufacture visits, discovery workshops and the masterclasses. This year, it went beyond the walls of the Manufacture. Not only has it been integrated into the flagship boutique in Shanghai, it also travelled to the major exhibitions across the globe, offering visitors the opportunities to discover the secrets of fine watchmaking.

The Manufacture has also actively engaged with key stakeholders along the value chain to reduce CO_2 emissions in line with the Science Based Targets initiative ('SBTi'). In 2021, the Maison achieved carbon neutrality by offsetting 100% of its remaining emissions.

In the year ahead, Jaeger-LeCoultre will pay tribute to its celestial complications through exciting new launches and unique immersive experiences in thematic exhibitions.

Catherine Rénier
Chief Executive

Established 1833
Rue de la Golisse 8, Le Sentier, Switzerland
Chief Executive Officer Catherine Rénier
Chief Finance Officer Philippe Hermann
www.jaeger-lecoultre.com

PANERAI

Panerai is an exclusive technical sports watch Maison; its products feature unmistakable Italian design and creative innovations, closely associated to the world of the sea.

Manufacture Panerai, Neuchâtel

- Panerai continues to strengthen its sustainable commitment, launching a concept watch with the highest percentage of recycle-based material ever achieved in the industry and partnering with the International Oceanographic Commission of UNESCO to promote ocean literacy.
- Panerai confirms the Experiences, an association for its customers of a limited edition to a spectacular brand activity as a strong, distinctive asset.
- Panerai launched an innovative retail concept revealed in the new Geneva flagship store.

In 2021 Panerai strengthened its commitment to sustainability through two main initiatives involving a new partnership and product innovations.

As a Maison historically associated with the sea, Panerai announced a three-year partnership with the Intergovernmental Oceanographic Commission of UNESCO with the objective to develop ocean literacy activities in the framework of the UN Decade of Ocean Science for Sustainable Development (2021-2030).

Known for its pioneering innovation, Panerai accomplished an unprecedented achievement in the history of watchmaking with the launch of the Submersible eLab-ID™, the first concept watch ever, with a record of 98.6% of recycle-based materials. With the mission to introduce more environmentally-friendly product concepts, *Luminor Marina* appeared for the first time in a new sustainable material: eSteel™ the new recycle-based steel alloy.

The main product launches were focused on the extension of our emblematic *Luminor* line with the new *Chrono* and a new generation of *Luminor Due*. The chronograph is historically associated with sport, competitions, performance and heroic missions. It is part of Panerai's history since the 1940s and the new assortment is a tribute to the successful track of the Maison on that segment.

New *Luminor Due* lines in 38mm represented a further step towards our female customers.

Panerai welcomed two ambassadors from China, the actor and singer, Li Yifeng, and the famous actress, Dilraba, the first ever female ambassador for the Maison. Sharing the common values of sustainability and adventurous spirit, Jeremy Jauncey was also appointed as a new international ambassador.

The Maison's association with the oceans continued, thanks to the successful partnership with Luna Rossa, Challenger of Record during the 36th America's Cup.

Leveraging one of the most distinctive assets of the Maison, three Experiences took place during the year: Panerai teamed with its Japanese ambassador Takashi Sorimachi, offering ten clients a two-day journey on Lake Biwa in the Kyoto area. In a similar way, the brand ambassador Jimmy Chin climbed and wake-boarded with clients in the mountains of Wyoming in the US. In Switzerland, Mike Horn hosted clients and journalists to explore fascinating landscapes and adventures.

The Maison has pursued its retail strategy with the opening of new boutiques in key cities such as Sanya and Guangzhou in China, Busan in Korea and Geneva in Switzerland reaching a total network of 167 stores.

In the years to come, Panerai will continue to highlight its pioneering spirit through new exclusive experiences, sustainable commitments and product innovations. The Maison's association with the sailing world will also be continued thanks to new upcoming adventures together with Luna Rossa Prada Pirelli Team.

Jean-Marc Pontroué
Chief Executive

Established 1860 at
Piazza San Giovanni 14/R, Palazzo Arcivescovile, Florence, Italy
Chief Executive Officer Jean-Marc Pontroué
Chief Finance Officer Olivier Bertoin
www.panerai.com

PIAGET

Piaget began in 1874 with a unique vision: always push the limits of innovation to be able to liberate creativity. Positioned as a reference for precious watches and known for its audacity, it enjoys unrivalled credentials as both a watchmaker and jeweller. Two fully integrated Manufactures enable the Maison to reaffirm its unique expertise in gold and jewellery crafting as well as ultra-thin movements.

Piaget's Manufacture and headquarters, Geneva

- Piaget has increased its visibility and desirability through exclusive collaborations and top-of-range events.
- The business has grown through the opening of multiple new points of sales, the acceleration of Piaget's digital transformation in e-commerce, and the implementation of new client experiences.
- The iconic collections *Possession* and *Piaget Polo* have been enriched with the launch of exceptional novelties and tactical creations supporting the expansion of the pool of clients.

In 2021, Piaget continued to strengthen its legitimacy and boost its equity relying on the distinctiveness, craftsmanship, creativity and excellence so specific to the Maison.

Client experience has been at the centre of the strategy with the opening of the first Piaget Society Club in Hong Kong SAR, China and the initiation of ultra-targeted happenings in Europe to embody the Piaget Society. Clients also benefited from the deployment of a powerful cloud solution used by the sales advisors to handle clients' portfolios, and the introduction of remote sales via video and 3D discovery.

The distribution network was strengthened with the opening of 27 new points of sale around the world and multiple new e-commerce markets have been launched in Asia Pacific, the Middle East and Korea.

Piaget creations are once again back in the spotlight. The Maison was an official partner of the 24th Shanghai International Film Festival and the exclusive watch and jewellery partner for 'The 355' international thriller movie.

The Piaget Society has also come to life via the new High Jewellery collection *Extraordinary lights*, which is an invitation to share joy and celebrate precious moments. To reveal this collection, the Maison created major events in Shanghai, Hong Kong SAR, China and Taipei.

Piaget's iconic *Possession* collection has been enriched with 23 novelties and the introduction of a unisex bangle and ring to reach an expanded pool of clients.

Last year was also marked by the expansion of the *Piaget Polo* collection, with 16 novelties including six *Piaget Polo* in 36mm, a new size for the collection. The *Piaget Polo* collection is deeply rooted in the Maison history and represents a staple for the past and the present Piaget Society.

With the aim of positioning *Limelight Gala* as the icon of precious watches, Piaget built on the success of the 2020 Extraordinary Women campaign to celebrate female empowerment in a second chapter: the extraordinary watch for extraordinary women.

In 2021, Piaget was honoured to receive watchmaking industry recognition by being awarded two prizes at the prestigious Grand Prix d'Horlogerie de Genève: the 'Mechanical Exception' for the *Altiplano Ultimate*, and the 'Best Ladies' Watch' for the *Limelight Gala Precious Rainbow*.

In the year ahead, Piaget will focus on developing further its collection and iconic pieces in jewellery and watchmaking, building on its heritage and the quality of its products.

Benjamin Comar
Chief Executive

Established 1874
37, chemin du Champ-des-Filles, Geneva, Switzerland
Chief Executive Officer Benjamin Comar
Chief Finance Officer Giorgio Ferrazzi
www.piaget.com

ROGER DUBUIS

Representing a disruptive blend of distinctive character and Hyper Horology™ expertise, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995. Over the years, the Maison has been well-known for its limitless obsession for conceiving, designing and inventing the future of Haute Horlogerie and for its fearless determination to challenge the rules of classical watchmaking through a resolutely expressive and contemporary approach.

Roger Dubuis' Manufacture and headquarters, Geneva

- The Maison solidified its cutting-edge positioning with the Urban Art Tribe partnership as part of its second territory of expression, reinterpreting its iconic *Excalibur Monotourbillon* through the eyes of up-and-coming visionary artists.
- An emphasis on technical and creative innovation led to amazing results with the *Excalibur Monotourbillon* artist restyles and *Glow Me Up*, as well as the white *CCF Excalibur Spider Huracan* and the *Countach DT/X*.
- Continued success has led to growth and expansion, with new boutiques in China and around the world.
- The Maison brought its big, bold and expressive nature to New York with the Soho Residence opening the first ever lifestyle-driven boutique, bringing the Maison's values in a display of fiery red ambition and hyper-expressivity.

The exceptional degree of vertical integration within Manufacture Roger Dubuis enables it to enjoy the comprehensive mastery of its in-house production, certified by the prestigious Geneva Seal. This capacity has gradually contributed to its specialisation in spectacular limited and unique editions, as well as its enviable reputation in the domain of skeletonised and complicated calibres.

This year, the Maison continued to animate fine watchmaking, through the superlative combination of skilled craftmanship, traditional metiers and state-of-the-art technology representing the backbone of the Maison's unique and differentiated approach to Hyper Horology™, well represented by the Maison's trademarked motto 'No Rules, Our Game'.

The Maison presented a new chapter of its iconic *Excalibur Monotourbillon*. Its iconic *Astral Signature* was shared with the Urban Art Tribe, a collective of world-famous contemporary artists, who reinterpreted it through their own imagination, giving birth to two spectacular, yet surprising masterpieces.

The enduring partnership with Lamborghini Squadra Corse gave birth to new adrenaline-charged masterpieces, the latest *Excalibur Spider Huracan* redressed in Ceramic Composite Fiber, and the *Countach DT/X* which displayed complex engineering, with two tourbillons tilted at 90° angles to compensate gravity's effects both horizontally and vertically.

A new retail concept was deployed in China, with new boutiques opened in Shenzhen, Hangzhou and Sanya, and in other important luxury destinations, such as Aspen, Sydney and Hong Kong SAR, China. Furthermore, the Maison brought its big, bold and expressive nature to New York with the mesmerising Soho Residence, the first lifestyle-driven boutique bringing the Maison's values to life.

The year marked the era of Roger Dubuis' digital transformation, with a strong push in developing the infrastructure supporting the Maison's omni-channel network, enhancing the connection to its clientele by providing access to Hyper Horology™ anywhere, anytime and with any device.

The Maison's obsession with the future implies a strong responsibility in deploying a sustainable business model. This year, Roger Dubuis renewed its membership of the Responsible Jewellery Council, and confirmed its commitment to reducing its carbon footprint, adhering to Richemont's Science Based Targets ('SBT').

In the year ahead, the Maison will keep increasing its value proposition by strengthening its Hyper Horology™ supremacy while asserting its unique identity, well testified by the launch of Q-LAB™, a dedicated and exclusive space within the Manufacture, set to become a unique place to foster creativity and innovation while promoting 'the most exciting way to experience Hyper Horology™'.

Nicola Andreatta
Chief Executive

Established 1995
2 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Officer Nicola Andreatta
Chief Finance Officer Vincent Lachaize
www.rogerdubuis.com

VACHERON CONSTANTIN
GENÈVE

Crafting eternity since 1755, Vacheron Constantin is the world's oldest watch Manufacture in continuous production, faithfully perpetuating a proud heritage based on transmitting expertise through generations of master craftsmen.

Vacheron Constantin's Manufacture and headquarters, Geneva

- With the continued development of *Les Cabinotiers*, the Maison expresses the ultimate know-how in both technical and Métiers d'Art fields.
- Vacheron Constantin kept demonstrating its commitment to art and culture by releasing creative content in partnership with the Musée du Louvre and Abbey Road Studio.
- The Maison's network keeps strengthening with the opening of flagship stores in New York and in Tokyo, while launching e-commerce in seven countries.

Epitomising the spirit of 'Beautiful High Watchmaking', Vacheron Constantin continues to create outstanding timepieces for connoisseurs who value technical excellence, luxury aesthetics and finishing to the highest standards.

Over the last year, Vacheron Constantin kept devoting itself to production with a long-term value strategy, as well as to continue providing strong client engagement, high levels of quality and desirability.

Key new launches were revealed during the second digital edition of Watches and Wonders in Geneva in which the iconic *Historiques American 1921* was relaunched to celebrate its 100th anniversary. Other highlights included a limited series of the *Traditionnelle* split-second chronograph, new high complication *Overseas* references and a series of three Métiers d'Art limited editions paying homage to Portuguese sailors. Finally, to continue building on the success of the *Égérie* collection, launched a year earlier, two new diamond-pavé references were revealed during the event.

Throughout the year, clients and press continued to discover the prowess of *Les Cabinotiers* artisans with the unveiling of outstanding timepieces such as a *Westminster Sonnerie* paying tribute to Johannes Vermeer and the *Grande Complication Bacchus*, referring to both astronomy and mythology, and combining high watchmaking mastery as well as Métiers d'Art.

The Maison continued to celebrate its commitment to art, culture and the spirit of exploration by showcasing the parallels that exist between the skills of the artisans of Vacheron Constantin and the Musée du Louvre, by supporting a grassroot artist in a collaboration with Abbey Road Studio and by launching the highly desirable *Overseas Everest* limited edition.

Vacheron Constantin kept building a consistent and selective distribution network around the world with the opening of flagship stores in New York and Tokyo. This was accompanied by the launch of its e-commerce service in seven countries.

Staying true to its values and motto, the Maison will keep innovating in 2022, leveraging its expertise and creativity to delight its clients. Vacheron Constantin looks to the future with caution and confidence, building on its successful collections, its reputation for fine craftsmanship, its unique one-to-one approach to client relations as well as the talent and commitment of its teams – all forged in accordance with François Constantin's motto "do better if possible, and that is always possible".

Louis Ferla
Chief Executive

Established 1755
10 Chemin du Tourbillon, Geneva, Switzerland
Chief Executive Officer Louis Ferla
Chief Finance Officer Gil Weinmann
www.vacheron-constantin.com

Online Distributors

Key results

Sales (€m)

2022	2 788
2021	2 197

Operating result (€m)

2022	-210
2021	-223

Percentage of Group sales

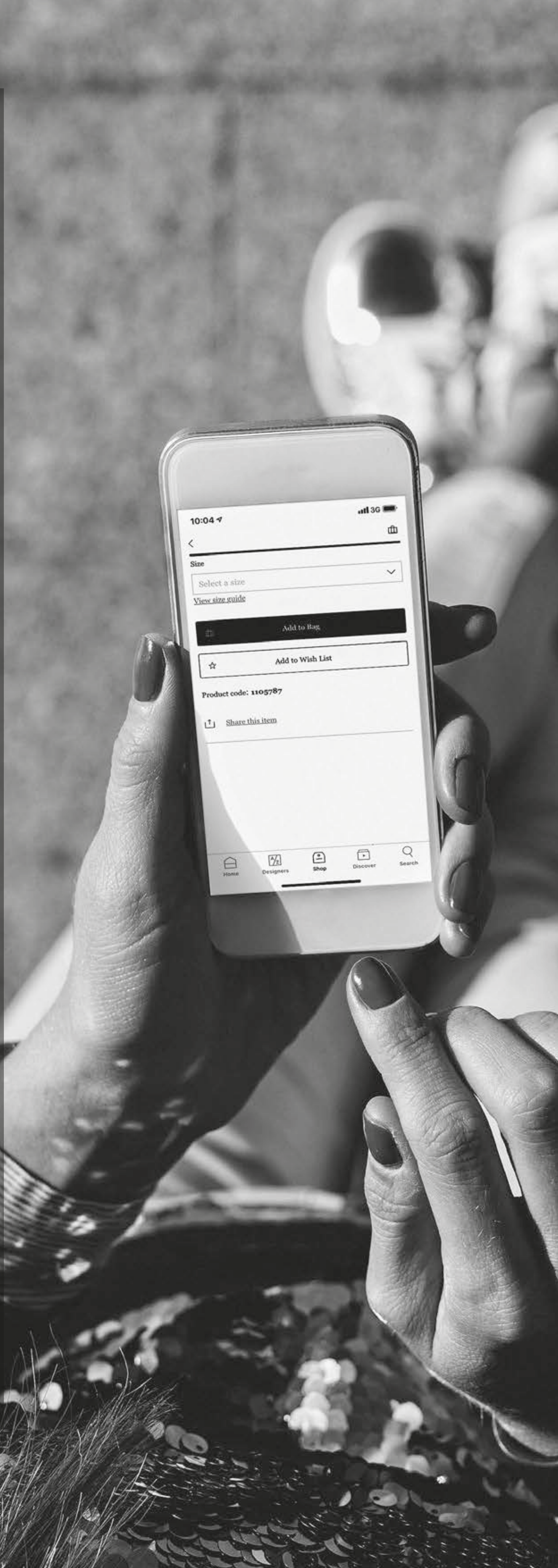
2022

Online Distributors 14%

Richemont’s Businesses

WATCHFINDER&Co.
THE PRE-OWNED WATCH SPECIALIST

YOOX
NET-A-PORTER
GROUP



WATCHFINDER&Co.
THE PRE-OWNED WATCH SPECIALIST

Founded in 2002, Watchfinder&Co. is the premier resource from which to buy, sell and part-exchange pre-owned luxury watches. From current bestsellers and cult classics through to vintage and limited edition pieces, Watchfinder has thousands of watches from more than 70 different luxury brands, all available online and via a network of private showrooms and boutiques.

Watchfinder at Bongénie, Geneva

- International expansion continued with Watchfinder arriving in Italy and a second Swiss boutique opening in Grieder, Zurich. The year also saw the roll-out of pop-up partnerships, within Printemps, Paris and Nordstrom, Seattle.
- Watchfinder's part exchange (trade-in) service is now live in close to 100 luxury boutiques across six different markets.

As a global pioneer in the pre-owned watch sector, Watchfinder remains wholly focused on its customers' experience, whether that's buying, selling, researching or part exchanging. The Company presents an unparalleled selection of luxury watches, all owned by Watchfinder, that have been authenticated, inspected and restored in Watchfinder's manufacturer-accredited service centre. Underpinning Watchfinder's quality of care, each watch is sold with a 24-month warranty for added assurance. With an easy to use online store, concierge services, private viewings, click and collect, same day delivery, part exchange and bespoke finance solutions, Watchfinder ensures every customer's ideal watch is selected, prepared and delivered exactly when, where and how they want it.

The strength and predicted potential of the second-hand hard luxury market represents a sizeable opportunity for Watchfinder. By keeping customers at the heart of the business and by mobilising resources to create true value and meaningful experiences, supported by the application of data and technology, Watchfinder has the potential to stay ahead of the competition. The year under review has provided a strong launchpad to capitalise on this opportunity with double-digit year-on-year growth in both sales and purchasing and the acceleration of growth in international markets, buoyed by online sales and the expansion of its retail footprint.

Shopping behaviour continues to shift. Hard luxury goods are becoming more widely recognised as an investment vehicle and, in turn, more and more consumers are identifying the pre-owned sector as a viable entry point. Additionally, the circular economy is experiencing a coming-of-age moment which is expected to see a rapid rise in the volume of trade-ins, for which Watchfinder is well positioned to meet customer needs. Watchfinder also sees ever evolving digital infrastructure providing new ways to transact and create personalised buying experiences. Embracing these new distribution strategies allows Watchfinder to open up its platform and cater to the demands of newer audiences, their buying habits and expectations.

Watchfinder's ambition is to be both recognised as the platform to purchase and trade certified pre-owned watches and as a go-to source for inspiration and information. Its popular YouTube channel provides a distinctive blueprint on which this ambition can be built. The next three years will see Watchfinder strengthen the building blocks and pathway to deliver on this ambition. Next year, Watchfinder will focus on its leadership position in the UK as well as seeking to bolster its international capabilities. The business will continue to develop its operating processes to best serve its fast-growing international business as well as continue to build brand awareness and customer experience globally.

Arjen van de Vall
Chief Executive

Established 2002
23 Kings Hill Ave, Kings Hill, West Malling, England
Chief Executive Officer Arjen van de Vall
Chief Finance Officer Patrick Addor
www.watchfinder.co.uk

YOOX NET-A-PORTER GROUP

YOOX NET-A-PORTER is the leading online luxury and fashion retail business. Leveraging more than 20 years of experience in global e-commerce, it connects customers to the world's most coveted brands, bringing them outstanding style and impeccable service.

YOOX NET-A-PORTER Tech Hub, London

- YOOX launched the marketplace for customers based in almost 30 countries in Europe.
- THE OUTNET added menswear to its brand portfolio.
- NET-A-PORTER and MR PORTER offer customers the opportunity to resell their preloved designer items, the first step in the circular economy.

As a result of recovery from the Covid-19 pandemic, multi-brand online stores NET-A-PORTER, MR PORTER, THE OUTNET and YOOX and the Online Flagship Stores, showed significant growth this year, offering an unparalleled online retail experience to over 5.3 million style-conscious customers across 180 countries.

The evolution of the YOOX NET-A-PORTER business model made a significant step with the introduction of the YOOX marketplace in almost 30 countries across Europe. The hybrid model, merging 1P, wholesale and 3P, third party, allows customers to access a wider, more frequently updated assortment and new product categories.

An increased focus on driving demand saw the businesses embrace greater product and customer-centricity, while consolidating investments in technology and accelerating the focus on commercial success.

Growth initiatives included the introduction of menswear to THE OUTNET's brand portfolio as the latest step to develop its assortment in addition to its strong roster of curated luxury womenswear brands.

NET-A-PORTER, MR PORTER and THE OUTNET successfully rolled out new alternative payment methods in over ten countries including the US, the UK, Germany and Italy, meeting increasing customer demand for payment flexibility on their shopping journey.

The businesses' focus on localisation has seen considerable strides. In China, NET-A-PORTER's flagship store on Alibaba's Tmall Luxury Pavilion offers more and more brands to the local clientele. In the Middle East, customers are enjoying a custom online experience following the launch of MR PORTER's Arabic-language site. Additionally, the increasing integration of local brands in the assortment and NET-A-PORTER, MR PORTER and YOOX's commitment to fully localised marketing campaigns, are strengthening connections with local customers.

Testament to the company's sustainability strategy, Infinity, NET-A-PORTER and MR PORTER customers in the UK, the US, Germany and Hong Kong SAR, China can now resell their preloved designer items through a service that is unique in its breadth of offer. Powered by resale partner Reflaunt, it is a significant milestone in YOOX NET-A-PORTER's commitment to advance re-commerce initiatives across online stores.

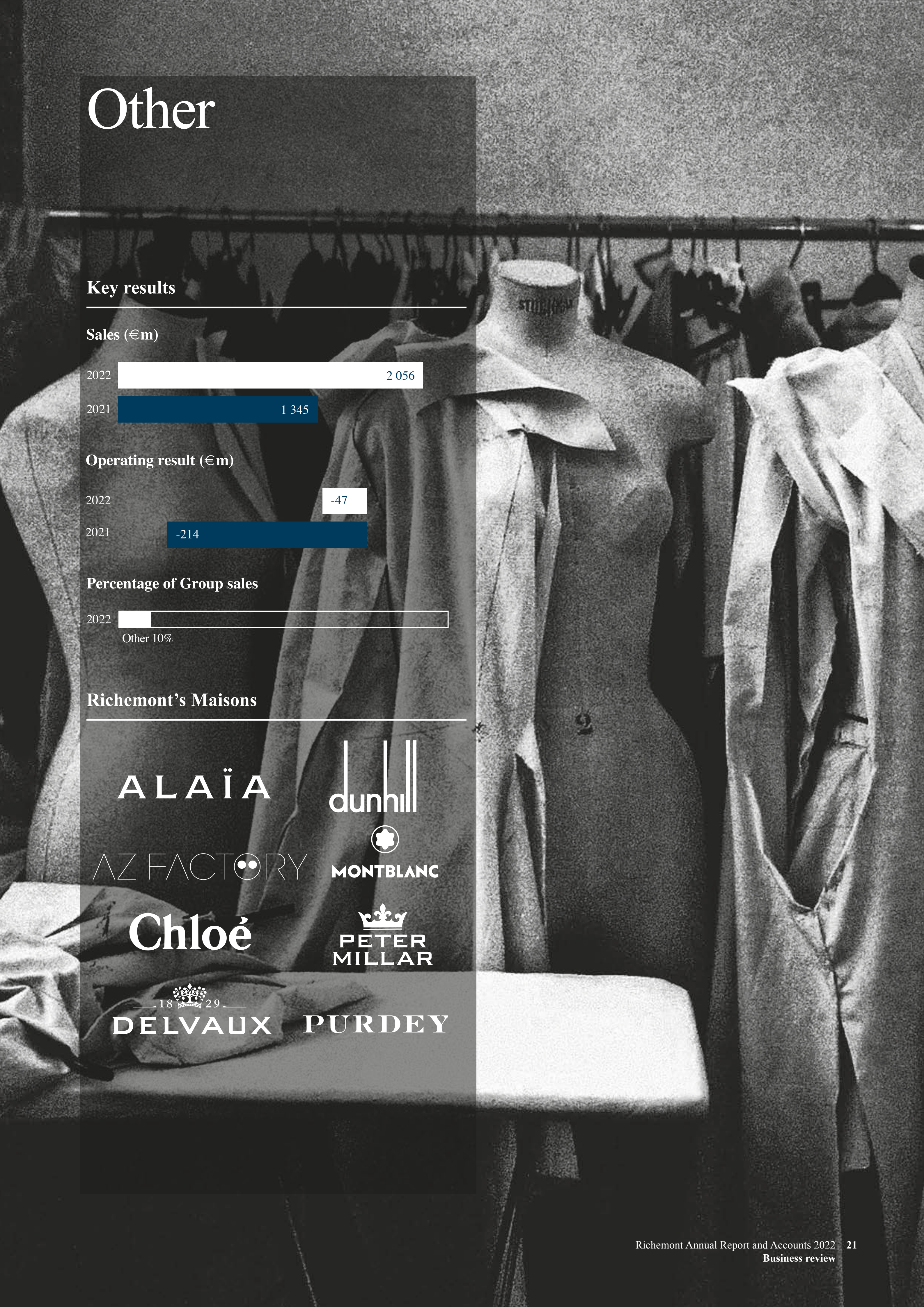
This year also marks the second edition of The Modern Artisan, a training programme in responsible design and sustainable craftsmanship developed by YOOX NET-A-PORTER with The Prince's Foundation. Eight graduates from the UK and Italy will design, handcraft and launch YOOX NET-A-PORTER's first carbon neutral womenswear capsule collection.

Continued growth of the businesses will be driven by the evolution towards a hybrid operating model, a product-led approach with a focus on market reach and relevancy, underscored by a commitment for a more sustainable and circular fashion system.

Geoffroy Lefebvre
Chief Executive

Established 2000
Via Morimondo 17, Milan, Italy
Chief Executive Officer Geoffroy Lefebvre
Chief Finance Officer Paola Agasso
www.ynap.com
www.net-a-porter.com www.mrporter.com www.theoutnet.com www.yoox.com

Other



Key results

Sales (€m)

2022	2 056
2021	1 345

Operating result (€m)

2022	-47
2021	-214

Percentage of Group sales

2022

Other 10%

Richemont's Maisons

ALAÏA

dunhill

AZ FACTORY

MONTBLANC

Chloé

PETER MILLAR

DELVAUX 1829

PURDEY

ALAÏA

"My obsession is to make women beautiful. When you create with this in mind things can't go out of fashion." Azzedine Alaïa

7 rue de Moussy, Paris

- Pieter Mulier, the new Creative Director, and the first to succeed the Maison's founder, presented his first two collections widely acclaimed by press and buyers. Both collections confirmed his respectful and forward-looking creative vision.
- Historical addresses in Paris, at rue de Marignan and rue de Moussy, were refurbished. The Marignan boutique welcomes a café and a body treatment room.
- Increase of Alaïa's digital footprint with its own e-commerce, NET-A-PORTER partnership and the launch of its first WeChat boutique.

Since 1964, Alaïa is a Parisian Fashion Maison, with a Couture soul which, beyond fashion, reveals the power of femininity and the timelessness of beauty in the spirit of its namesake creator. Azzedine Alaïa created an outstanding legacy to build on, including sculptural silhouettes, unique signature codes and know-how.

Since last year, Alaïa engaged an important transformation plan leading the company from Alaïa, the person, to Alaïa, the Maison.

The year was a pivotal milestone. Pieter Mulier, the new Creative Director, presented his first two collections in July and January, at the historical Alaïa address. Both collections reinforced with strength and consistency the fresh re-interpretation of Alaïa's distinctive codes. They were strongly welcomed by media and buyers. Moreover, the first collection reached stores in December, showing a very encouraging increase in sales and confirming the new creative vision.

Following this vision, only two collections are presented each year, including ready-to-wear with Couture and building a seasonless approach with high topicality. A renewed permanent and iconic wardrobe will, along with seasonal capsules, complement the collections. The first capsule was the launch of swimwear in December.

Along with this new creative impulse, Alaïa reinforced its distribution, including teams and operations. A stronger digital footprint and strategy allowed the Maison to double the e-commerce business and grow significantly with its digital partners such as NET-A-PORTER. Alaïa is back in directional accounts, such as Dover Street Market, and launched its first WeChat boutique. The collection was strongly supported with key activations including VIPs, trunk shows, pop-ups and social media campaigns. The two historical boutiques in Paris were also refurbished.

Finally, the renovation of the historical headquarters ensured the preservation of the Maison's unique archives, in continuous collaboration with the Fondation Azzedine Alaïa.

In the year ahead, Alaïa enters a second phase of its development. The focus will further accelerate the visibility of the Maison's new creative impulse worldwide. To do so, Alaïa will manage key openings in New York, Shanghai and Tokyo. It will grow its community of friends and celebrities and increase its communication pressure around the collections, including accessories such as *Le Papa* bag. New resources and processes will accompany growth in terms of production, supply and omni-channel agility. The re-ignition of Alaïa's creative energy, aligned with stronger visibility, will strengthen the growth and the outstanding positioning of the Maison.

Myriam Serrano
Chief Executive

Established 1964
7 rue de Moussy, Paris, France
Chief Executive Officer Myriam Serrano
Chief Finance Officer Amélie Meunier
www.maison-alaia.com

AZ FACTORY

"We are on a journey to design beautiful, purposeful, solutions-driven fashion that works for everyone. A place to experiment and try new things, our way." Alber Elbaz

Love brings love tribute show

- Passing of our founder Alber Elbaz in April 2021.
- Launch of product stories: *Free To*, *SuperTech-SuperChic*, *Love brings Love*.
- Collaborative tribute show to Alber Elbaz in October.
- Exhibition of the tribute show at Palais Galliera in March.

It is with extremely heavy hearts that AZ Factory announced the passing of its founder, Alber Elbaz. The power of his vision, his extraordinary imagination, his adoration of women and his kind heart have fueled his latest gift: AZ Factory. He lived for creation and AZ Factory was so lucky to have been a part of this adventure: Alber's project to reset fashion to care. Alber, we will all carry your mission in our hearts, and your generosity in our lives. The world has lost a legend.

On 12 June 2021, the day that would have been founder Alber Elbaz's 60th birthday, AZ Factory launched the two product stories he fully finalised before his sudden passing: *SuperTech-SuperChic* and *Free To.*

The *SuperTech-SuperChic* product story brings hi-tech to high fashion. Using eco-dyed, nylon microfiber traditionally used in activewear, AZ Factory employed innovative, 3D knitting technology to create woven details inspired by Couture craftmanship. The result is AZ Factory's signature athletic Couture, a new approach to formalwear that remains comfortable, breathable and seasonless.

In the never-seen-before *Free To* product story, messages of escapism and hope are crafted in bold, hand-embroidered lettering pieces made of eco-sustainable fabrics. Alber brought his signature of raw-edged satin ribbon and metallic details on pieces he envisioned to answer the sartorial needs of women today.

Both the *SuperTech-SuperChic* and *Free To* product stories are enhanced with Near Field Communications technology, allowing clients to tap into the *Alber & Amigos* client membership programme, unlocking exclusive content and community perks.

In September, AZ Factory revealed the names of the 44 Maisons and designers that took part in the 'Love Brings Love' Fashion Show in honour of Alber Elbaz. Among the list of participating designers, several sit at the helm of historic Maisons, some lead their own eponymous labels, while others are today's emerging talents. Each designer provided a look for the occasion, a bespoke creation inspired by Alber's legacy or a special take on an iconic silhouette. The show's concept was inspired by 'Théâtre de la Mode', a 1945 Parisian exhibition which brought together over 60 French couturiers as a beautiful expression of creativity, prestige and solidarity in the wake of World War II.

From March, the Palais Galliera celebrates Alber Elbaz in an unprecedented exhibition format, recreating this collaborative show. This one-of-a-kind exhibition recreates the show by immersing its visitors in the full runway experience.

AZ Factory believes in smart fashion that cares and reaffirms itself as a collective laboratory and factory, a place that nurtures creativity, emotion and playful storytelling around core values of love, trust and respect. AZ Factory creates beautiful, fun, practical and solutions-driven fashion that works for everyone. AZ Factory maintains a steadfast commitment to transparency, sustainability, inclusivity and education.

Annie Paray
Chief Executive

Established 2019
261 Boulevard Raspail, Paris, France
Chief Executive Officer Annie Paray
Chief Finance Officer Laetitia de Mathan
www.azfactory.com

Chloé

Founded in 1952 by Gaby Aghion, an Egyptian-born Parisian who wanted to liberate women's bodies from the stiffly formal fashion of the time through a luxury ready-to-wear offering. Seventy years later, Chloé continues to embody a purposeful vision of luxury fashion, rooted in a sophisticated, forward-looking yet timeless style, a spontaneous and free-spirited attitude and a belief in the power and joy of femininity.

La Maison Chloé, Paris

- The beginning of a new 360-degree brand reinterpretation under the creative direction of Gabriela Hearst.
- A transition to a purpose-driven model, which places social and environmental sustainability at the core of the business and brand strategy.
- The first luxury fashion Maison to obtain B Corp certification.

This year marked the beginning of a complete brand reinterpretation under the creative direction of Gabriela Hearst, who joined Chloé in December 2020, transforming the Maison's approach to collections, image direction, stores and communication, with the aim of refreshing and reasserting the brand identity while further elevating its luxury positioning.

Gabriela Hearst unveiled her first Chloé collection (Autumn/Winter 2021) on 3 March 2021 – 100 years to the day of Aghion's birth. The show took place in Saint-Germain-des-Prés, in tribute to Aghion's first shows, which were staged in landmark Left Bank cafes such as Café de Flore and Brasserie Lipp. Gabriela Hearst's debut collection reimagined the Maison's ready-to-wear, leather goods, shoes and accessories offer, evolving its codes with a focus on craftsmanship, exquisite quality, lower-impact materials and a refined aesthetic consistent across all product categories.

The *Edith* bag was reissued, staying true to its original design and 50 vintage *Edith* bags were repurposed with leftover materials from the collection. A jacket and a backpack made from upcycled leftover materials were designed in collaboration with the non-profit Sheltersuit; for every backpack sold, Chloé funds two multi-functional jackets for people experiencing homelessness.

Throughout her subsequent collections, Gabriela Hearst has continued to reinforce the Chloé codes and cement the Maison's commitment to honest luxury, encouraging holistic, innovative development with measurable improvements. Every collection marks a step in improving sustainability credentials and includes partnerships with social enterprises as a pathway to positive social impact.

More recently, Chloé unveiled its new lower-impact sneaker, the *Nama*. The *Nama* reflects the Maison's commitment to combining superlative design with lower-impact and recycled materials.

Elevation is mirrored in the distribution strategy, as the Maison consolidates the wholesale business and shifts gradually towards a new direct-to-consumer retail model.

In October, Chloé announced it had obtained B Corp certification. B Corp is one of the most demanding certifications that evaluates brands' social and environmental impact. By becoming B Corp certified, Chloé legitimises the progress it has made to date, and underscores its unwavering commitment to lower environmental impact and positive social change.

Most of all, though, this certification reinforces Chloé's goal of harnessing the potential of creativity and innovation as a force for good, to have a positive influence on the world, empowering and uplifting women.

Riccardo Bellini
Chief Executive

Established 1952
5-7 Avenue Percier, Paris, France
Chief Executive Officer Riccardo Bellini
Chief Finance Officer Ascher Sabbah
www.chloe.com

DELVAUX

1829

Founded in Brussels in 1829, Delvaux is the oldest fine leather luxury goods Maison in the world and has been active without interruption ever since with its own workshops. Delvaux is the inventor of the modern handbag having filed in 1908 the first ever leather handbag patent in the world. Since its creation the Maison has been both avant-garde and true to the finest traditions of craftmanship while conveying the heritage and symbols of Belgian culture.

Delvaux Headquarters in Brussel's Arsenal

- Delvaux joined Richemont in July 2021.
- In January 2022, to celebrate ten years of presence in China, Delvaux has released 'Beijing Stories,' the latest addition to their 'City Series' of short films

Maison Delvaux was established in Brussels by Charles Delvaux in 1829 and has been official supplier to the Royal Court of Belgium since 1883.

In 1933, F. Schwennicke takes over the company and initiates another world premiere introducing seasonal collections mirroring the practices of Parisian Haute Couture.

Under his direction and then later that of his wife, Solange, Delvaux produces countless masterpieces.

Among its rich and most significant archives catalogued in 'Le Livre d'Or', Delvaux emblematic creations include the *Brillant* (1958), the *Tempête* (1967), the *Pin* (1972) and now the *Lingot* (2022) is joining the saga.

Steeped in the spirit of Belgian surrealism, la Maison Delvaux brings a witty approach to all its creations, infusing each design with an unconventional and original touch.

Functional and emblematic, Delvaux products praise daring creativity with each bag being instantly recognisable by its design, shape, construction, closure and buckle. Each bag is a little work of art, made by hand with the highest quality leathers in Delvaux's own ateliers in Belgium and France.

To date, Delvaux counts over 50 owned boutiques all over the world in outstanding locations to meet its international, discerning and pioneering clientele.

Each shop is different, blending Delvaux's soul and origins with each city's unique culture. Praising excellence, authenticity and respect, Delvaux values long-lasting relationships with its clients.

In July 2021, a new chapter in the life of the Maison started when Delvaux joined Richemont. This new venture will strengthen even more the intrinsic qualities of the Maison and allow it to invest further in distribution and production capacity.

Jean-Marc Loubier
Chief Executive

Established 1829
7, Bd Louis Schmidtlaan, Brussels, Belgium
Chief Executive Officer Jean-Marc Loubier
Chief Finance Officer Grégoire Bedoret
www.delvaux.com

dunhill

Founded in 1893 in London, dunhill has been design-driven with style and purpose for over125 years. Today the Maison is of the moment representing the best of British leather goods and menswear.

Bourdon House, the London home of dunhill

- dunhill consolidated its ready-to-wear offer, especially in outerwear with the launch of *Compendium*, an innovative multi-functional coat.
- Leather goods remains a key priority for the Maison with an acceleration of the crossbody category, with the *Lock Bag* collection.
- The Maison accelerated its online sales with the grand opening of its flagship on Alibaba's Tmall Luxury Pavilion in April 2021.

Born in London in 1893, dunhill is an expression of the city's unique duality of modernity and tradition.

Drawing from this heritage and spirit of innovation, the Maison has consolidated its ready-to-wear offer this year with the launch of *Compendium*, a multi-functional coat that adapts to the changing seasons and is inspired by a men's compact from the dunhill archive.

In leather goods, the crossbody category has grown significantly, supported by the *Lock Bag* collection. dunhill also continues to build its footwear offer through its successful loafers and sneakers.

The Maison launched a new fragrance, *Driven*, to target younger customers and expanded its accessories offer with the launch of the new fine jewellery collection *Transmission*.

dunhill has continuously focused its communication strategy on digital. The new collections Spring/Summer 2021 and Autumn/Winter 2022 were introduced through digital presentations, leveraging the social platforms of the Maison and a selection of digital partners, generating millions of impressions. In China, the continuation of brand ambassador Yang Yang has helped raise brand awareness and reach new audiences.

The Maison accelerated its online sales, both on its online flagship store and on Alibaba's Tmall Luxury Pavilion, whose grand opening was celebrated in April. dunhill also reinforced its physical presence in its key markets in China and Japan. New stores were opened in Chengdu and Ningbo in China, in the Ginza G6 Mall in Tokyo, Japan, and the Ginza flagship was renovated.

Moving into 2022, dunhill will continue to reinterpret timeless British style, with new innovations in its priority categories: ready-to-wear, leather goods and footwear.

Laurent Malecaze
Chief Executive

Established 1893
Bourdon House, 2 Davies Street, London, England
Chief Executive Officer Laurent Malecaze
Chief Finance Officer Andrew Holmes
www.dunhill.com

MONTBLANC

Since 1906, Montblanc's writing instruments have been the symbol of the art of writing. Driven by its passion for craftsmanship and creativity, Montblanc provides as well elegant, sophisticated and innovative creations in the fields of fine watchmaking, fine leather, new technologies and accessories.

Montblanc Manufacture, Villeret, Switzerland

- Next chapter of the global brand campaign 'What Moves You, Makes You' with new mark makers.
- Launch of the long-term partnership between Montblanc and Ferrari.
- Launch of the first leather collection of Creative Director Marco Tomasetta.

In 2021, Montblanc launched the next chapter of its brand campaign 'What Moves You, Makes You', inspiring people to express their full potential. Actor Cillian Murphy, actress Xin Zhi Lei and DJ Peggy Gou joined Spike Lee and Chen Kun as mark makers in the Maison's global campaign.

Capitalising on the message of its campaign, Montblanc launched its first complete cross-category collection *UltraBlack*, a celebration of the modernity of Montblanc's most recognisable colour. The new collection brings together multiple product categories from leather goods to writing instruments, from watches to new smart technologies.

Highlighting its luxury business lifestyle positioning, Montblanc teamed up with independent Paris fashion brand and lifestyle powerhouse Maison Kitsuné to create a collection of leather goods, wearable and writing accessories, blending iconic lines of Montblanc with the distinctive attitude of Maison Kitsuné.

As part of its commitment to crafting more products that are respectful of the planet, Montblanc collaborated with New York-based fashion brand Public School. The launch of the conscientious, lower impact collection of bags and accessories was celebrated in the newly renovated Montblanc flagship boutique on Madison Avenue.

In writing instruments, Montblanc introduced its latest great characters edition dedicated to Enzo Ferrari. The edition marks the beginning of the long-term partnership between Montblanc and Ferrari, two iconic leaders in luxury, that will span multiple, different projects upholding both companies' passion for craftsmanship, innovation and performance.

In watches, Montblanc continued its successful *Geosphere* line with an edition that is inspired by the explorations of legendary mountaineer Reinhold Messner and his five-week solo trek across the Gobi desert in 2004. The new *Geosphere Limited Edition 1858* is powered by a Manufacture calibre and features an innovative laser technique, displaying an authentic rendering of the Gobi desert on the case back.

In October, the Maison launched its new online flagship store, offering a seamless new user experience and conveying impactful brand content online.

In the coming year, Montblanc will launch the first collections of its new Creative Director Marco Tomasetta, who joined the Maison with an extensive experience in luxury leather goods and accessories. As a highlight in 2022, Montblanc will celebrate the opening of the Montblanc Haus in Hamburg with the clear mission to inspire writing.

Nicolas Baretzki
Chief Executive

Established 1906
Hellgrundweg 100, Hamburg, Germany
Chief Executive Officer Nicolas Baretzki
Chief Finance Officer Hendrik Bitterschulte
www.montblanc.com

PETER MILLAR

Peter Millar launched in 2001 with a single cashmere sweater, which embodied a commitment to craftsmanship that continues today. Now offering a complete range of casual apparel and sportswear, the brand works with only the finest materials and quality fabrics sourced from specialist mills and workshops.

Peter Millar boutique, Austin, Texas

- The Maison opened a boutique at Highland Park Village in Dallas, Texas, one of the premier shopping destinations in the US.
- Its G/FORE brand continued to grow, including the opening of its first boutique in Palm Beach.

One of the fastest growing and most respected Maisons in luxury apparel, Peter Millar enjoys distribution through the finest specialty retail stores, prestigious resorts and the most exclusive country clubs, as well as through its own branded boutiques and online store. Strong relationships, exceptional product offerings and a premier level of customer service have cultivated an extraordinarily loyal clientele around the world.

Despite ongoing challenges associated with the global supply chain, the Maison continued to execute its growth strategy, highlighted by the opening of a new Peter Millar boutique in Dallas at Highland Park Village, continued investments in its US website platform, and growth of its G/FORE brand. Peter Millar now has 21 branded boutiques, all located within the US, and G/FORE launched boutiques in Palm Beach and Korea during the year. Peter Millar achieved significant consumer engagement growth over the past year, supported by additional investment in digital marketing, creative content, and systems to support its growing e-commerce business. This strategy has driven measurable brand awareness growth and will continue to yield favourable results.

The Maison continued to evolve its product lines, with a particular focus on the casualisation of the *Crown* line, which features a more relaxed sportswear aesthetic with 'lived-in' fabrics and unique finishing treatments. The casualisation direction was also present in the expansion of innovative, performance apparel in the Maison's *Active* line. In addition, *Crown Sport* footwear experienced continued success with the launch of entirely new designs in the *Hyperlight Glide* and *Hyperlight Drift* capsules.

The Maison saw wholesale and e-commerce growth in the Los Angeles-based brand G/FORE, the golf-inspired sportswear and accessories brand, which was acquired in 2018. G/FORE's growth was supported by continued investments in e-commerce operations and digital marketing, as well as expansion of its footwear, apparel and accessory offerings. The successful launch of the *MG4X2* golf cross trainer was a significant contributor to the brand's growth and helped edition products and capsules to surprise and delight the brand's core audience, while attracting more consumers to the brand. Finally, the Maison experienced continued growth in its women's golf segment by offering a refined aesthetic unique to the women's golf market.

In the year ahead, Peter Millar will strengthen its product categories and most importantly, merge the *Crown Crafted* line with its *Collection* line to introduce a new, innovative offering that fuses luxury lifestyle apparel and reimagined performance sportswear. The Maison will continue to invest in the online shopping experience with enhancements to the Peter Millar website and a relaunch of the G/FORE website. Peter Millar will expand its distribution network with new boutiques. As always, a focus on outstanding quality and world-class customer service will underpin these initiatives.

Scott Mahoney
Chief Executive

Established 2001
1101 Haynes Street, Raleigh, North Carolina, USA
Chief Executive Officer Scott Mahoney
Chief Finance Officer Jon Mark Baucom
www.petermillar.com

PURDEY

James Purdey & Sons, holder of three Royal Warrants as gunmakers to the British Royal Family, was founded in 1814 and has been crafting the finest shotguns and rifles for more than two centuries. The combination of precision craftsmanship and exquisite finish make both Purdey's guns and elegant countryside clothing the most desirable choice for the passionate client.

Audley House, the home of James Purdey & Sons since 1882

- A very positive year showing strong growth across the business, supported by exceptional demand for Purdey shotguns and a British sporting season that continued despite Covid-19 restrictions.

- A unique commemorative shotgun was created to celebrate 100 years since Athol Purdey first travelled to the US to present Purdey.

Today, Purdey's products extend beyond just sporting firearms to include luxury clothing, leather and travel goods and gifts, each with their unique characteristics but all with the same outstanding quality and authority the brand is famous for. It also offers the finest shooting experiences and coaching through the Purdey Shooting School at Royal Berkshire.

The lifestyle of Purdey evokes an inherently British way of life that moves seamlessly from town to country, equipping our customers for every eventuality. Increasingly our customers are looking to us for the complete lifestyle experience of our brand and alongside this the Purdey sporting agency creates the perfect bespoke adventures, including stays at some of the most famous estates in Britain and across the world.

Our range of guns and rifles combines innovation and use of the most modern of technologies, as most famously demonstrated by the Purdey self-opening side-by-side shotgun. The launch two years ago of the over-and-under *Purdey Trigger Plate*, a modern gun designed for the most demanding of sports, has seen significant demand and is now available in 12, 20 and 28 bore calibres.

Purdey remains committed to sustainability and responsibility within our sector, via sourcing as well as initiatives such as the Purdey awards for Shooting and Conservation. By using sustainable materials, locally sourced where possible, our products accompany our dedication to British craftmanship and countryside.

Dan Jago
Chief Executive

Established 1814
Audley House, 57-58 South Audley Street, London, England
Chief Executive Officer Dan Jago
Chief Finance Officer Lewis O'Neill
www.purdey.com

Regional & Central Functions

Richemont has support functions around the world, which bring to our Maisons all the expertise, competences and tools they need to grow their brand equity and focus on their strengths in design creation, sales and marketing. Working as business partners with the Maisons, they foster the capturing of synergies and the sharing of best practices, while respecting the specifics of each Maison.

Richemont

Richemont regional and central functions provide a business operations system to the Maisons in order to develop their activities, covering a large spectrum of services in more than 130 countries. All regional and central functions worked closely with the Maisons to ensure continuity in a volatile environment, while pursuing the development of the operational backbone of the Maisons through various projects and initiatives.

REGIONAL FUNCTIONS

Driven by the continuing pandemic, all regional teams have been highly focused on partnering with Maisons to innovate and better connect with their clients and reach a new scale, while ensuring business continuity, operational excellence and compliance with local regulations.

Europe

Europe experienced an economic recovery throughout the year, with the performance mainly driven by local consumption and organic growth. The attractiveness of the region has also been underlined by a gradual return of international tourism. The continued focus on digital acceleration has proven successful; the upskilling of our teams, the expansion of e-commerce into new territories and the launch of new omni-channel services such as ship-from-store, virtual-selling and click-from-store have led to a solid e-commerce performance. Operational excellence and automation initiatives increased efficiency across the region.

Middle East, India and Africa

As travel restrictions between the Middle Eastern, Indian and African countries persisted and in line with a strategy of developing retail and new retail activities and controlling distribution, the Richemont and Maisons' teams worked together to continue to successfully develop close relationships with local customers in the various countries, to work on the network expansion through new boutique openings and projects across different real estate developments in the region and to continue the internalisation of some activities in Saudi Arabia and India. They also supported the introduction of new Maisons to the region, notably Buccellati and Delvaux in the United Arab Emirates.

Several successes were achieved during the year, such as the opening of the Women's Pavilion with Cartier at the Expo 2020 Dubai, the launch of Van Cleef & Arpels and Montblanc e-commerce in the United Arab Emirates and Saudi Arabia, the recruitment of many local employees and the launch of a partnership with the Dubai Future Foundation to promote innovation and technology.

Asia Pacific

Asia Pacific continued to show resilience and agility as markets tackled the ongoing challenges posed by the pandemic. Whilst cross-border travel remained subdued despite the easing of restrictions, all markets across the region have performed well with loyal long-term as well as new local clients. The regional functions have focused on the acceleration of digital and Luxury New Retail ('LNR') across the region including activations for the Watch Maisons in South East Asia and the establishment of a satellite customer relationship centre ('CRC') in Australia. We have also formed new legal entities in Hainan and New Zealand to better serve these emerging markets and rolled out new markets for Buccellati including Taiwan, China and Korea. At the same time we continued to upgrade our retail and wholesale network, particularly in China. The region has also developed more digital tools to automate administrative tasks to drive efficiency. The regulatory landscape is also evolving, most notably around data privacy and personal information. Lastly, to ensure that we nourish and develop our talents, we have enhanced our focus on Diversity, Equity and Inclusion ('DEI') and Corporate Social Responsibility ('CSR') programmes which have been well received and recognised with a number of related awards across the region.

Americas

The year saw the acceleration of new retail with the introduction of new tools and innovative ways of connecting with our clients (phygital and omni-channel experiences). The region also finalised the integration of Latin America and Buccellati, with both going live in the first quarter. Group Enterprise Resource Planning ('ERP') implementation in Mexico and Brazil started in the second quarter to further drive operational excellence in these markets. Automation and simplification in the technical and distribution platforms have enabled the region to absorb record activity volumes throughout the year and especially during the peak season. This last fiscal year has also seen further enhancements in terms of our CSR and people initiatives supported by a dynamic partnership with Laureus USA.

Japan

In addition to being highly focused on preserving health and safety of our teams amidst the pandemic, the Japan region maintained high operational excellence by enabling innovative opportunities with a strong focus on digital acceleration and driving new retail initiatives. This resulted in a remarkable resilience of the local client demand, notably in the retail and e-commerce channels, despite lack of inbound tourism. Japan also accelerated its CSR journey through various aspects, from environmental to a focus on DEI, further embedding sustainability mindsets in the new ways of working.

CENTRAL SUPPORT FUNCTIONS

Technology

Group Technology continued laying the foundations for supporting the LNR strategy, whilst in parallel building a vision for the future and transforming itself to integrate and align with the business strategy.

The focus was on three key areas:

- An internal agile transformation was launched with the overarching aim of organising cross-functional teams around products and aligning with strategic objectives and business ambitions. Existing product teams have already demonstrated agility and effectiveness by reducing time to market for key initiatives, helped by a closer integration with business owners.
- A Technology Roadmap, which projects three to five years into the future, was developed in close collaboration with our Maisons, Group functions and regions. Validated by the Board late 2021, this roadmap will deliver major programmes to address key business needs for the years to come.
- Security and compliance remain key priorities, with continued improvements aimed at ensuring the continued integrity of our networks, systems, users and data. This is in addition to maintaining business continuity in the ever-changing regulatory context.

The past two years have seen a significant upheaval caused by the global pandemic. Group Technology has played its part at the heart of business success by ensuring that operational activities continued via the provision of a seamless user experience, whether at home or in the office.

Real Estate

The Real Estate function supports the Group and its Maisons with their strategic planning, acquisition and construction development of new boutiques. Real Estate also supports the Building and Office Services ('BOS') function, which handles the facility management (space planning, construction and maintenance) and all office-related services.

This year, the main retail projects were the openings of numerous stores in Mainland China, Panerai in Dubai, Vacheron Constantin in Tokyo, the renovation of the Cartier flagship store in Milan, a brand new Piaget boutique on Rodeo Drive in Beverly Hills, California, Van Cleef & Arpels at Highland Park Village in Dallas, Texas and Buccellati stores at the Wynn in Las Vegas, Nevada. The other projects included new office locations in Dubai, in South Africa and a new Cartier office in Sydney.

Industry and Customer Service

The Group Industry and Customer Services mission is to define and execute the Group's industry, customer service, supply chain/logistics, responsible sourcing and research and innovation strategies, operate our industrial and logistics backbone, and support the Maisons in their manufacturing and supply chain development.

In the last year, our team showed strong agility to support the Maisons to achieve their growth in this context of Covid-19, enabling business continuity in the safest conditions. Thanks to the measures taken, and the flexibility of all stakeholders, the activities of the department have continued to be fulfilled throughout the year.

Richemont continued to pursue its worldwide logistics re-engineering and investment programmes. Product and trade compliance, supported by the Specialist Compliance Centre, is highly focused on ensuring adherence to strict standards and continued market access. Richemont's internal manufacturing entities play an important role in the Maisons' sourcing strategies, with a secure and competitive offer in both watch and jewellery components and with a tailored approach in Italy for the leather goods activity. Research & Innovation and responsible sourcing teams have been strengthened to meet Richemont's commitments to the Science Based Targets initiative ('SBTi'), co-ordinate the PVC phase-out and secure the key supply chains for the Group.

Our efforts will continue in the coming years to ensure business continuity as well as efficiency by pooling the Group's capacities while maintaining the ability to adapt to demand. Richemont's Research & Innovation teams are working in close relationship with our Maisons and Manufactures to deliver innovative solutions and bring more value to our customers. From their base in the École Polytechnique Fédérale de Lausanne ('EPFL') Campus of Microcity in Neuchâtel, our teams are able to leverage a worldwide network of scientific, academic and industrial partners. In collaboration with the Group CSR management, Research & Innovation, the responsible sourcing teams will continue their efforts to support all Maisons and entities in the enrichment, prioritisation and execution of their environmental roadmap with a strong focus on transparency, traceability and compliance.

Human Resources

Richemont's 37 000 colleagues represent the Group's human core, and, more than ever, Human Resources teams are working towards creating an engaged, diverse, skilled and agile workforce. Richemont's HR teams are committed to support its people to achieve ambitious business priorities, in a rapidly evolving job market context, while offering them a fulfilling people experience journey.

This year, all HR initiatives have been developed with specific attention to help navigate a very volatile and uncertain environment, as the pandemic continued to influence lives in and outside of the working environment. HR teams demonstrated ongoing care and empathy to support all the Group's colleagues' efforts to answer to evolving customer needs, the acceleration of the digital strategy, and the delivery of very solid Group performance quarter after quarter. The Group experienced a significant number of hirings and internal mobility. Colleagues have had access to increased opportunities while benefiting from an enhanced learning and development offering.

To continue to bring Richemont People Vision to life, next year focus will be on enabling a high-performing culture by connecting colleagues to their growth and development needs and by recognising each person for their performance achievements both individually and collectively. Richemont will also continue its DEI efforts. Finally, to empower our colleagues to have a positive impact, Richemont's volunteering platform will be rolled out across the organisation.

Offering a competitive, inclusive and purposeful work environment where Richemont people can thrive, feel engaged and stimulated to grow will remain as a top priority for the coming years.

Financial review

in €m	2022	2021	% change
Sales	**19 181**	13 144	+46%
Cost of sales	**(7 154)**	(5 283)	
Gross profit	**12 027**	7 861	+53%
Net operating expenses	**(8 637)**	(6 383)	+35%
Operating profit	**3 390**	1 478	+129%
Net financial (costs)/income	**(844)**	25	
Share of post-tax results of equity-accounted investments	**31**	12	
Profit before taxation	**2 577**	1 515	+70%
Taxation	**(498)**	(226)	+120%
Profit for the year	**2 079**	1 289	+61%
Analysed as follows:			
Attributable to owners of the parent company	**2 074**	1 301	
Attributable to non-controlling interests	**5**	(12)	
Profit for the year	**2 079**	1 289	+61%
Earnings per share – diluted basis	**€ 3.611**	€ 2.296	+57%

Any references to Hong Kong, Macau and Taiwan within this financial review are to Hong Kong SAR, China; Macau SAR, China; and Taiwan, China, respectively.

Given the magnitude of the impact of the Covid pandemic on the Group's operations in the comparative year ended 31 March 2021, additional comments are provided on a two-year comparative basis to the year ended 31 March 2020 for a more comprehensive view of performance.

Sales

Compared to the prior year, sales grew by 46% at actual exchange rates and by 44% at constant exchange rates as growth rebounded in all major markets and distribution channels. The strong sales growth rates experienced throughout the first three quarters of the fiscal year continued into the fourth quarter with overall Group sales expanding by 33% at actual exchange rates (and by 27% at constant exchange rates), despite the impact of the conflict in Ukraine and tighter health restrictions in China, leading to temporary distribution network closures in March.

Compared to the year ended 31 March 2020, sales grew by 35% at actual exchange rates and by 37% at constant exchange rates.

In the year under review, double-digit sales growth was seen in all geographies compared to the prior year, led by the Americas at 79%, with Asia Pacific further building on its strong performance in the prior year. On a two-year comparative basis, sales in all regions exceeded pre-pandemic levels on a constant currency basis.

The Group's directly-operated stores generated the strongest channel performance with sales up by 53% compared to the prior year and by 51% compared to the year ended March 2020. Online retail and wholesale sales grew by 28% and 46% compared to the prior year, respectively. Excluding Online Distributors, sales through the Maison's own e-commerce platforms grew by 44%.

All business areas enjoyed double-digit sales increases compared to the prior year and the year ended March 2020. The Jewellery Maisons generated an outstanding 49% sales growth over the prior year and a 54% increase over the two-year period. Sales at the Specialist Watchmakers and the Other business areas each grew by 53%, with all Maisons growing by double digits compared to the prior year. Compared to two years ago, the above business areas grew by 20% and 15%, respectively, with almost all Maisons growing by double digits. Online Distributors posted a 27% sales increase over the prior year and a 15% increase compared to two years ago.

Further details on sales by region, distribution channel and business area are given under Review of Operations.

Gross profit

At € 12 027 million, gross profit increased by 53% compared to the prior year, while a corresponding gross margin increased to 62.7% of sales.

This 290 basis point improvement in gross margin mainly reflected higher manufacturing capacity utilisation, a favourable geographical sales mix, a further shift towards retail sales and targeted price increases. All these positive factors more than offset rising precious material prices, the impact on costs of a strong Swiss franc as well as valuation adjustments of € 70 million for inventories held in Russia, due to the current suspension of commercial activities in this market.

Operating profit

Operating profit more than doubled compared to the prior year, increasing by 129% to € 3 390 million, or 17.7% of sales, constituting a 650 basis point improvement.

Overall, operating expenses grew by 35% over the prior year, well below the 46% sales progression rate. This increase in operating expenses partly reflected higher sales as well as the non-recurrence of one-off rental concessions and government employment support received in the prior year. The increase also included additional reward payments to Group employees to recognise the strong contribution to the exceptional performance of the Group during the year.

The further expansion of the Group's retail network contributed to an increase in selling and distribution expenses. As a percentage of sales, they improved to 21.8% in the current year from 24.7% a year ago.

Communication investment across the Group increased to € 1 865 million and included the impact of the resumption of in-person events such as Watches and Wonders Geneva which opened in March 2022. As a percentage of sales, communication expenses were in line with pre-pandemic levels at 9.7%. Expenses related to the fulfilment of online retail orders grew by 37% whilst increases in administrative expenses were limited to 18%.

The decision by the Group to suspend its commercial activities in Russia, which accounted for less than 2% of Group sales, and the resulting current uncertainty surrounding future operations in the country, led to a charge of € 98 million in operating expenses.

Profit for the year

Profit for the year amounted to € 2 079 million, an increase of 61% over the prior year. Net finance costs of € 844 million for the year included non-cash fair value losses of € 538 million arising from the Group's investments in a Farfetch convertible note and an option to purchase additional Farfetch China shares, as well as the Group's investments in externally managed bond funds. In addition, it included a € 194 million impact of foreign exchange losses on monetary items. Interest charges on the Group's outstanding corporate bonds amounted to € 95 million while lease interest charges amounted to € 65 million for the year.

Earnings per share reached € 3.611 on a diluted basis, up 57% over the prior year. To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for the year ended 31 March 2022 was € 2 132 million (2021: € 1 316 million). Basic HEPS for the year were € 3.762 (2021: € 2.328), diluted HEPS for the year were € 3.712 (2021: € 2.322). Further details regarding earnings per share and HEPS, including an itemised reconciliation, can be found in note 30 of the Group's consolidated financial statements.

Cash flow

Cash flow from operating activities amounted to € 4 638 million, a 44% increase on the prior year, reflecting the significant growth in operating profit coupled with a measured increase in net working capital, with increases in inventories and receivables largely offset by additional liabilities.

Net investments in tangible fixed assets amounted to € 736 million, as the Group supported its growth momentum with increased investments primarily in its internal boutique network as well as increased manufacturing investments at the Jewellery Maisons and additional technology investments at the Online Distributors.

Investments in associates included an increase of the Group's investment into Kering Eyewear and the previously announced investment of US$ 250 million into Farfetch China.

The 2021 dividend of CHF 2.00 per share (1 '1A' share/10 'B' shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2021. The total dividend cash outflow in the period amounted to € 1 041 million.

During the year under review, the Group repurchased 171 million shareholder warrants issued under the 2020 equity-based shareholder loyalty scheme, for a total cost of € 131 million. These warrants will be used to hedge the Group's obligations arising from its executive share-based compensation schemes. Proceeds from the exercise of share options by executives amounted to a net cash inflow of € 123 million.

Balance sheet

At 31 March 2022, inventories amounted to € 7 099 million, a € 780 million increase over the prior year (2021: € 6 319 million). Inventories represented 15.1 months of cost of sales (2021: 18.3 months).

The Group's net cash position rose by 55% to € 5 251 million at 31 March 2022. This position is comprised of cash and cash equivalents, investments in externally managed bond and money market funds as well as external borrowings, including corporate bonds. At 31 March 2022, gross cash amounted to € 11 200 million.

Shareholders' equity represented 50% of total equity and liabilities compared to 51% in the prior year.

Acquisition of Delvaux

On 30 June 2021, Richemont completed the acquisition of Delvaux, the Belgian luxury leather goods Maison and inventor of the modern handbag, for a total cash consideration of € 178 million, with results consolidated within the Other business area from 1 July 2021. During the nine-month period to 31 March 2022, Delvaux contributed € 102 million of sales to the Group. The acquisition resulted in the recognition of € 60 million of goodwill and € 111 million in additional intangible assets.

Proposed dividends

In view of the Group's strong results and robust net cash position, the Board has proposed a dividend of CHF 2.25 per 'A' share/10 'B' shares and an additional special dividend of CHF 1.00 per 'A' share/10 'B' shares.

The dividends will be paid as follows:

	Gross dividend per 1'A' share/ 10 'B' shares	Swiss withholding tax @ 35%	Net payable per 1'A' share/ 10 'B' shares
Dividend	CHF 2.2500	CHF 0.7875	CHF 1.4625
Special dividend	CHF 1.00	CHF 0.35	CHF 0.65

The dividends will be payable following the Annual General Meeting which is scheduled to take place in Geneva on Wednesday 7 September 2022.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday 20 September 2022. Both will trade ex-dividend from Wednesday 21 September 2022.

The dividends on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday 23 September 2022 and is payable in Swiss francs.

The dividends in respect of Richemont South African Depository Receipts will be payable on Thursday 29 September 2022 and is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividends payable to South African Depository Receipt holders may be found in a separate announcement dated Friday 20 May 2022 on SENS, the Johannesburg Stock Exchange news service.

Review of operations

Sales by region

			Movement at:	
in €m	2022	2021	Constant exchange rates*	Actual exchange rates
Europe	**4 469**	2 955	+51%	+51%
Asia Pacific	**7 820**	5 937	+28%	+32%
Americas	**4 268**	2 388	+77%	+79%
Japan	**1 205**	940	+35%	+28%
Middle East and Africa	**1 419**	924	+53%	+54%
	19 181	13 144	+44%	+46%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2021.

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

Europe
Sales in Europe ended 51% higher than in March 2021 and 5% higher on a two-year comparative basis. Sales benefited from the lifting of Covid-related restrictions and were somewhat impacted by the conflict in Ukraine in the final weeks of the financial year. The sharp growth was underpinned by strong local demand that more than offset continued subdued inbound tourism.

All business areas contributed to growth compared to the prior year and most of them compared to two years ago. Overall, the region contributed 23% of Group sales, slightly increasing its contribution over the prior year.

Asia Pacific
The Group's largest region in terms of sales, Asia Pacific, contributing 41% of Group sales, continued its strong performance, with sales up by 28% compared to the prior year, and by 56% compared to the year ended March 2020. Sales in all business areas as well as in major markets such as China, Korea and Macau grew by double digits compared to both the prior year and on a two-year comparative basis.

Recent localised Covid-related lockdowns, particularly in China, led to temporary boutique closures in March 2022, negatively impacting an otherwise strong quarter.

Americas
The Americas reported sales growth of 77% above the prior year, and of 60% compared to the year ended March 2020, the strongest regional sales growth rates over the comparative one- and two-year periods. All business areas and almost all Maisons contributed to this outstanding performance.

The contribution of the region to Group sales increased to 22% from 18% in the prior year. The region now stands almost on par with Europe as the Group's third largest region in terms of sales.

Japan
Sales in Japan, which contributed 6% of Group sales, recovered more slowly than in other regions, as international travel to the country, and related tourist sales, remained subdued. Japan also faced staggered Covid-related retail opening restrictions throughout the year.

Sales ended the year up by 35% on the prior year and by 7% on a two-year comparative basis, the latter growth rate being largely driven by the Jewellery Maisons and Online Distributors.

Middle East and Africa
The region benefited from increased demand from both domestic and international clients over the course of the year, driven by Expo 2020 Dubai and relatively favourable travel conditions. As a result, sales grew by 53% compared to the prior year and by 58% on a two-year comparative basis. The region contributed 8% of Group sales compared to 7% a year ago.

Sales by distribution channel

in €m	2022	2021	Constant exchange rates*	Actual exchange rates
Retail	**11 057**	7 248	+51%	+53%
Online retail	**3 585**	2 794	+27%	+28%
Wholesale and royalty income	**4 539**	3 102	+45%	+46%
	19 181	13 144	+44%	+46%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2021.

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

Retail

The Retail distribution channel incorporates sales from the Group's directly-operated stores at the Maisons and Watchfinder&Co. ('Watchfinder').

Retail generated the strongest channel performance with sales growth of 51% compared to the prior year and of 53% over a two-year period. Growth in this distribution channel was broad-based across all business areas and regions.

Retail sales were the largest contributor to Group sales, accounting for 57% of Group sales compared to 55% a year ago.

Online retail

Sales made through the online retail channel, primarily by the Online Distributors, also increased significantly, with a 27% growth over the prior year and 38% over two years, contributing 19% of Group sales.

Excluding Online Distributors, online retail sales rose by 42% and represented 6% of Group sales.

Wholesale

This distribution channel includes sales to mono-brand franchise partners, to third-party multi-brand retail partners as well as sales to agents, in addition to royalty income.

The 45% sales increase over the prior year was driven by a strong rebound across all business areas, whilst the 8% sales growth on a two-year comparative basis was mainly generated by the Jewellery Maisons.

For the year under review, the wholesale channel contributed 24% to Group sales.

Sales and operating results by segment

Jewellery Maisons

in €m	2022	2021	Change
Sales	**11 083**	7 459	+49%
Operating result	**3 799**	2 309	+65%
Operating margin	**34.3%**	31.0%	+330 bps

The Group's three Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels, achieved a combined 49% increase in sales compared to the prior year (+54% compared to the year ended March 2020), with double-digit growth in jewellery, including high jewellery which benefited from the resumption of events, and watches. All iconic collections outperformed, from *Opera Tulle* and *Macri* at Buccellati, *Love*, *Panthère*, *Santos* and *Ballon Bleu* at Cartier to *Alhambra* and *Perlée* at Van Cleef & Arpels. This outstanding performance across all Maisons, price points, regions and distribution channels resulted in the Jewellery Maisons crossing the € 11 billion sales threshold for the first time. Growth was the strongest in the Jewellery Maisons' directly-operated store network which contributed over three-quarters of the business area's sales.

With a 65% increase over the previous year, operating profit rose faster than sales leading to a 330 basis point improvement in operating profit margin to 34.3%. This excellent performance reflected higher sales, increased utilisation of manufacturing facilities, further manufacturing efficiency gains and ongoing cost discipline.

To support future growth for the Jewellery Maisons, investments accelerated into manufacturing capabilities as well as into significant boutique projects which included major renovations, such as the Milan Montenapoleone and New York Fifth Avenue stores for Cartier, as well as store openings including the Buccellati flagship store in Tokyo Ginza and a Van Cleef & Arpels store in Highland Park Village in Dallas.

Specialist Watchmakers

in €m	2022	2021	Change
Sales	**3 435**	2 247	+53%
Operating result	**593**	132	+349%
Operating margin	**17.3%**	5.9%	+1 140 bps

Sales at the Specialist Watchmakers, which comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin, grew by 53% compared to the prior year, and by 20% compared to the year ended March 2020. The performance for the year under review was driven by double-digit growth at all Maisons and across regions, with particular strength in the Americas. All channels saw strong growth with retail sales leading the growth. Previous investments in offline and online retail resulted in direct-to-client sales exceeding 50% of sales for the first time. Selective store investments included the new IWC Shinsegae Mall – Daejeon, South Korea, Vacheron Constantin flagship Ginza, Tokyo, Panerai flagship rue du Rhône, Geneva, and the renovated Piaget flagship store on Rodeo Drive, Beverly Hills.

Iconic collections, enriched with new references, saw strong demand. They notably included *Lange 1* for A. Lange & Söhne, *Riviera* for Baume & Mercier, *Pilot* for IWC, *Reverso* for Jaeger-LeCoultre, *Luminor* for Panerai, *Polo* for Piaget, *Excalibur* for Roger Dubuis and *Overseas* for Vacheron Constantin.

As a result of long-term management actions and strict discipline, the Specialist Watchmakers were able to convert this excellent sales performance into a significant increase in profitability, reporting an operating profit of € 593 million. Operating margin gained 1 140 basis points, increasing to 17.3%.

Online Distributors

in €m	2022	2021	Change
Sales	**2 788**	2 197	+27%
Operating result	**(210)**	(223)	+6%
Operating margin	**-7.5%**	-10.2%	+270 bps

Sales of Richemont Maisons' products made through NET-A-PORTER, MR PORTER, THE OUTNET and YOOX (all together 'YNAP') are reported under both the Maisons' and Online Distributors' business area. On Group level, these sales are subsequently eliminated as 'intersegment sales'.

Online Distributors, comprising YNAP and Watchfinder, grew sales by 27% compared to the prior year, reflecting double-digit growth across all regions, led by the Americas and Asia Pacific. Compared to two years ago, sales rose by 15%. The shift towards a hybrid business model is well under way with a number of e-concessions operating at NET-A-PORTER and MR PORTER and a marketplace introduced at YOOX for Europe. NET-A-PORTER and MR PORTER continued their localisation initiatives, notably in the Middle East and China. Watchfinder's international expansion ramped up successfully while the watch trade-in programme was further rolled out at the Specialist Watchmakers and Cartier.

The segment's EBITDA loss decreased to € 24 million from € 37 million a year ago and the operating loss was reduced to € 210 million. Notwithstanding Brexit-related one-off expenses, YNAP's EBITDA reached breakeven before the exceptional reward payments to Group employees and negative contribution of Fengmao, the Chinese joint venture with Alibaba.

Other

in €m	2022	2021 re-presented*	Change
Sales	**2 056**	1 345	+53%
Operating result	**(47)**	(214)	+78%
Operating margin	**-2.3%**	-15.9%	+1 360 bps

* Prior year comparatives have been re-presented as costs previously included with Other have been reclassified to unallocated corporate costs.

'Other' includes the Group's Fashion & Accessories businesses as well as the Group's watch component manufacturing and real estate activities. Following the successful acquisition of the Belgium-based luxury leather goods Maison, Delvaux's sales and operating results are included within the segment from 1 July 2021 onwards. Delvaux already contributed strongly to sales and to strengthening our leather expertise.

Excluding Delvaux, sales grew by double digits compared to the prior year and by 9% compared to two years ago. For the one-year comparison, performance in the Americas and Europe was particularly commendable. All channels posted double-digit sales growth, including online retail following a triple-digit growth in the year ended March 2021. Direct-to-client sales reached 57%. Peter Millar, including the G/FORE brand, continued to deliver excellent results while Chloé and Alaïa started to reap the benefits of the new creative leadership under Gabriela Hearst and Pieter Mulier, respectively.

Store investments included the renovated Montblanc store in The Galleria Mall, Houston as well as new stores for Delvaux in Shinsegae Gangnam, Seoul, for Peter Millar in Highland Park Village, Dallas and for Chloé at E-Skyland Mall, Kaohsiung.

Higher sales, improved gross margin and financial discipline led to a significant reduction in operating loss to € 47 million.

Corporate costs

in €m	2022	2021 re-presented*	Change
Corporate costs	**(566)**	(323)	+75%
Central support services	**(309)**	(255)	+21%
Other unallocated expenses, net	**(257)**	(68)	+278%

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income that are not allocated to specific business areas. Most corporate costs are incurred in Switzerland. For the year under review, they represented slightly below 3% of Group sales.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Corporate Social Responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons and our businesses lies at the heart of the way we work. Richemont has reported its Corporate Social Responsibility ('CSR') progress every year since 2006. Richemont's 2022 Sustainability Report, including our latest developments and relationship with the United Nations Sustainable Development Goals ('SDGs'), will be available from June 2022 at https://www.richemont.com/en/home/sustainability/reports-policies/

Richemont has been a participant in the United Nations Global Compact since 2013.

Transformational CSR Strategy

To meet our stakeholders' evolving expectations, the Group's Transformational CSR Strategy ('Strategy') was elaborated by the CSR Committee in collaboration with our Maisons and support functions. The Strategy includes our commitments over the short, medium and long term. We have grouped these commitments into Foundational, Aspirational and Transformational. Foundational commitments were largely delivered by December 2021, while Aspirational and Transformational commitments are targeted for delivery by December 2022 and 2025, respectively. Together, the Strategy and its commitments represent Richemont's Movement for Better Luxury.

The Strategy's four focus areas, people, sourcing, environment and communities, work together towards Better Luxury. The Strategy's three transversal issues, governance, engagement and innovation, bind those focus areas together. Each is summarised below, together with some of the highlights of the past year and progress against our commitments. Those commitments, targets and performance indicators may be found within the 2022 Sustainability Report. In addition, the corporate website is regularly updated with our highlights at https://www.richemont.com/en/home/sustainability/sustainability-news/

Governance

The Group's activities are guided by a framework that helps Richemont managers, employees and suppliers to understand our expectations and commitments. The framework includes our Corporate Responsibility Policies, as well as codes of conduct for employees, suppliers and environmental management.

Internally, the Group monitors performance by focus area and by Maison, providing additional guidance and support when appropriate. This monitoring includes oversight of our Maisons' own CSR governance, planning and communications. Such CSR matters are increasingly important to their customers, who seek to make responsible luxury purchases.

The Board establishes and reviews the Strategy and management's performance via its Governance and Sustainability Committee, which supports the Board in establishing and reviewing policies and guidelines with regards to Environment, Social and Governance ('ESG') matters:

- Environment – it reviews and approves management proposals regarding CO_2 targets, climate change and biodiversity.
- Social – it reviews and approves management proposals regarding Diversity, Equity and Inclusion ('DEI') as well as matters regarding human and workplace rights and positive social impacts within the Group's operations, its supply chain and the communities in which it operates.
- Governance – it reviews and approves any material amendment to existing strategic plans relating to CSR, ESG, sustainability and any of their components.
- The Committee approves disclosures in the audited annual Sustainability Report and the Group's separate disclosures regarding Science Based Targets ('SBTs') and DEI.

The Committee comprises four non-executive directors: Ms Jasmine Whitbread (Committee Chair); Mr Clay Brendish (former Committee Chair and Lead Independent Board Director); Ms Wendy Luhabe; and Mr Guillaume Pictet. To facilitate its review of particular matters, two consultants regularly attend its meetings: Mr Benjamin Firmenich, an impact finance specialist; and Ms Sandra Macleod, an Expert Witness on reputation and an international leader in communication research.

Dr Bérangère Ruchat was appointed as Richemont's first Chief Sustainability Officer in February 2022. Building upon Richemont's top-ranking achievements in ESG reporting and commitment to SBTs, she brings her deep sustainability expertise and collaborative track record to further develop the Group's vision and step up its sustainability ambition.

The 2022 Sustainability Report was independently assured by EY. Such assurance brings continuous improvements to the quality of our report and related systems, as well as greater confidence for the users of our report.

Engagement

Richemont and its Maisons engage with stakeholder groups on a regular basis. These groups range from customers and employees to investors and suppliers. Regarding investors, we consult with our largest shareholders to determine their concerns and priorities regarding CSR issues and disclosures. We also engage with selected rating agencies on ESG matters.

Corporate Social Responsibility continued

To ensure continued alignment between stakeholder interests and our Strategy, a Materiality Assessment is conducted every three years. The assessment conducted during the year under review used the double materiality approach, in line with best practice. This approach assesses materiality in two ways: Richemont's impacts on the environment, people and the economy (impacts outwards); and sustainability issues that influence Richemont's financial value (impacts inwards). The assessment identified 18 material issues in total, of which four were deemed the most important. In alphabetical order, the four are: Conflict minerals; Customer expectations and sustainability choice; Human rights and labour standards; Transparency and traceability of raw materials.

In addition, at the Group level we continuously review the reporting environment in areas such as Task Force on Climate-related Financial Disclosures ('TCFD') for climate-sensitive scenarios, and the outcome of proposals from the Global Reporting Initiative ('GRI'), International Sustainability Standards Board ('ISSB'), Sustainability Accounting Standards Board ('SASB'), Value Reporting Foundation ('VRF') and other relevant standard setters.

At a local level, each Maison and platform has its own CSR structure, driving strong engagement and communications with employees and customers. Those communications have been boosted by Richemont's updated website, which provides a platform for dynamic reporting. In addition, the annual Sustainability Conference, which brings together our local, international and corporate experts, further strengthens internal networks. More than 200 colleagues attended the most recent Sustainability Conference, held online in January 2022.

To engage all employees in the Strategy and its progress, July 2021 saw the launch of our Twelve Movements for Better Luxury campaign. Intranets and social media channels hosted short videos, games and quizzes to create a lively discussion among colleagues worldwide. Each month, strategic progress within one of the four focus areas was highlighted. For example, in August employees could deepen their understanding of SBTs, while in October they learned about our industry-leading efforts in the gold supply chain and traceability.

A continuous programme of training for CSR representatives, Richemont's CSR Faculty, powered by the University of Cambridge Institute for Sustainability Leadership, ensures that momentum is maintained between annual conferences. In turn, that programme continuously supports the employee communication and engagement efforts, including the Twelve Movements for Better Luxury.

Linked to our Strategy, a Group Identity project has identified values and behaviours which characterise Richemont. These appear on the new website and throughout corporate materials such as our Standards of Business Conduct.

Innovation

Our innovative practices range from new materials to new distribution models and from new ways to collaborate internally to new ways to improve customer service.

Many innovations contribute to our Movement for Better Luxury, including experimentation with circular business models such as pre-owned watches, fashion and accessories. Examples include the international expansion of Watchfinder&Co's operations and a new partnership between NET-A-PORTER and Reflaunt.

Other long-term innovative commitments include traceability for certain materials using digital technologies. The Aura Blockchain Consortium is an example of Richemont's collaboration with industry peers to communicate authenticity, responsible sourcing and sustainability in a secure digital format.

Richemont's collaborations with peers extends to multiple supply chain initiatives, which are summarised in the Sourcing section below. More broadly, the Watch & Jewellery initiative 2030 ('W&Ji2030') represents an innovative, ambitious and collaborative programme for our industry. Together, Cartier, Kering and the Responsible Jewellery Council ('RJC') seek to build climate resilience, preserve resources and foster inclusiveness.

During the year, the RJC established an SDGs Taskforce. The Taskforce is creating a platform to benchmark its members' progress in the implementation of the 17 SDGs. In that way, each member and the industry they represent can credibly contribute to the United Nations' 2030 Agenda. The Taskforce is also developing ESG reporting tools to improve transparency in this area.

In October 2021, Chloé achieved B Corp Certification following 18 months of worldwide teamwork. By becoming a B Corp, Chloé commits to a continuous improvement process, using business as a force for good to benefit all people, communities and the planet.

People

Richemont directly employs nearly 38 000 people in design, manufacturing, distribution, retail and support functions. Reflecting the location of our Maisons' manufacturing bases and international distribution centres, the majority of employees are based in Europe.

The strategic focus areas for our people are aligned with our Human Resources Vision: to foster a sense of belonging in all our colleagues, create a world of opportunities for them to grow, while experiencing a Journey of Becoming. Together, these contribute to lifelong learning to preserve craftsmanship and enhance the employability of our people. In parallel, we promote diversity and inclusion within our workforce and beyond. We believe these corporate efforts contribute to the overall wellbeing of our employees.

Training is a key component of our Maisons' success and is fully integrated in the performance and development appraisal process for every employee. The quality and longevity of our goods rely on highly skilled craftspeople, while our customers' satisfaction relies both on that quality and the passion of retail associates.

To preserve the skills of master craftsmen from one generation to the next, our Maisons engage a number of apprentices each year. The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP') and the Fondation de la Haute Horlogerie. Richemont also supports the Creative Academy in Milan, which promotes the integration of design talents within the Group. Our Retail Academies provide platforms for recruiting and training personnel for our Maisons' boutiques across China and the US.

Growing attention to DEI matters has prompted training about unconscious bias, senior appointments and many other measures across the Group. The gathering of meaningful statistics has also progressed, enabling the identification of gaps to be filled and guiding our employment decisions. It is also guiding our decisions on supplier engagement for positive social impact, although that is at an earlier stage and is being developed as part of our Aspirational and Transformational commitments.

Richemont's progress in this focus area has been recognised by our own employees and external organisations. Forbes highly ranked Richemont in its World's Best Employers 2021 evaluation. That evaluation was based on respondents' willingness to recommend employers and their satisfaction with various work-related statements.

Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore work with our suppliers to ensure their social and environmental impacts meet our standards: individually through our Supplier Code of Conduct, which was updated to reflect the United Nations Guiding Principles for Business and Human Rights and related OECD Guidelines; and collectively through the RJC and other third-party certification standards.

Our Maisons are making good progress towards 100% RJC-certified gold. IWC Schaffhausen was the first watchmaker in the world to achieve Chain of Custody ('CoC') certification. To minimise their environmental impact, our Maisons give preference to gold from recycled sources rather than large-scale mines. For both environmental and social reasons, certain Maisons also source gold from artisanal and small-scale mines through the Swiss Better Gold Initiative.

Richemont and certain peers have supported the Coloured Gemstone Working Group ('CGWG') since 2015. During the year, the CGWG launched a community platform providing training tools and resources for companies in the coloured gemstone industry. The open-source platform enables more responsible business conduct, enabling companies to move towards RJC and other certifications.

In addition to their responsible sourcing of precious metals and stones, our Maisons have mapped their supply chains for certified leather and packaging from sustainable sources. Each year, between 100 and 200 suppliers are audited as part of the regular relationship with our Maisons. In addition, Richemont began using the SEDEX platform during the year, further enhancing the number of independently audited suppliers.

Responsible Jewellery Council

The RJC is the leading standard for the watchmaking and jewellery industry and is a member of the ISEAL Alliance. It promotes responsible, ethical, human rights, social and environmental practices in the gold, platinum and diamond supply chains.

The RJC's 1 600 corporate members span from mining houses to jewellery and watch retailers, together employing more than 300 000 people. All of our Maisons using precious metals, diamonds and gemstones are members and have been independently certified against its mandatory Code of Practices Standard.

The RJC's voluntary CoC Standard supports claims for responsibly sourced gold and platinum. A growing number of our Maisons and their suppliers have already elected to become CoC-certified. That Standard is the basis of our longer-term ambition to source 100% certified gold.

The RJC's standards continue to evolve and improve. Recent expansions have included silver, sapphires, emeralds and rubies, while planned expansions will reach all precious gemstones and related custody systems.

During the year, the RJC launched a consultation phase to establish a standard for Lab-Grown Materials such as synthetic diamonds. Such developments reflect demand within the jewellery sector for clarity on best practice for responsible business conduct for all raw materials.

In December 2020, the RJC launched its 2030 Roadmap, aligning the principles embedded in its Code of Practices with the United Nations SDGs. Richemont co-chaired the RJC's SDG Taskforce, which will determine the metrics and levers most appropriate to its broad membership, from mines to retail enterprises.

Further information may be obtained at www.responsiblejewellery.com

Corporate Social Responsibility continued

Environment

Our Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues.

Richemont has set long-term SBTs to reduce its overall carbon intensity and absolute carbon emissions. Our SBTs to 2025 and to 2030 were independently validated in July 2021. Aligned with the Paris Agreement to limit climate change, our targets cover Scopes 1, 2 and 3. To prepare our Maisons and their employees for the changes required to meet those targets, Richemont has developed systems to capture action plans which should lower our carbon footprint and track the year-on-year effectiveness of those actions. We have also partnered with CDP Supply Chain to encourage our most important suppliers to set SBTs within their own operations. This collaborative approach is designed to lower not only our suppliers' carbon footprint and thus our own intensity, but also our suppliers' other customers and their suppliers. These compounding and measurable effects can only be achieved through a collaborative and system-based approach.

We minimise our buildings' emissions through eco-design and energy-saving measures. Richemont previously committed to 100% renewable energy by 2025 and is already close to reaching that goal. More recently, Richemont committed to owning 100% electric vehicles by 2030.

In parallel, Richemont has a long-standing programme of carbon offset purchases to neutralise its measured emissions (Scope 1, Scope 2 and Scope 3 logistics and business travel). The main beneficiary of those offset purchases is the Lower Zambezi REDD+ Project, protecting forests close to that river. The costs of offset purchases are reinvoiced to the Maisons to increase awareness and to encourage energy efficiency. During the year, certain Maisons opted to offset their entire carbon footprint: all Scope 1, 2 and 3. That decision and the additional costs associated with it underscore their commitment to limiting climate change. In parallel, those Maisons' action plans will reduce their carbon footprints in line with the Group's SBT commitments.

These Group reduction efforts build upon existing practices, which were rated 'A' by CDP Climate in 2021, placing Richemont amongst the world's climate leaders.

Our Environmental Performance Hub analyses the Life Cycle ('LCA') of the current and potential raw materials used in our Maisons' products. Such LCAs address carbon, biodiversity and certain social impacts and will guide our future sourcing decisions.

Regarding Richemont's impact on biodiversity, a long-term plan is being developed in consultation with international experts. The plan will complement the W&Ji2030 resource preservation commitments, mentioned in the innovation section above. In the meantime, Richemont became a member of the Taskforce on Nature-related Financial Disclosures ('TNFD') Forum and is closely following its technical developments around meaningful corporate reporting standards.

Communities

Our Maisons support global and local community programmes that reflect their historical and cultural background and the nature of their products. Individually, our employees contribute to the local communities in which they live and work in many ways, including volunteering. A Group Volunteering Policy was finalised towards the end of the year. It encourages every employee to dedicate some paid time to their local communities and will be supported by complementary systems to make such volunteering as enjoyable and impactful as possible.

Long-term community programmes financially supported by the Group include Cartier Philanthropy, Fondation Cartier pour l'art contemporain, Michelangelo Foundation for Creativity and Craftsmanship, Fondation de la Haute Horlogerie, Peace Parks Foundation and Laureus Sport for Good Foundation. The Group donated some € 42 million to these and other programmes.

Peace Parks Foundation

Peace Parks Foundation is reconnecting Africa's wild spaces to create a future for humankind in harmony with nature.

Climate change remains the most existential threat facing mankind, and globally, there is increasing recognition that the preservation of natural ecosystems is the most effective tool to mitigate this. Peace Parks Foundation's work in restoring terrestrial, freshwater and marine ecosystems, in transfrontier conservation areas across southern Africa, is therefore more essential than ever before.

Despite still working within the restrictions brought on by Covid-19, Peace Parks managed to celebrate some of its most significant milestones to date in 2021.

Over the past two decades Peace Parks translocated more than 15 000 keystone and prey species to areas that had previously been depleted of wildlife. Finally, this year, the Foundation was able to celebrate the return of apex predators. In Mozambique, working with the National Administration for Conservation Areas, a male and female leopard were reintroduced to Zinave National Park, whilst in Maputo Special Reserve, cheetahs were brought back after a 60 year absence.

This was closely followed by the official proclamation of Maputo National Park, which formally merged Maputo Special Reserve and Ponta do Ouro Partial Marine Reserve under one management structure. Bestowing national park status enhances the environmental protection of this spectacular and richly biodiverse wilderness, which Peace Parks has been supporting since 2006, and boosts the tourism appeal of the region, increasing the attraction for investors.

Since 1997, Peace Parks has been instrumental in the establishment of ten transfrontier conservation areas across southern Africa. The combined size of these 'peace parks' is more than 1 000 000 km² – making it the largest terrestrial conservation movement on Earth

Peace Parks pays tribute to the dedicated wildlife conservation staff and park rangers, who, supported by increasing investment in resources such as advanced technology, vehicles and K9 units, continue to bravely protect precious fauna and flora across vast landscapes, often under very difficult conditions

In Malawi, Peace Parks, with support from Germany's Federal Ministry for Economic Cooperation and Development ('BMZ'), through the German Development Bank ('KfW'), implemented crucial projects focused on water security, housing, mitigation of human-wildlife conflict, wildlife conservation, as well as various community development projects that measurably improved the lives of at least 100 000 people.

In recognition of the fact that ecosystem restoration must be paired with new and innovative ways of financing conservation, Peace Parks expanded its partnership with social enterprise BioCarbon Partners and forged new partnerships with Union Bancaire Privée and EarthToday to stimulate investment and funding in biodiversity.

A major stride forward in Peace Parks' communications strategy was the launch of Peace Parks TV. Since its launch, peaceparks.tv has accumulated more than 3 million views, immersing audiences in the challenges, adventures and highlights of the conservation work executed by the Foundation and its partners.

We would like to thank Richemont for once again donating funds raised during its Finance Conference in 2021, and extend our gratitude to each partner, donor and supporter for their role in helping us restore tomorrow.

Contact
Werner Myburgh, CEO, Peace Parks Foundation
Tel: +27 (0)21 880 5100
E-mail: wmyburgh@ppf.org.za
Website: www.peaceparks.org

Laureus

It is more than two decades since Richemont's support and belief founded the Laureus organisation comprising the Laureus World Sports Awards and the Laureus Sport for Good Foundation, and its mission to end violence, discrimination and disadvantage has never been more important

The purpose of Laureus is to improve the lives of young people around the world through the inspirational power of sport as a force for good. Since the beginning, the Laureus Sport for Good Foundation has been pursuing its mission to end violence, discrimination and disadvantage, using sport to create positive social change.

Originally conceived by Richemont Chairman Johann Rupert, with the support of some of the highest profile and successful athletes from across a wide range of sports and geographies, Laureus Sport for Good was launched in response to Nelson Mandela's famous words at the inaugural Laureus World Sports Awards in 2000: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. It is more powerful than governments in breaking down racial barriers. It laughs in the face of all types of discrimination."

In 2021, Laureus once again brought those words to life via the 'Everyone Wins' campaign, highlighting to the world that while every sports competition has its winners and losers, every time sport defeats discrimination, sexism, racism, violence or other social challenges, everyone wins. Evidence of that is in the more than 250 community programmes that Laureus supports in 50 countries and territories around the world. Whether they are using boxing to help kids escape gangs in Rio de Janeiro, surfing to support the mental health of young people in Cape Town, basketball to get kids into college in New York, or rock climbing to create opportunity for young people with disabilities in Tokyo, Laureus' programmes are living proof of President Mandela's words.

Boxgirls Kenya uses boxing as part of a curriculum designed to build a society in which every girl holds the power to create opportunities for herself and others

Over the past two decades, Laureus has helped change the lives of more than six million young people, each and every one of whom has benefited from the support that Richemont has provided to Laureus since day one.

That ongoing support includes donations from Richemont to support Laureus' programmes around the world, sponsorship of the Laureus World Sports Awards by IWC Schaffhausen, and initiatives with Maisons to facilitate the creation of products to raise funds to benefit Laureus Sport for Good. Richemont employees are also involved in a wide range of fundraising activities to support Laureus' work. Together, Laureus and Richemont continue to champion the concept that the power of sport can change the world, providing an opportunity to showcase the power of sport not just for building brands or raising awareness, but for changing lives.

Over some of the most volatile and uncertain times in memory, there has perhaps never been a more important time for the Laureus message. Athletes are using their platforms to highlight social challenges and Laureus provides the evidence for the power of sport to tackle social ills. Over the past twelve months, there has been ongoing recognition of that impact at the highest level. In October, the World Health Organization praised Laureus' work in their report: 'Fair Play: Building a strong physical activity system for more active people' as a "key action to unlock genuine impact" and highlighted that "Laureus' community impact model moves from traditional 'top down' grant making to collective, coalition-based community funding and decision-making. Its funding models also support knowledge sharing, partnership building and measuring long-term impact." The United Nations Department of Economic and Social Affairs, meanwhile, praised Laureus' contribution to their plan: 'Sport: a global accelerator of peace and sustainable development for all', citing Laureus as "a valued contributor to the report of the United Nations Secretary General," and adding "we believe that sport can play a critical role and encourage all to explore it as a cost-effective way to drive genuine social change."

Laureus Sport for Good may have become a global movement, but it is still deeply rooted in individual people and communities, and for the community of Richemont employees and Maisons, that is more true than ever.

For more information, go to www.laureus.com

Michelangelo Foundation

The Michelangelo Foundation for Creativity and Craftsmanship is a private, not-for-profit, international foundation based in Geneva, Switzerland, founded in 2016 by Johann Rupert and Franco Cologni. Its purpose is to champion craftsmanship, endorse and enable its artisans to sell their work and to sustain and grow their business in the long term.

Over the last year the Foundation has started to implement an evolved positioning and three-year strategy. Guided by a belief that human talent and its creative expression are fundamental to our existence, the Foundation aims to drive diversity within artisanship and demonstrate the value that craft plays in enriching our lives.

King Houndekpinkou, Ceramist, France
One of the 350 artisans selected for Homo Faber event

Its focus is expanding to encompass broader forms of craft and on a global scale. The digital platform Homo Faber Guide will reflect this evolution and at the end of March 2022 will represent over 1 500 artisans from 38 countries.

A thesis that articulates the value of craft on various levels – from social, economic, cultural and political, based on facts and academic rigour is in development. This will be leveraged to start a global dialogue from mid-2022 and beyond.

The team are implementing a new artisan endorsement system which redefines the journey of artisans from their first entry to craft throughout their career.

The Foundation seeks to inspire and enable a new generation to enter craft with specific education initiatives. Its Summer School that took place in Portugal in 2021 was focused on five metal crafts. The Trainee to Professional programme has been launched in January 2022 in Spain and France; it aims to support young craftspeople to take their first steps in the professional world.

A major focus has been evolving and building on the second edition of the Homo Faber event – a celebration of human talent, creativity, design and craftsmanship, held at the Fondazione Giorgio Cini, Venice, in April 2022. Imagined by a team of world-renowned curators and designers from four continents, the event showcases over 350 artisans and designers, from heritage master craftspeople to rising stars from over 40 countries. Over 450 of their unique creations, from functional everyday objects to outstanding decorative pieces, were displayed across 15 exhibitions. With a special focus on Japan, the event highlighted the country's venerated National Living Treasures, with their traditions and time-honoured skills.

The 2022 event put artisans at the forefront, in curation, programming, experiences and communications. This edition saw the launch of Homo Faber In Città, an immersive addition to the main exhibition. Artisanal addresses all over the city could open their doors to event visitors, who can design self-guided itineraries to experience the very best of Venetian craftsmanship. The event also showcased artisanal food and offered an elevated hospitality experience.

For more information on the Michelangelo Foundation, please visit: www.homofaber.com

Contact
Pont de la Machine 1, 1204 Geneva, Switzerland
Tel: +41 (0)22 808 58 80
Email: info@michelangelofoundation.org
Website: www.michelangelofoundation.org

Board of Directors

1. Johann Rupert
Chairman
South African, born 1950

Mr Rupert was first appointed to the Board in 1988 and served as Chairman from 2002 to 2013. Following a sabbatical year, he was reappointed Chairman in September 2014. He is Chairman of the Nominations Committee and the Senior Executive Committee.

Mr Rupert is the Managing Partner of Compagnie Financière Rupert. He studied economics and company law at the University of Stellenbosch. After working for the Chase Manhattan Bank and Lazard Frères in New York, he founded Rand Merchant Bank in 1979. In 1985, he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. He also served as Chief Executive Officer from 2003 to 2004 and from 2010 to 2013. He is Non-executive Chairman of Remgro Limited and Chairman of Reinet Investments Manager S.A., the management company of Reinet Investments S.C.A.

Mr Rupert holds honorary doctorates in Law, Economics and Commerce, is Chairman of the Peace Parks Foundation and the Michelangelo Foundation.

2. Josua Malherbe
Non-executive Deputy Chairman
South African, born 1955

Mr Malherbe was appointed to the Board in 2010 as a Non-executive Director and has served as Deputy Chairman since September 2013. He also serves as Chairman of the Audit Committee and is a member of the Strategic Security and Nominations Committees.

He qualified as a Chartered Accountant from The South African Institute of Chartered Accountants in 1984 and worked with the predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank in 1985. In 1990 he joined Rembrandt Group Limited and was involved with Richemont at that time. Since its formation in 2000, he served first as Chief Executive Officer and then as Deputy Chairman of VenFin Limited until 2009 when that company was acquired by Remgro Limited.

Mr Malherbe continues to serve as a director of Richemont Securities S.A., Remgro Limited, Reinet Investments Manager S.A., and Pension Insurance Corporation Group Limited.

3. Jérôme Lambert
Group Chief Executive Officer
French/Swiss, born 1969

Mr Lambert was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He graduated from ESG Management School, Paris and completed post-graduate studies at the Swiss Graduate School of Public Administration.

Prior to joining the Group, he held financial roles in Switzerland's public postal and telecommunications service. Mr Lambert joined Jaeger-LeCoultre in 1996 as the Manufacturer's financial controller and became Chief Financial Officer three years later. In 2002, he was appointed its Chief Executive Officer and served in that role until June 2013. Mr Lambert then became Chief Executive Officer of Montblanc until March 2017. In addition, Mr Lambert has served as Chairman of A. Lange & Söhne since 2009 and was its Chief Executive for two years. In April 2017, Mr Lambert became the Group's Head of Operations, responsible for central and regional services and all Maisons other than Jewellery and Specialist Watchmakers. In November 2017, Specialist Watchmakers Maisons were added to his scope and he was named Group Operations Officer. Mr Lambert has been the Group Chief Executive Officer since September 2018.

4. Burkhart Grund
Chief Finance Officer
German/American, born 1965

Mr Grund was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He is a graduate in Business Administration of Georgia Southern University, US and completed his graduate studies in International Finance at Münster University, Germany.

Prior to joining the Group, he held various positions in the Finance department at Wella AG and was appointed Chief Financial Officer of the Wella subsidiary in Chile in 1996.

He moved to Richemont in 2000 to be Chief Financial Officer of Montblanc France, a position which he held until 2006 when he joined Van Cleef & Arpels as Vice President and Chief Financial Officer. In 2016, Mr Grund was appointed Group Deputy Finance Director, and became a member of the Senior Executive Committee. In August 2017, Mr Grund was appointed Group Chief Finance Officer.

5. Nikesh Arora
Non-executive Director
American, born 1968

Mr Arora was appointed to the Board as a Non-executive Director in 2017 and is a member of the Nominations Committee.

He holds an M.S. in Business Administration from Northeastern University (1990-1992), an M.S. in finance from Boston College (1992-1994) and a B. Tech. in electrical engineering from the Institute of Technology at Banaras Hindu University (1985-1989).

Mr Arora is currently the Chairman and CEO of Palo Alto Networks, the world's largest independent cybersecurity company based in Santa Clara California. He has been in this role since 1 June 2018. Prior to this Mr Arora was President and Chief Operating Officer of SoftBank Group Corp., the global telecommunications company and technology investor; he worked at SoftBank from September 2014 till June 2016. Mr Arora also serves on the boards of HeadSpin since February 2018 and MoveWorks since May 2021.

Prior to that Mr Arora has held a number of senior positions in the technology sector. He held various roles at Google since 2004, his last role being Senior Vice President and Chief Business Officer of Google, Inc. from 2009 until 2014. Prior to that Mr Arora worked at Deutsche Telekom AG where his last role was CMO of T-Mobile International; he was at DTAG from 1999 until 2004. Prior to this he was in financial roles at Putnam Investments and Fidelity Investments.

6. Clay Brendish
Non-executive Lead Independent Director
British, born 1947

Mr Brendish was appointed to the Board as a Non-executive Director and the Lead Independent Director in 2017. He also serves as the Chairman of the Strategic Security and Compensation Committees and is a member of the Audit and Nominations Committees as well as the Governance and Sustainability Committee of which he served as the Chairman until February 2022.

He holds a Master's degree in engineering from the Imperial College, London and also holds an honorary Doctor of Science degree from the University of London.

6. Clay Brendish continued

His professional background is in the Information Technology and Communications industry, having founded Admiral plc in 1979 (now part of CGI UK). He was a Non-executive Director of BT plc from 2002 to 2011 and Non-executive Director and Chairman of the Meteorological Office from 1995 to 2003. He was also a Trustee of the Economist Newspaper from 1999 to 2012. He was most recently Non-executive Chairman of Anite from 2005 to 2015 and of SThree from 2010 to April 2018. Prior to his nomination to the Board of Richemont, Mr Brendish served as an advisor to Richemont's Strategic Security Committee.

7. Jean-Blaise Eckert
Non-executive Director
Swiss, born 1963

Maître Eckert was appointed to the Board as a Non-executive Director in 2013 and is a member of the Audit and Nominations Committees.

He graduated from Neuchâtel University, Switzerland, and holds an MBA from Haas School of Business, University of California Berkeley.

Maître Eckert has been a practising lawyer since 1989 and a Partner of Lenz & Staehelin since 1999, advising on national and international corporate, commercial and tax law.

Maître Eckert serves on the board of several Swiss companies, including Stellantis International SA and UL GmbH, and on the board of several not-for-profit organisations, including the Fondation pour la Musique et la Culture, Genève. He is also a member of a number of Swiss and international professional organisations.

8. Keyu Jin
Non-executive Director
Chinese, born 1982

Dr Jin was appointed to the Board as a Non-executive Director in 2017 and is a member of the Compensation and Nominations Committees.

She is a professor of Economics at the London School of Economics.

From Beijing, Dr Jin holds a BA, MA and PhD from Harvard University. Her specific areas of expertise are international macroeconomics, international finance and the Chinese economy.

Dr Jin is since March 2022 a Non-executive Director of Credit Suisse Group AG.

Board of Directors continued

9. Wendy Luhabe
Non-executive Director
South African, born 1957

Ms Luhabe was appointed to the Board in 2020 as a Non-executive Director and is a member of the Governance and Sustainability and Nominations Committees.

She obtained a Bachelor of Commerce from the University of Lesotho in 1981 and attended the Management Advancement Program at the University of the Witwatersrand. She also holds honorary doctorates in Commerce, including from her Alma Mater, the University of Fort Hare.

Ms Luhabe has extensive experience in luxury goods and is a social entrepreneur and economic activist with multiple honours for her pioneering contribution to the economic empowerment of women in South Africa. She is the founding Chair of Women in Infrastructure Development and Energy. She founded 'Bridging the Gap' and Women Private Equity Fund. She is also a founding member of Women Investment Portfolio Holdings. She created the Wendy Luhabe Foundation and established a scholarship at the University of Johannesburg.

Ms Luhabe is a previous Chair of Vodacom from 2000 to 2005, the Industrial Development Corporation ('IDC') from 2001 to 2009, the International Marketing Council ('IMC') from 2002 to 2009, Alliance Capital from 1997 to 2003, and Vendôme South Africa from 2001 to 2011. She has been a Non-executive Director of Tiger Brands from 1994 to 2001, Telkom from 1994 to 2003, the Johannesburg Stock Exchange from 2003 to 2011 and World Rugby from 2016 to 2018, among others.

She was a Trustee of The Duke of Edinburgh's International Award Foundation, and the founding Chancellor of the University of Johannesburg. She has served on the Boards of the IMD and ESSEC business schools, and recently stepped down as Chairman of the African Leadership University.

Ms Luhabe was a Non-executive Director of Pepkor from January 2019 and currently serves as Non-Executive Chairman since December 2020, she also serves as Non-Executive Chairman of Libstar since 2018, and as a Non-executive Director of the Social Justice Initiative, a non-profit organisation, since 2014.

10. Ruggero Magnoni
Non-executive Director
Italian, born 1951

Mr Magnoni was appointed to the Board as a Non-executive Director in 2006 and is a member of the Audit and Nominations Committees. In 2006, he became a partner of Compagnie Financière Rupert.

He graduated from Bocconi University and holds an MBA from Columbia University.

Mr Magnoni joined Lehman Brothers in 1977 and held a number of senior roles across that firm's international activities. In 2000, Mr Magnoni became Head of the European Private Equity division and Vice Chairman of Lehman Brothers Inc and in 2002, Chairman of Lehman Brothers International Italy. Between 2008 and 2013, Mr Magnoni served as Chairman of Nomura International plc's Investment Banking division for Europe, Middle East and Africa. He was a member of the Board of Overseers of Reinet Investments S.C.A. up to September 2009.

He is an investor and Board Director of two Italian listed industrial holding companies, IMMSI Spa and Intek Group, a member of the board of directors of Autostrade Lombarde and Società di Progetto Brebemi, as well as being Chairman of London-based, FCA-registered M&M Capital.

He is also involved with various philanthropic activities, including Fondazione Laureus Italia, Fondazione Dynamo Camp and Peace Parks Foundation.

11. Jeff Moss
Non-executive Director
American, born 1970

Mr Moss was appointed to the Board as a Non-executive Director in 2016 and is a member of the Nominations and Strategic Security Committees.

He holds a BA in Criminal Justice from Gonzaga University.

Mr Moss is a computer and internet security expert and is the founder of Black Hat Briefings and DEF CON. Black Hat Briefings was created in 1997 and sold to CMP Media LLC in 2005. DEF CON was established in 1992 and is currently known as one of the world's largest hacker conventions. He served as Chief Security Officer of the Internet Corporation for Assigned Names and Numbers ('ICANN') from 2011 to 2013. Prior to this, Mr Moss served as a director at Secure Computing Corporation from 1998 to 2000.

11. Jeff Moss continued

He currently serves as a life member of the Council on Foreign Relations (an independent, nonpartisan membership organisation, think tank, and publisher), is since 2013 a Non-resident Senior Fellow at the Atlantic Council, and is a member of the Georgetown University School of Law Cybersecurity Advisory Committee. In December 2021, Mr Moss was sworn in as a member of the US Department of Homeland Security ('DHS'), Cybersecurity Infrastructure Security Agency ('CISA'), Cybersecurity Advisory Committee, and serves as a chairman of their Technical Advisory Council. Mr Moss served as a sworn member of the US Department of Homeland Security Advisory Council ('HSAC') from 2009 to 2020, providing advice and recommendations to the Secretary of the Department of Homeland Security on matters related to homeland security. He also served as a commissioner on the Global Commission for the Stability of Cyberspace ('GCSC') from February 2017 to December 2021.

12. Vesna Nevistic
Non-executive Director
Swiss/Croatian, born 1965

Dr Nevistic was appointed to the Board as a Non-executive Director in 2017 and is a member of the Audit and Nominations Committees.

She holds Swiss and Croatian citizenships and has a PhD in Electrical Engineering from the Swiss Federal Institute of Technology ('ETH') Zurich.

She has gained extensive international experience in consulting and investment banking, having been a Partner at McKinsey and Managing Director at Goldman Sachs. From 2009 to 2012, Dr Nevistic was a Group Managing Director and Head of Corporate Development at UBS, where she was part of the senior executive team that restructured the bank's operations following the financial crisis. She currently runs her own advisory boutique, focusing on corporate strategy and business transformations, and also serves as a Non-Executive Director at Samskip BV, Atlantic Grupa d.d. and Constellation Acquisition Corp I.

Dr Nevistic supports various non-profit organisations and is a member of the Finance Committee of the Swiss Study Foundation, and was a trustee at the Swiss Institute/Contemporary Art New York.

13. Guillaume Pictet
Non-executive Director
Swiss, born 1950

Mr Pictet was appointed to the Board as a Non-executive Director in 2010 and is a member of the Governance and Sustainability, Audit, Compensation and Nominations Committees.

13. Guillaume Pictet continued

He is a graduate of HEC, Lausanne University. His career in private banking has included membership of Darier Hentsch & Cie's senior management. He has also served as an international economist in Switzerland's Federal Department of Economic Affairs.

Since 1996, Mr Pictet has been a Founding Partner and Vice Chairman of de Pury Pictet Turrettini & Cie SA. He also serves as Chairman of Sécheron SA.

14. Maria Ramos
Non-executive Director
South African, born 1959

Ms Ramos was appointed to the Board as a Non-executive Director in 2011 and is a member of the Compensation and Nominations Committees.

She holds degrees from the University of the Witwatersrand (Bachelor of Commerce and a Bachelor of Commerce Honours in Economics) and from the University of London ('SOAS') – Master of Science in Economics. She also holds honorary doctorates from the University of Stellenbosch and Free State University. She obtained an Institute of Bankers' Diploma in 1983.

Ms Ramos, until February 2019, served as Chief Executive Officer of Absa Group Limited for a period of ten years. Before joining Absa (previously Barclays Africa Group Limited) in March 2009 as Group Chief Executive, Ms Ramos served as the Chief Executive of Transnet Limited. This followed an eight-year tenure as director general of South Africa's National Treasury (formerly the Department of Finance).

She has also served as a Non-executive and Independent Director on the boards of Sanlam Limited from 2004 to 2009, SABMiller PLC from 2008 to 2009, Remgro Limited from 2007 to 2009, the Interim Board of Public Investment Corporation ('PIC') from 2019 to 2020, and the Board of The Saudi British Bank from 2019 to 2020.

Ms Ramos currently serves on the boards of AngloGold Ashanti Ltd since June 2019, where she serves as Chair since December 2020, and Standard Chartered PLC from 1 January 2021.

She is a member of the Group of Thirty and co-Chaired the United Nations Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals (2018 to 2020). She also serves as a member of the International Advisory Board of the Blavatnik School of Government, Oxford University and is a member of the Wits Foundation Board of Governors since March 2022.

Board of Directors continued




15. Anton Rupert
Non-executive Director
South African, born 1987

Mr Anton Rupert was appointed to the Board as a Non-executive Director in 2017 and is a member of the Strategic Security and Nominations Committees.

He was a director of Watchfinder.co.uk from July 2018 to December 2019 and serves as a Non-executive Director of Remgro Ltd. He is a partner of Compagnie Financière Rupert.

Mr Anton Rupert is a non-voting observer designated by Reinet Fund S.C.A., F.I.S. to the board of Carbon, Inc., a leading digital manufacturing platform and is a director of MQA Limited, a company specialised in innovative music coding technology. Since January 2021, he is a member of the Advisory Board of Asia Partners Fund LP I, a regional South East Asia private equity fund focused on growth stage technology-based opportunities.

He has knowledge of and insight into tech start-ups and has had extensive exposure to all of the Group's businesses. He brings valuable insight into changing consumer behaviour in digital marketing and web-based commerce.

16. Jan Rupert
Non-executive Director
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006 and is a member of the Strategic Security and Nominations Committees. He joined the Group as Manufacturing Director in 1999 and served as an Executive Director from 2006 to 2012. Mr Jan Rupert has served as a Non-executive Director since 2012.

Mr Jan Rupert is a graduate in mechanical engineering from Stellenbosch University, South Africa and has had an extensive career in production management in the tobacco and watchmaking industries. Prior to joining Richemont, he was Manufacturing Director of Rothmans International.

17. Patrick Thomas
Non-executive Director
French, born 1947

Mr Thomas was appointed to the Board as a Non-executive Director in 2021 and is a member of the Nominations Committee.

He is a graduate of the ESCP Europe (Ecole Supérieure de Commerce de Paris).

17. Patrick Thomas continued

Mr Thomas brings more than 30 years of experience in the luxury goods industry. He was the first and only non-family manager of Hermès, where he served as CEO and led the group's considerable development from 2003 until 2014, after eight years as COO from 1989 to 1997. He equally held senior positions at Pernod Ricard UK from 1986 to 1989, Lancaster Group from 1997 to 2000, and William Grant & Sons Ltd. from 2000 to 2003.

Mr Thomas is currently Non-executive Chairman of the Supervisory Board of Champagne Laurent Perrier since April 2021 and of the Supervisory Board of Ardian since 2015, the Lead Independent Director of Teleperformance since 2018, a Non-executive Director of MycoWorks since 2021, a Non-executive Director and Founder of Shang Xia Trading (China) since 2010, and a Non-executive Vice-Chairman of the Supervisory Board of Massilly Holding.

18. Jasmine Whitbread
Non-executive Director
Swiss/British, born 1963

Ms Whitbread was appointed to the Board as a Non-executive Director in 2021. She is a member of the Nominations and the Governance and Sustainability Committee. Since February 2022 she serves as the Chairwoman of the Governance and Sustainability Committee.

She graduated from the University of Bristol and completed the Executive Programme at the Stanford Graduate School of Business.

Ms Whitbread is an experienced Non-executive Director with a long-standing interest in ESG issues. She has a leadership and management background spanning marketing, technology, finance, media, telecommunications and not-for-profit organisations. She has previously served as CEO of Save the Children International from 2010 to 2015 and London First from 2016 to March 2021. She also served as a Non-executive Director on BT Group PLC from 2011 to 2019 where she was a member of the Audit and Risk Committee and chaired the Digital Impact & Sustainability Committee. She was an advisor to Richemont's Governance and Sustainability Committee and its precursor from 2020 to 2021.

Ms Whitbread is currently Non-executive Chair of Travis Perkins PLC since March 2021, a Non-executive Director of Standard Chartered PLC since 2015 and chair of the Culture & Sustainability Committee, and a Non-executive Director of WPP PLC since 2019.

Corporate governance

Contents

Introduction

Compagnie Financière Richemont SA (the 'Company' or 'Richemont') and its subsidiaries (together 'the Group') are committed to maintaining a high standard of corporate governance. The sections that follow provide information on the Group's structure, general shareholder information and details regarding the Board of Directors of the Company (the 'Board'), its committees, as well as the Company's Senior Executive Committee ('SEC'). They adhere to the SIX Swiss Exchange's Directive on Information relating to Corporate Governance ('DCG'). Cross-references to other sections of the report are provided where appropriate. In certain instances, where the issues contained in the DCG do not apply to Richemont or where the amounts involved are not material, no disclosure may be given. Additional information can be found in the Compensation report.

In addition to Swiss law, including inter alia the Swiss Code of Obligations ('CO'), the Financial Market Infrastructures Act of 19 June 2015 ('FinMIA') and all the relevant ordinances, as well as the 'Minder' Ordinance on Excessive Compensation of 20 November 2013, the Company complies with the Listing Rules of the SIX Swiss Exchange. With a secondary listing of the depository receipts issued by Richemont Securities SA ('Richemont Securities') in respect of the Company's shares, the Company also complies with the rules of the Johannesburg Stock Exchange, to the extent that they apply to companies with secondary listings there.

The Group's principles of corporate governance are codified in the Articles of Incorporation of the Company (the 'Articles'), in its Organisational Regulations and in the terms of reference of the Audit, Compensation, Governance and Sustainability, Nominations and Strategic Security Committees of the Board. The Articles and the Organisational Regulations of the Company are available on the Group's website at www.richemont.com/en/home/about-us/corporate-governance/

The Group's corporate governance principles and practices are reviewed by the Audit Committee and the Board on an annual basis in the light of prevailing best practices.

The Board believes that the Company's corporate governance arrangements continue to serve its shareholders well. The Board is confident that the Group's governance structure reinforces its ability to deliver the Group's strategy of growing value for shareholders over the long term through the sustained growth of its Maisons and Online Distributors.

1. Group structure and shareholders

Group structure

The Company is a Swiss company with its registered office at 50, chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland.

The Group's luxury goods businesses are reported within: (i) Jewellery Maisons; (ii) Specialist Watchmakers; (iii) Online Distributors; and (iv) Other. Each of the Maisons and Online Distributors in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central support functions and a regional functions structure around the world to provide specialised support in terms of distribution, finance, legal, IT and administration services.

The market capitalisation and International Security Identification Number ('ISIN') of the Richemont 'A' shares are given in section 2 of this corporate governance report, which deals with the capital structure.

The Group holds an interest in one listed company: Dufry AG ('Dufry'). Dufry's registered office is in Basel, Switzerland and its registered shares are listed on the SIX Swiss Exchange with ISIN number CH0023405456. Further details regarding Richemont's shareholding in Dufry may be found in note 36 (for note 36 see page 123 of this report).

Details of the most significant non-listed companies within the Group are set out in note 41 ('Principal Group companies') to the Group's consolidated financial statements (for note 41 see page 137 of this report).

Significant shareholders

Compagnie Financière Rupert, a partnership limited by shares, having its registered office in Bellevue, Geneva, Switzerland, held 5 221 000 Richemont 'A' shares and 522 000 000 Richemont 'B' shares representing 10% of the Company's capital and 51% of its voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Messrs Ruggero Magnoni and Anton Rupert, both non-executive directors of the Company, and Prof Juergen Schrempp, are partners of Compagnie Financière Rupert.

As at 31 March 2022, there were no other significant shareholders in the Company, i.e. persons holding at least 3% of the voting rights. Disclosure notifications by significant shareholders of the Company can be viewed on the SIX Swiss Exchange's website at www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

Cross-shareholdings

Richemont does not hold an interest in any company which is itself a significant shareholder in the Group.

2. Capital structure

Capital

There are 522 000 000 'A' registered shares (''A' shares') and 522 000 000 'B' registered shares (''B' shares') in issue. Each 'A' share has a par value of CHF 1.00 and each 'B' share has a par value of CHF 0.10. The issued capital amounts to CHF 574 200 000. Further details are given in note 31 to the Group's consolidated financial statements (for note 31 see page 118 of this report).

Authorised and conditional capital

On 17 November 2020, the Company created two conditional capitals having an aggregate amount of CHF 24 200 000, allowing the Company to issue not more than 22 000 000 'A' shares and not more than 22 000 000 'B' shares upon exercise of shareholders' warrants, to be issued under a shareholder loyalty scheme to be established by the Company.

The first conditional capital (the ''A' conditional capital') allows an increase of the Company's share capital by an aggregate amount of up to CHF 22 000 000, which represents 3.83% of the existing share capital of the Company. The 'A' conditional capital makes it possible to issue not more than 22 000 000 'A' shares, to be fully paid in, upon exercise of warrants to be issued by the Company or one of its subsidiaries to holders of 'A' shares (the 'A' warrants).

The second conditional capital (the ''B' conditional capital') allows an increase of the Company's share capital by an aggregate amount of up to CHF 2 200 000, which represents 0.38% of the existing share capital of the Company. The 'B' conditional capital makes it possible to issue not more than 22 000 000 'B' shares, to be fully paid in, upon exercise of warrants to be issued by the Company or one of its subsidiaries to holders of 'B' shares (the 'B' warrants).

Preferential subscription rights of shareholders are excluded for what regards the issuance of 'A' shares out of the 'A' conditional capital and of 'B' shares out of the 'B' conditional capital. The Board can set the terms of the 'A' warrants and of the 'B' warrants, as well as of the issuance of the new 'A' shares under the 'A' conditional capital and of new 'B' shares under the 'B' conditional capital.

The Company does not have any authorised share capital.

Changes in capital

Except for the creation of the 'A' conditional capital and the 'B' conditional capital referred to above, during the three-year period preceding the period ended 31 March 2022, there were no changes to the Company's capital structure. For movements in the reserve for treasury shares, please see the description in the section 'Share buy-back programmes' and the details in note 31 (for note 31 see page 118 of this report).

Shares, warrants, depository receipts and warrant receipts

Shares

The Company's 'A' shares are listed and traded on the SIX Swiss Exchange. The 'B' shares are not listed and are held by Compagnie Financière Rupert, as detailed above.

At 31 March 2022, Richemont's market capitalisation, based on a closing price of CHF 118.00 per share and a total of 522 000 000 'A' shares in issue, was CHF 61 596 million. The overall valuation of the Group at the year end, reflecting the value of both the listed 'A' shares and the unlisted 'B' shares, was CHF 67 755 million.

During the year under review, the highest closing price of the 'A' share was CHF 144.75 on 7 December 2021, and the lowest closing price of the 'A' share was CHF 92.10 on 1 April 2021.

The ISIN of the 'A' shares is CH0210483332 and their Swiss 'Valorennummer' 21048333.

According to Article 7 of the Articles, each share confers the right to one vote.

For Article 7 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Holders of 'A' shares and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

In respect of the financial year ended 31 March 2022, an ordinary dividend of CHF 2.25 per 'A' share and CHF 0.225 per 'B' share, and an additional special dividend of CHF 1.00 per 'A' share and CHF 0.10 per 'B' share, have been proposed for approval by the shareholders in September 2022. During the year under review, the shareholders approved a dividend of CHF 2.00 per 'A' share and CHF 0.20 per 'B' share.

Warrants

On 27 November 2020, as part of a shareholder loyalty scheme that was first announced on 7 August 2020, the Company issued 1 044 000 000 warrants relating to its 'A' shares ('A' warrants) and 1 044 000 000 warrants relating to its 'B' shares ('B' warrants). The Company delivered two 'A' warrants to the holder of each of its 'A' shares, and two 'B' warrants to the holder of each of its 'B' shares.

Sixty-seven 'A' warrants entitle eligible holders to purchase one 'A' share to be issued out of the Company's 'A' conditional capital at a price of CHF 67.00 (subject to adjustments) during an exercise period that is expected to run from 09.00 a.m. Central European Time ('CET') on 20 November 2023 until 12 noon CET on 22 November 2023. During the same period, 67 'B' warrants will entitle their holders to purchase one 'B' share at a price of CHF 6.70 (subject to adjustments). Holders of 'B' warrants will be deemed to have exercised a number of 'B' warrants that is equal to the number of 'A' warrants that will have been duly exercised, so that the number of issued 'A' shares and 'B' shares will remain equal.

The ISIN of the 'A' warrants is CH0559601544 and their Swiss 'Valorennummer' 55960154.

The ISIN of the 'B' warrants is CH0559601551 and their Swiss 'Valorennummer' 55960155.

The 'A' warrants have been listed on SIX Swiss Exchange since 27 November 2020 and are expected to be traded on that stock exchange until 15 November 2023. The 'B' warrants are not listed on any stock exchange.

More information on the Company's shareholder loyalty scheme, the 'A' warrants and the 'B' warrants can be obtained in the Company's 'Shareholder Information Memorandum' dated 19 October 2020, which can be consulted at www.richemont.com/en/home/investors/shareholder-information/shareholder-loyalty-scheme/

Depository Receipts
The 'A' shares are also listed and traded on the Johannesburg Stock Exchange in the form of Depository Receipts ('DRs') issued by Richemont Securities. Richemont Securities, a wholly-owned subsidiary of the Company, acts as Depository for the issuance, transfer and cancellation of the DRs. DRs trade in the ratio of ten DRs to each 'A' share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Richemont Securities as Depository, and the Company as Issuer. The Deposit Agreement was most recently amended in 2014 and supplemented on 15 October 2020 in connection with the Company's shareholder loyalty scheme.

The ISIN of the DRs is CH0045159024.

In its capacity as Depository, Richemont Securities holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities' interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2022, Richemont Securities held 70 431 596 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 13.49% of the listed 'A' shares.

Dividends received by Richemont Securities are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities and remitted to the holders of DRs. Non-South African resident holders of DRs may receive the dividends in Swiss francs, subject to their residence status.

Holders of DRs issued by Richemont Securities are not entitled to attend the shareholders' meeting of the Company or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities, which then represents the holders at such meetings.

Warrant receipts
On 2 December 2020, Richemont Securities issued 1 250 379 780 'A' warrant receipts in respect of each of the 'A' warrants that it had received in connection with the Company's shareholder loyalty scheme that was first announced on 7 August 2020 (see subsection 'Warrants' above).

Sixty-seven 'A' warrant receipts entitle eligible holders to purchase one DR during the exercise period (expected to run from 09.00 a.m. South Africa Standard Time ('SAST') on 17 November 2023 until 12.00 noon SAST on 21 November 2023), at a price corresponding to the rand equivalent of CHF 6.70 (as the case may be adjusted under the terms of the 'A' warrants), converted at the CHF/ZAR ask exchange rate on the last business day preceding the exercise period.

The 'A' warrant receipts have been listed on the Johannesburg Stock Exchange since 27 November 2020 and are expected to be traded on that stock exchange until 15 November 2023.

The ISIN of the 'A' warrant receipts is CH0562931086.

More information on the 'A' warrant receipts can be obtained in the 'Supplementary Information Memorandum to Richemont Securities SA Depositary Receipt Holders' dated 19 October 2020, which can be consulted at www.richemont.com/en/home/investors/shareholder-information/shareholder-loyalty-scheme/

Share buy-back programmes
Over the course of the preceding 21-year period ended 20 March 2020, the Group had repurchased a total of 34 552 934 former 'A' units and 42 681 876 'A' shares through the market to meet obligations under share option plans for executives. During the year under review, there were no 'A' shares repurchased through the market.

Taking into account the exercise of options by executives during the course of the year and other activities linked to the hedging programme, the balance held in treasury at 31 March 2022 was 6 761 624 'A' shares.

On 12 May 2017, Richemont announced a programme envisaging the buy-back of up to 10 000 000 of its own 'A' shares over a three-year period, linked to the requirements of the executive share option plan. Richemont's strategy is to maintain a hedge ratio of at least 90% of the commitments arising under the Group's share option plan. The share buy-back programme expired on 20 May 2020.

Details of the Group's share option plan are set out in the Compensation report from page 63 and in note 33 to the Group's consolidated financial statements (for note 33 see page 120 of this report). The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of share options granted to executives is set out in note 27 (for note 27 see page 115 of this report).

When 'A' shares are bought back, the cost value of the shares purchased in the market is deducted from shareholders' equity in the Group's consolidated statement of financial position. Gain or losses arising from the sale of shares are as a consequence of the exercise of options by executives, and are recognised within retained earnings directly in shareholders' equity. Details are given in note 31 (for note 31 see page 118 of this report).

Dividend-right certificates
There are no dividend-right certificates.

Corporate governance continued

Transferability of shares
The Company's 'A' shares are issued as uncertificated securities within the meaning of the CO and as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities ('FISA'). Following entry in the Share Register, shareholders may request a statement in respect of their 'A' shares from the Company at any time. Shareholders do not have the right to request the printing and delivery of certificated 'A' shares. Certificates (individual share certificates or certificates representing several 'A' shares) may however be printed and delivered if considered appropriate by the Company. The transfer and encumbering of 'A' shares are carried out according to the provisions of the FISA. There are no restrictions on the transfer of 'A' shares. Transfers of the unlisted 'B' registered shares in the Company, which are held solely by Compagnie Financière Rupert, must be approved by the Board in accordance with Article 6 of the Articles. The limitations on transferability of shares may be removed by a resolution of the general meeting of shareholders passed by at least two-thirds of the shares and the absolute majority of the nominal share capital represented at a general meeting of shareholders.

According to Article 6 of the Articles, nominees holding 'A' shares may under certain conditions be registered in the Share Register as shareholders with voting rights.

For Article 6 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Convertible bonds and options
As at 31 March 2022, there are no convertible bonds or options issued by the Company other than the share options issued in the context of the Group's share option plan. The details of the Group's share option plan are set out in the Compensation report from page 63 and in note 33 to the Group's consolidated financial statements (for note 33 see page 120 of this report).

3. Board of Directors

Responsibilities and membership
In addition to the non-transferable and inalienable duties, the Board kept the powers and responsibilities which are stipulated in section 2.2.3 of the Organisational Regulations.

For section 2.2.3 of the Organisational Regulations see: www.richemont.com/media/be4nsorn/20210318_organisational_regulations.pdf

The Board is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The Board is responsible for the preparation of the financial statements of the Company and of the Group and for the organisation of shareholder meetings.

With respect to the Board's membership and the qualities of its members as at 31 March 2022, nine nationalities are currently represented on the Board, which was composed of three executive directors and 15 non-executive directors with diverse professional and business backgrounds. The Board's Chairman is Mr Johann Rupert and its Deputy Chairman is Mr Josua Malherbe. Board members are proposed for election on an individual basis at each year's annual general meeting ('AGM') for a term of one year. All directors are eligible to stand for re-election each year, details of nominations being given in the notice of the AGM. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors.

Neither age nor the number of years served on the Board is deemed to affect a director's independence. Certain independent directors have served for more than ten years.

The non-executive directors are, without exception, indisputably independent in character and judgment. With the exception of Mr Gary Saage (a Board member until 8 September 2021), all non-executive members of the Board were not previously members of the management of the Company or one of the Company's subsidiaries in the three financial years preceding the period under review. They bring to the Board an array of expertise and experience. The Board considers that the combination of experience and expertise has been a significant factor in contributing to the superior returns for shareholders generated by the Group since the listing of Richemont on the Swiss Stock Exchange in 1988. Photographs and biographies of the current Board members may be found on pages 46 to 50.

At the AGM on 8 September 2021, Mr Nicolas Bos, Mr Alan Quasha, Mr Gary Saage and Mr Cyrille Vigneron did not stand for re-election to the Board and Mr Patrick Thomas and Ms Jasmine Whitbread were elected as new members of the Board and appointed as non-executive directors. Mr Ruggero Magnoni and Mr Jan Rupert have indicated that they will not seek re-election at the 2022 AGM.

In terms of its regular business, the Board generally meets for half a day to a full day, five times per annum. Further meetings on specific topics are held on an ad hoc basis. During the year under review, the Board held nine meetings. In addition, Board members attended meetings with the senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Chairman and the Chief Finance Officer establish the agendas for the meetings of the Board. Directors may ask that an item be placed on the agenda for any meeting. Financial reports and supporting information in respect of agenda items are circulated to members of the Board in advance of each meeting. The Board may invite other managers and external advisors to attend meetings.

Professional background and other activities and functions
Details may be found on pages 46 to 50.

Activities outside the Group
The Articles (Article 26) limit the number of permitted mandates of Board members. Those activities include directorships in other organisations, including publicly listed businesses.

For Article 26 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Elections and terms of office
Each of the Chairman of the Board, the members of the Board, the members of the Compensation Committee and the Independent Representative are elected individually by the general meeting of shareholders. They serve for a term of one year, which expires at the end of the following AGM. They are eligible for re-election indefinitely.

Board evaluation
The Board and each of its permanent Committees conduct an annual self-assessment of their own role and effectiveness. This provides members of the Board the opportunity to reflect on their individual and collective performance. The respective Committee's conclusions are communicated to the Board.

Board Committees
In terms of the Group's framework of corporate governance, the Board has established the following standing committees: an Audit Committee; a Compensation Committee; a Governance and Sustainability Committee; a Nominations Committee and a Strategic Security Committee. The current composition of these Committees is indicated below and in the biographical notes on Board members that may be found on pages 46 to 50.

Each Board Committee has its own written terms of reference outlining its duties and responsibilities and a Chairman elected by the Board. The Chairman of each Committee presents a summary of the proceedings of each Committee meeting to the Board. All Board Committees are entitled to invite members of senior management and external specialists to attend meetings for specific matters on an ad hoc basis.

Audit Committee
During the year under review, the six members of the Audit Committee were: Mr Josua Malherbe (Chairman); Mr Clay Brendish; Maître Jean-Blaise Eckert; Mr Ruggero Magnoni; Dr Vesna Nevistic; and Mr Guillaume Pictet. The members are all non-executive directors and, without exception, independent in character and judgment.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year under review, three meetings took place. The Chief Finance Officer, the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditor, attended all three meetings. The Committee has met in camera with the internal auditor during each of these three meetings. Other managers have been invited to attend these three meetings.

The Audit Committee acts in an advisory capacity to the Board, except for the appointment of its advisors for which it has a decision power. Its principal tasks are to:

- satisfy itself that the consolidated financial statements follow approved accounting principles and give a true and fair view of the Group's financial position and results;
- recommend to the Board the appointment, reappointment or dismissal of the external auditor and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both the external and internal auditor, the adequacy and effectiveness of the Group's accounting, financial and operational controls;
- oversee the effectiveness of the Group's Internal Audit function and liaise with the Head of Internal Audit on all matters of significance arising from the department's work;
- oversee the adequacy and effectiveness of risk management practices in the Group;
- examine and review the adequacy, effectiveness and integrity of the processes to assure the Group's compliance with all applicable laws and regulations; and
- ensure compliance with the Group's Code of Conduct.

The Chairman of the Audit Committee reports the findings of each Committee meeting to the Board and makes recommendations to management on behalf of the Board.

Compensation Committee
During the year under review, the Compensation Committee was composed of Mr Clay Brendish (Chairman); Dr Keyu Jin; Mr Guillaume Pictet; and Ms Maria Ramos. The members are all non-executive directors and, without exception, indisputably independent in character and judgment. To assist it in its deliberations, the Committee may draw on support from the Group's internal specialists and external advisors, whose role is explained in the Company's Compensation report from page 63. Meetings of the Committee are held as necessary but at least four per annum and typically last one to two hours. During the year under review, the Committee met on five occasions and invited other managers or external advisors five times.

The purpose of the Committee is to support the Board in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the general meeting of shareholders regarding the compensation of the Board and the SEC. The Compensation Committee can submit proposals to the Board on other compensation-related issues.

The Committee can appoint advisors. It has authority to establish the policy framework for the remuneration of the members of the senior management.

Corporate governance continued

The Committee oversees the administration of the Group's long-term incentive plans for executive members of the Board and the members of the SEC. It approves, inter alia, the awards granted to executive directors and approves the awards made to other executives in aggregate, recognising that the SEC has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any material amendment to existing long-term incentive plans or the creation of any other long-term incentive plan pertaining to senior management.

Governance and Sustainability Committee

In March 2021, the Board established a Governance and Sustainability Committee. It consists of the following non-executive directors: Mr Clay Brendish (Chairman until 4 February 2022, thereafter a member of the Committee); Ms Wendy Luhabe; Mr Guillaume Pictet; and Ms Jasmine Whitbread (appointed as member of the Committee on 8 September 2021 and Chairwoman since 4 February 2022). Meetings of the Committee are held at least three times per annum. During the year under review, five meetings took place.

The Governance and Sustainability Committee acts in an advisory capacity to the Board, except for the following areas: regarding environmental matters it shall review and approve management proposals regarding CO_2 targets, climate change and biodiversity; regarding social matters it shall review and approve management proposals regarding Diversity, Equity and Inclusion ('DEI') as well as matters regarding human and workplace rights and positive social impacts within the Group's operations, its supply chain and the communities in which it operates; it shall further review and approve any material amendment to existing strategic plans relating to corporate social responsibility ('CSR'), environmental, social and governance ('ESG'), sustainability and any of their components; and it shall approve disclosures in the audited annual Sustainability Report and the Group's separate disclosures regarding Science Based Targets ('SBT') and DEI.

The purpose of the Committee is to support the Board in establishing and reviewing strategy, policies and guidelines with regard to ESG matters.

Nominations Committee

The Nominations Committee acts in an advisory capacity to the Board, except for the appointment of its advisors for which it has a decision power. It consists of the non-executive directors meeting under the chairmanship of the Chairman of the Board. During the year under review, eight meetings took place.

The principal functions of the Committee are to advise the Board in areas such as the composition and size of the Board and the criteria to be applied in the selection of new members of the Board and senior management. In addition, the Committee is responsible for the nomination of directors to serve on Board Committees.

Succession planning is established throughout the Group's operations. At the level of Board membership, the Nominations Committee is responsible for continuity as directors reach retirement or indicate their intention to resign.

The Group's succession plans seek to preserve the current balance of executive directors, former executive directors in a non-executive capacity, and non-executive directors who have not held operational responsibilities within the Group. While this balance will be preserved in the long term, as the continuity it brings to strategic discussions is one of the Group's strengths, the profile of individual appointments may vary from time to time. Such variations take account of the Board's evolving requirements in terms of experience and diversity.

Strategic Security Committee

The Strategic Security Committee acts in an advisory capacity to the Board. It also has authority to appoint advisors, and key officers responsible for security matters within the Group.

The Strategic Security Committee is composed of the following five non-executive directors: Mr Clay Brendish (Chairman); Mr Josua Malherbe; Mr Jeff Moss; Mr Anton Rupert; and Mr Jan Rupert.

To assist it in its deliberations, the Committee draws on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary and typically last half a day. The Committee met nine times during the year under review and invited other managers to these meetings.

The purpose of the Committee is to advise the Board in all aspects of security policy. It aims to protect the Company's assets, including confidential business information and intellectual property, and its operations against intrusive actions. It also oversees the protection of Richemont's employees and physical assets.

Attendance

The attendance of each executive and non-executive director at Board and Committee meetings during the year under review are indicated in the following table.

	Board	Audit Committee	Compensation Committee	Governance and Sustainability Committee	Nominations Committee	Strategic Security Committee
Number of meetings	9	3	5	5	8	9
Johann Rupert	9	–	4	–	7	–
Josua Malherbe	8	3	–	–	7	8
Nikesh Arora	9	–	–	–	7	2
Nicolas Bos (until 8 September 2021)	6	–	–	–	–	3
Clay Brendish	9	3	5	5	8	9
Jean-Blaise Eckert	9	3	–	–	8	–
Burkhart Grund	8	3	5	5	–	9
Keyu Jin	9	–	5	–	8	1
Jérôme Lambert	9	1	5	–	–	9
Wendy Luhabe	9	–	–	5	8	–
Ruggero Magnoni	8	3	–	–	7	–
Jeff Moss	7	–	–	–	7	8
Vesna Nevistic	9	3	–	–	8	–
Guillaume Pictet	8	3	5	4	8	–
Alan Quasha (until 8 September 2021)	6	–	–	–	5	–
Maria Ramos	8	–	5	–	7	–
Anton Rupert	9	–	–	–	8	8
Jan Rupert	9	–	–	–	8	9
Gary Saage (until 8 September 2021)	6	1	1	1	5	6
Patrick Thomas (since 8 September 2021)	2	–	–	–	2	–
Cyrille Vigneron (until 8 September 2021)	5	–	–	–	–	–
Jasmine Whitbead (since 8 September 2021)	3	–	–	4	3	–

Control and risk management instruments

Management is responsible for implementing the strategic policies determined by the Board. Members of management are empowered to conduct the day-to-day strategic and operational administration of the Group including, inter alia, financial management. Senior management is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board. Management operates within the guidelines as set out in the Group Investment Procedures and such other policies and procedures as may from time to time be laid down by the Board. In addition, management provides the Board with appropriate support to consider and evaluate strategic alternatives.

The Board employs various reporting means and control mechanisms in order to monitor the way in which senior management exercises the authority delegated to it.

- Prior to each Board meeting, members of the Board receive a financial report, summarising recent Group, segmental and Maison financial performance as well as operational developments.
- Members of the SEC ('Senior Executives') report to the Board at each meeting. Supplementary reports are provided by the Company Secretary.
- The Group's employee performance review process requires that members of management are given clearly defined targets at the beginning of each financial year. The Senior Executives monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is interaction between the Board and other members of the management, for example, through the presence on a regular or ad hoc basis at Board Committee meetings. Members of the Board are also exposed to the decision-making process at the level of each Maison through their involvement with the annual reviews of the Maisons' strategies.
- The Group's Internal Audit function provides an objective means of assessing how the Group's risks are being managed and controlled. This function's independent status is reinforced by the direct reporting line from the Head of Internal Audit to the Chairman of the Audit Committee. The function performs financial and operational audits in accordance with a programme approved annually by the Audit Committee. This risk-based programme is designed to ensure that all business units as well as Group-wide issues are given sufficient audit coverage within an appropriate time frame. Summary reports from each audit are provided to the Audit Committee and discussed at its meetings. Progress with implementation of corrective actions is monitored on a regular basis.

The Group's risk profile is evolving reflecting the volatile global macro and luxury environment. Enterprise risk management is a fundamental element of the Group's approach to risk management. A key goal is to ensure strong organisational alignment as to key risks facing the Group, which, if not mitigated, would prevent the Group from achieving its strategic objectives. To ensure that risks are identified and mitigated the Company has a risk management process which considers both strategic and operational risks ('Key Risks'). These Key Risks are identified through discussions with senior executives and reviewed and discussed at an annual meeting of the SEC. Following this meeting, a senior executive is appointed as Risk Coordinator for each Key Risk and is responsible for developing a risk mitigation plan ('Risk Mitigation Plan') and ensuring that mitigating actions are implemented. All identified Key Risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by management. A consolidated risk report, which includes the Risk Mitigation Plans prepared by the respective Risk Coordinator, is reviewed annually by the Audit Committee and the Board. The Key Risks identified include the risks associated with inter alia Security/Business Interruption, Business Transformation and Compliance, which can be explained as follows. The Group's success is highly dependent on its ability to respond to major business interruption events such as e.g. the Ukraine Crisis or Covid-19 and to adapt to the secular changes in the luxury industry, caused by accelerating industry digitisation, increasing importance of customer-centricity, and volatility of the socio-economic and geo-political environment. The Company is focusing on leveraging the Group's strategic investments and partnerships to cope with disruptive competitive market forces, by identifying new growth opportunities. Compliance risks and related monitoring requirements are rising, as regulators, financial institutions and governments are tightening the various legal frameworks where the Group and its Maisons are conducting business, in areas such as anti-bribery and corruption, anti-money laundering, international sanctions, anti-trust and competition, cybersecurity and data privacy, labour and employment and product/trade and sourcing. The Company has established a Legal and Regulatory Compliance Committee to discuss compliance priorities and analyses of various legal and regulatory monitoring tools.

4. Senior Executive Committee

Except where the law, the Articles or the Organisational Regulations of the Company provide otherwise, the Board has delegated the entire management of the Company to the SEC. The exact scope of the SEC's powers is outlined in Section 3.2 of the Organisational Regulations of the Company, which can be consulted here: www.richemont.com/media/be4nsorn/20210318_organisational_regulations.pdf

The SEC comprised from 1 April 2021 until 8 September 2021: Mr Jérôme Lambert, the Chief Executive Officer; Mr Burkhart Grund, the Chief Finance Officer; Mr Nicolas Bos, Chief Executive Officer of Van Cleef & Arpels; Mr Cyrille Vigneron, Chief Executive Officer of Cartier; Mr Frank Vivier, the Chief Transformation Officer; Mr Emmanuel Perrin, the Head of Specialist Watchmakers Distribution; and Mr Philippe Fortunato, the Chief Executive Officer of Fashion & Accessories Maisons.

On 8 September 2021, Mr Nicolas Bos, Mr Cyrille Vigneron, Mr Frank Vivier, Mr Emmanuel Perrin and Mr Philippe Fortunato stepped down from the SEC. Since that date, the SEC is comprised of Mr Johann Rupert, Mr Jérôme Lambert and Mr Burkhart Grund. Their biographical details and other activities may be found on: www.richemont.com/en/home/about-us/corporate-governance/senior-executive-committee/

The SEC focuses solely on strategic direction, capital allocation, governance, and the provision of central and regional functions for the benefit of the Group's Maisons and businesses.

Mr Lambert, the Group Chief Executive Officer, leads the development of strategic plans reflecting the long-term objectives and priorities established by the Board.

In accordance with section 3.1 of the Organisational Regulations, the Chairman of the Board oversees the convening of meetings of the Board and ensures the liaison between the Board and the SEC. Other managers were invited to participate on an ad hoc basis at the Chairman's discretion.

The SEC meets on an ad hoc basis to review matters associated with the implementation of the Group's strategic policies. During the year under review the Committee met twelve times.

For section 3.1 of the Organisational Regulations see: www.richemont.com/media/be4nsorn/20210318_organisational_regulations.pdf

Activities outside the Group

The Articles (Article 36) limit the number of permitted mandates of Senior Executives. Those activities include directorships in other organisations, including publicly listed businesses.

For Article 36 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Committees reporting to the Senior Executive Committee

From time to time, committees of the SEC may be established to determine the Group's policy in specific business areas, including finance, health and safety matters and corporate social responsibility.

5. Compensation, shareholdings and loans

Details of compensation-related matters are given in the Compensation report from page 63.

6. Shareholder participation rights

Voting rights

Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint a third party to represent them at the meeting. In addition, an independent representative is appointed at each general meeting by shareholders for a term of one year expiring at the end of the following year's AGM.

There is no limit on the number of shares that may be held by any given party. Pursuant to Article 6 of the Articles, the voting rights attaching to those shares are only restricted if the shares are either unregistered or are held by a registered nominee with at least 1% of the share capital of the Company and that nominee has declined the Company's request to provide certain details regarding the owners. Further details of this restriction may be found in Article 6 of the Articles.

For Article 6 see : www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

The Company 'A' and 'B' shares have equal rights to share in the dividends and capital of the Company; 'B' shareholders are entitled to receive 10% of the dividend per share paid to 'A' shareholders and hold 9.1% of the Company's capital. However, despite the differing par values of the 'A' and 'B' shares, each 'B' share conveys the same voting rights as each 'A' share, in normal circumstances, at shareholder meetings. Richemont 'B' shareholders therefore control 50% of the votes at shareholder meetings. The 'B' registered shares are entirely held by Compagnie Financière Rupert (see section 1 above). In accordance with Swiss company law, certain resolutions, notably those relating to the purpose of the Company, its capital structure, the transfer of its registered office or its dissolution, require the approval of two-thirds of the shares and the absolute majority of the nominal share capital represented at a general meeting of shareholders.

The relevant date to determine the shareholders' right to participate in the general meeting of shareholders on the basis of the registrations appearing in the share register is set by the Board and is stipulated in the notice of meeting.

Statutory quorums

The general meeting of shareholders is the Company's ultimate decision-making forum. Resolutions of the general meeting are generally passed by an absolute majority of the votes represented at the meeting. As detailed above, certain resolutions may require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

Further details on quorum and requisite majorities may be found in Article 18 of the Articles.

For Article 18 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Convocation of the general meeting of shareholders and inclusions of items on the agenda

It is contemplated that the AGM, in respect of the financial year ended 31 March 2022, will be held on 7 September 2022 at the Four Seasons Hotel des Bergues, Geneva. However, it is to be noted that the Company is constantly monitoring developments regarding Covid-19 and preparing in the event any changes for the annual meeting are necessary or appropriate. In case of changes, such as the date or location or a requirement that shareholders exclusively exercise their rights through the independent representative appointed by the Company, the Company will announce the change in advance and post the relevant details, including instructions on how shareholders can exercise their rights, in its notice and on the Company's website: www.richemont.com. The notice period and agenda in respect of the meeting follow the requirements of Swiss company law.

Holders of a minimum of one million 'A' shares in the Company with a par value of CHF 1 million may request that an item be placed on the meeting agenda.

7. Change of control and defence mechanisms

In terms of the FinMIA and its implementing ordinances, the Company has not elected to 'opt out' or 'opt up' in respect of the provisions relating to the obligations for an acquirer of a significant shareholding to make a compulsory offer to all shareholders. In accordance with FinMIA, any party that would directly or indirectly, or acting in concert with third parties, acquire more than 33⅓% of the voting rights of the Company would therefore be obliged to make an offer to acquire all of the listed equity securities of the Company.

No specific provisions exist in the Articles or Organisational Regulations of the Company which would seek to limit or block any takeover bid. No special contractual relationships exist between Group companies and directors or members of senior management which would protect management or act as a deterrent to a change of control of the Company.

The rules of the long-term compensation plans for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the immediate vesting of benefits due to participants in the event of a change of control taking place.

8. Auditor

The external auditor reports to the Board through the Audit Committee, which also supervises the Group's relationship with the auditor.

PricewaterhouseCoopers SA was reappointed by the Company's shareholders at the 2021 AGM as the auditor of the Company's financial statements and the Group's consolidated financial statements. It was appointed for a period of one year and, being eligible, will stand for a further period of office of one year at this year's AGM.

PricewaterhouseCoopers was initially appointed as auditor of the Company and the Group in 1993 (as Coopers & Lybrand). Mr Guillaume Nayet, the lead auditor, assumed that role in September 2018. In accordance with Swiss law, the lead auditor rotates at least once every seven years.

In the year under review, total fees and expenses paid or accrued as payable to PricewaterhouseCoopers for the audit of the financial statements of the Company, the Group and its subsidiaries were € 10.2 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 1.0 million, primarily relating to tax compliance services.

The scope of services provided by the external auditor is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditor is also kept under close review. The Audit Committee further assesses the effectiveness of external audit and the independence and objectivity of the external auditor, reviews the level of remuneration to be paid to the external auditor and approves the fees to be paid for the audit of the financial statements of the Company and the Group.

A questionnaire-based evaluation, in which the Finance Director of every subsidiary is consulted, forms the basis of an annual review of the external auditor's performance. The results of the evaluation are reviewed by the Audit Committee.

Representatives of PricewaterhouseCoopers attended three meetings of the Audit Committee held during the year as well as the meeting of the Committee held on 19 May 2021 at which the financial statements were reviewed. The Audit Committee has also met in camera with the external auditor during the course of these three meetings.

The Company has decided to initiate a comprehensive tender process for its external audit function, under the supervision of the Audit Committee. In order to allow for a robust selection and evaluation process, it is anticipated that this process will be completed in the Company's 2024 fiscal year, with the Board to propose to the 2025 AGM the appointment of the chosen firm for the financial year ending 31 March 2026, at the earliest.

9. Information policy

The Group reports to shareholders in accordance with the requirements of Swiss law and the guidance provided by the SIX Swiss Exchange. The annual report is the principal source of financial and business information for shareholders. The Group's announcement of the results for the financial year is issued in May each year.

In addition to the regulatory annual and interim reports, Richemont publishes trading statements in July covering the Group's performance during the first quarter of its financial year, and in January covering the Group's performance during the third quarter of its financial year and the pre-Christmas trading period. Ad hoc announcements are made in respect of matters, which the Board considers to be of significance to shareholders, in accordance with the specific guidelines laid down by the SIX Swiss Exchange.

The annual report is distributed to all parties who have asked to be placed on the Group's mailing list, including holders of South African DRs. Investors may request electronic notification that such reports have been published on the Group's website.

All news announcements other than the annual financial report are distributed by email. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by email (secretariat@cfrinfo.net) or by registering on the Group's website at www.richemont.com/en/home/contact-us/subscribe-to-our-press-releases/

Copies of the annual and interim reports, results announcements, trading statements, and the Sustainability Report may also be downloaded from the Richemont website at www.richemont.com/en/home/investors/results-reports-presentations
and copies of the Company's ad hoc announcements on the Group's website at www.richemont.com/en/home/media/press-releases-and-news/?category=Ad+hoc+announcements+pursuant+to+Art.+53+LR.
Copies of the Articles, together with its Organisational Regulations, are also available on the website.

The Group presents its annual and interim results to analysts and major investors each year. The presentations take place in Geneva and are simultaneously broadcast over the internet to anyone who registers to view them. Each presentation is downloadable from the website. A replay of the broadcast is available on the Group's website within 24 hours of the presentation and a transcript of the presentation shortly thereafter.

Statutory and regulatory announcements are published in the Swiss Official Gazette of Commerce and, in certain cases, by the SIX Swiss Exchange.

The Company's registered office is 50, chemin de la Chênaie CP 30, 1293 Bellevue, Geneva, Switzerland. The Company's telephone number is: +41 (0) 22 721 3500 and its website is: www.richemont.com

Contact addresses are:

Secretariat: Swen H. Grundmann, Company Secretary.
Tel: +41 (0) 22 721 3500 – Email: secretariat@cfrinfo.net

Investor and Media: Sophie Cagnard, Group Corporate Communications Director; James Fraser, Investor Relations Executive.
Tel: +41 (0) 22 721 3003 – Email: investor.relations@cfrinfo.net (investor relations)
Tel: +41 (0) 22 721 3507 – Email: pressoffice@cfrinfo.net (press enquiries)

10. Closed periods

Richemont defines the principles related to the closed periods within the Group's Code of Conduct.

The Code of Conduct applies to the members of the Board, the former members of the Board who served within the last twelve months or act as advisors to the Board, the members of the SEC, and other directors, employees and consultants of Group companies, who have been notified that they are subject to trading restrictions set forth in the Code (the 'addressees').

During closed periods and subject to certain conditions and exceptions mentioned below, the addressees are prevented from entering into trades on the securities issued by Richemont (or by another entity within the Group), as well as the instruments which have securities issued by Richemont (or by another entity within the Group) as their significant underlying asset. The prohibition to enter into trades during closed periods also applies to persons connected with the addressees (such as spouses and other individuals living in the same household as the addressees) and entities on which the addressees have a significant influence.

The Group is in closed periods:

- from 1 April until the announcement of the annual results;
- from 1 July until the trading update for the quarter ended 30 June is published;
- from 1 October until the announcement of the interim results; and
- from 15 December until the trading update for the quarter ended 31 December is published.

By way of exception, trades entered into by connected persons or entities that do not affect the addressees' assets are not subject to closed period restrictions if the addressees do not have a significant influence on the trade. In limited circumstance, trades that affect the assets of an addressee may not be affected by closed periods when the recipient has no possibility to influence the trade. Upon request, an authorisation to trade in a closed period may exceptionally be granted by the Chief Finance Officer.

Additionally, the members of the Board and the SEC as well as a number of notified addressees are subject to a clearance regime, whereby trades outside of closed periods must be authorised prior to being carried out.

Corporate governance continued

Corporate calendar

A corporate calendar of relevant dates is displayed below and on the Group's website at www.richemont.com/en/home/investors/corporate-calendar. (The calendar on the website is updated if and when new information becomes available.)

Next events	Date
Sustainability Report publication	June 2022
Trading update for the quarter ended 30 June 2022	15 July 2022
Annual General Meeting	7 September 2022
Interim results announcement	11 November 2022
Interim results presentation	11 November 2022
Interim report publication (web version only)	November 2022
Trading update for the quarter ended 31 December 2022	January 2023

Compensation report

Letter from the Chairman of the Compensation Committee

Clay Brendish, Chairman

Dear Shareholders,

On behalf of the Compensation Committee, I am pleased to present our Compensation report for the year ended 31 March 2022.

During the year under review, the Group has delivered significant growth in terms of both profitability and cash generation, and the Committee has been fully supportive of management's efforts to ensure that all of the Group's employees were able to share in the excellent results reported for the period.

Looking to the future, the Committee has also worked with management in the further development of the Group's long-term incentive schemes, with the specific objective of ensuring that long-term and strategic value creation is effectively incentivised and that the highest-performing executives are appropriately compensated.

This focus has led to changes to the Performance Stock Unit ('PSU') scheme, aligning performance criteria, including Return on Net Assets ('RONA'), to the perimeter of responsibility of the individual executive. A new plan, the Performance Cash Unit ('PCU') plan, was put into place for the first time, allowing for an additional cash payout in the event of significant value growth, over and above pre-set, challenging targets. This new plan will further ensure the alignment of management and shareholder interests, both incentivising and rewarding long-term value creation.

The Committee firmly believes that performance assessment for variable compensation is aligned to the Group's strategic priorities. Sustainability is of critical importance to the Group and the Committee fully supports management in the inclusion of ESG-related KPIs when assessing both short and long-term performance.

During the period, the Board of Directors announced a change in the membership and focus of the Senior Executive Committee ('SEC'). This Committee, to whom the Board has delegated management of the Group, is now primarily responsible for capital allocation and strategic decision-making for the Group as a whole, and comprises the Chief Executive Officer and Chief Finance Officer only. Former members of the SEC will now focus solely on the Maisons and business areas for which they are responsible, with no responsibility for overall Group strategy. This significant change in the governance of the Group has implications for the following Compensation report, which are described in detail on the following pages.

At the AGM in September 2021, shareholders once again approved the remuneration proposals by a large majority. Specifically, shareholders were asked to approve the maximum amount of fixed Board compensation from the 2021 AGM to the 2022 AGM; the maximum amount of fixed SEC compensation for the 2023 financial year and the variable compensation of the SEC for the 2021 financial year. The actual compensation paid to the Board for the period from the 2020 AGM to the 2021 AGM and to the SEC with respect to fixed compensation for the 2022 financial year was within amounts previously approved by the shareholders.

The Compensation report that follows describes the Group's guiding principles, philosophy and policies for setting the compensation of members of the Board and the SEC. The report complies with the relevant articles of the Swiss Code of Obligations, the Swiss Code of Best Practice, and SIX Exchange Regulation. The compensation for the financial year under review, as detailed on pages 74 to 76, has been audited by the Group's auditor, PricewaterhouseCoopers.

On behalf of the Board, we would like to thank you for your continued support on executive compensation matters.

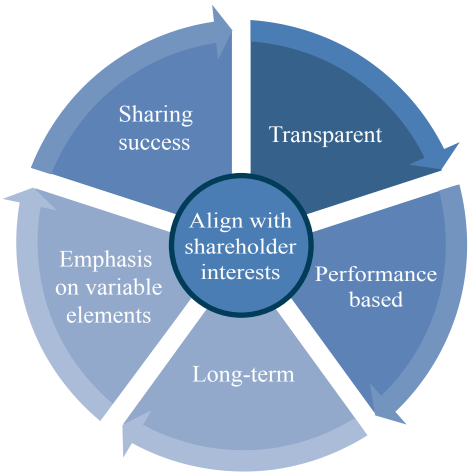
We look forward to receiving comments from our investors.

Clay Brendish
Compensation Committee Chairman

Compensation report continued

Our compensation-setting philosophy

The primary objective of the Group's compensation strategy is to align variable compensation paid to senior executives to total shareholder returns over the long term, while attracting and retaining key talent in the face of competition from other multinational groups.



Members of the SEC, with the exception of the Chairman of the Board of Directors, are rewarded in line with the level of their authority and responsibility within the organisation. An executive's total compensation comprises both fixed and variable elements. Short-term incentives are paid in cash and are awarded to executives in May, based on performance during the previous financial year. These are complemented by long-term awards under the Group's PSU and PCU plans, which serve to both retain key executives and to ensure that the interests of these executives are aligned to the values of the Group, including a focus on capital allocation for long-term strategic purposes and the development of a culture of creativity and responsibility within the Maisons.

The variable remuneration of each Senior Executive is dependent on performance against certain, pre-defined KPIs. These measures are both quantitative, reflecting the performance of the Group or Maison in terms of operating profit, cash generation and return on net assets, and qualitative, with respect to individual and collective management performance.

Non-executive directors receive fixed compensation only and are not eligible for awards under the Group's short- or long-term incentive schemes.

Comparative group benchmarking

To ensure that the Group remains competitive in its compensation arrangements, benchmarking surveys are periodically considered by the Committee. A comprehensive benchmarking survey was performed in early 2020 which covered both the SEC and other key positions within the Group, focusing on base salaries, target bonuses, long-term incentives and total direct compensation levels.

In benchmarking the remuneration of these executives, the Group considered compensation practices in a selection of multinational groups which it considers to be its peers. The criteria for selection included: industry focus on luxury goods, size in term of revenue and headcount, listed companies and international presence in relevant geographies. These peers were identified as follows:

- Multinational groups active in the Luxury Goods industry, such as LVMH, Kering and Hermès, amongst others.
- International groups headquartered in Europe and Switzerland with significant global presence.

As a point of reference, the Group targets at least the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for superior performance.

Compensation Committee

The Compensation Committee ('the Committee') is a committee of the Board of Directors, responsible for reviewing and establishing the Group's compensation policies and strategy. The core responsibilities of the Committee include agreeing the compensation of the executive director members of the Board and the SEC and setting the compensation of the non-executive directors and the Chairman of the Board of Directors. The compensation of all other members of senior management is regularly reviewed by the Committee.

The Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the SEC and the Chief Executive Officers of certain Maisons and may amend or reject these recommendations. The Chairman of the Committee reports to the full Board of Directors on the discussions and decisions taken at each Committee meeting.

Members of the Committee are appointed by the shareholders of the Company for a term of one year. During the year ended 31 March 2022, the composition of the Committee was as follows:

Compensation Committee
Clay Brendish (Chairman)
Keyu Jin
Guillaume Pictet
Maria Ramos

The Committee meets four times per year, with additional meetings scheduled as required. During the year ended 31 March 2022, the Committee met five times. The Group Chief Executive Officer, Group Chief Finance Officer and Group Chief People Officer also attend Committee meetings but are not present when decisions are taken regarding their own compensation. One meeting was partially held in the presence of the Group's external auditor.

Remuneration awards for members of the SEC are approved by the Committee at its first meeting following the end of the financial year to which the awards relate.

Compensation of the Senior Executive Committee

Total compensation of members of the Group's SEC, as well as other Group executives, is made up as follows:

			Payment in	Performance criteria
Performance Cash Units	Variable	Long-term	Cash	• Quantitative (Value creation, RONA)
Performance Stock Units	Variable	Long-term	Shares	• Quantitative (Value creation, RONA) • Qualitative targets (Brand Equity, Customer Centricity, Sustainability, People Experience)
Short-term incentive	Variable	Short-term	Cash	• Quantitative (Revenue, EBIT, Cash) • Individual qualitative KPIs • Collective qualitative KPIs (SEC only)
Base salary and benefits	Fixed			

Fixed compensation

Base salary

The base salary reflects the position, qualifications and responsibilities of the executive, taking into account the external market value for the position in the market in which the individual is based. It is paid on a monthly basis in cash. The level of base salary is reviewed as necessary in accordance with the Group's salary review process, which usually takes place in May. In determining the level of any increase to base salary, consideration is given to the Group's performance, the role and responsibilities of the individual and the results of benchmarking studies.

Benefits

SEC members, with the exception of the Chairman of the Board of Directors, also receive benefits in line with their duties and responsibilities, which may include company car and medical insurance subsidy.

The Company also operates a retirement foundation in Switzerland. Each executive has a retirement account to which the executive and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. A Group contribution of up to 13.05% was applied in the year on salaries to a ceiling of CHF 860 400.

Executives are reimbursed for travel and other necessary business expenses incurred in the performance of their duties.

Variable compensation

Short-term cash incentives

Short-term incentives are awarded with respect to performance in each financial year and are paid in cash.

The performance assessment comprises both quantitative and qualitative components, each with a pre-set target expressed as a percentage of base salary. The mix of quantitative and qualitative targets are aligned with the Group's business priorities for the year ahead, encouraging individual creativity and business development, as well as delivering continued profit growth and value creation. For members of the SEC, the short-term incentive target is set at 75% of base salary, with a maximum cap of 150% of base salary.

The quantitative component of the short-term cash incentive is assessed on actual Group, Maison or business area turnover, operating profit and cash generation, compared to budget. Cash generation is calculated as operating cash flow after capital expenditure and lease payments. Each of these three measures has equal weighting in the calculation.

The qualitative component is assessed on performance against both individual and collective strategic targets, measuring contributions towards growing brand equity, enhancing the client journey, driving initiatives on sustainability and enhancing the people experience in the organisation. The Compensation Committee may decide to use its discretion in assessing the qualitative aspect of performance to take into account exceptional performance during the year where necessary.

For exceptional performance and commitment to the Group, additional incentives may be awarded by the Committee. One member of the SEC was awarded an additional payment in the current year, which is payable in May 2022, as well as the right to further additional incentives in 2023 and 2024.

Compensation report continued

Long-term variable incentives

SEC members, with the exception of the Chairman of the Board of Directors, are awarded long-term incentives under the Group's PSU and PCU plans.

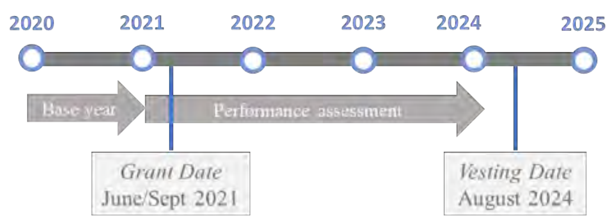
Performance Stock Unit plan

Under the PSU plan, executives receive 'A' shares after a fixed vesting period. Awards are subject to performance conditions which may reduce the number of shares vesting. The main features of this plan are as follows:

Plan	Performance Stock Unit plan
Vesting period	Three years from grant date (awards prior to 2021 vested between three and five years from grant date)
Vesting conditions	• Continued employment with the Group. • Achievement of quantitative and qualitative performance conditions as set by the Compensation Committee for each grant.
Termination of employment	• In the event that an award holder retires, dies or has to end employment with the Group due to injury or permanent disability, all outstanding units vest immediately. • If the award holder is a bad leaver, all unvested awards are forfeited. • If employment is terminated for any other reason, unvested PSU, reduced pro-rata to reflect the date of cessation of employment compared to the original vesting period, shall continue and vest on the original date, provided that performance conditions are met. • Accelerated vesting of PSU is never granted to any member of the SEC, even in the case of retirement.
Hedging of obligations	• Buy-back of 'A' shares or warrants immediately prior to grant date, if needed. • Awards do not result in the issue of new share capital.
Dividends	No entitlement prior to vesting
Compensation value at date of grant	Based on valuation principles of IFRS 2, excluding employer's social security costs
Governance	Total award is reviewed and approved by the Compensation Committee, as are individual awards to SEC members

The target long-term variable award for SEC members is set at 112.5% of base salary with a maximum cap of 150% of base salary, with the final value awarded to an executive depending on value creation of the business area for which they are responsible over the period to which the award relates. The Compensation Committee has discretion to increase or decrease the final award to take into account current market conditions, long-term and strategic decision-making, amongst other factors; such discretion is used only in very limited circumstances, to take into account exceptional performance which the calculation above did not capture. The final award value is converted into PSU based on the average share price over the 30 trading days preceding the approval of the award by the Compensation Committee.

For performance in the year ended 31 March 2021, PSU awards were made in June and September 2021, with a vesting date of August 2024. The performance conditions related to these awards are assessed over the vesting period; average performance during the financial years ending March 2022, March 2023 and March 2024 is compared to performance in the base year, being the year ended 31 March 2021. Full vesting of the award takes place only if performance is at least equal to the base year. Any reduction in performance leads to a linear reduction in the number of PSU which vest.



For the 2021 grant, performance is measured as follows:

Measure	Weighting	Description
Value creation	50%	Value based on a predefined formula of Operating Profit and Cash Flow
RONA	20%	Return on Net Assets
Qualitative	30%	Individual qualitative targets in the following categories: • Brand equity • Customer centricity • Sustainability • People experience

The weighting of each criteria reflects the percentage of the total grant which vests depending on that performance measure. Each criteria is evaluated independently of the others.

The cost to the Group of this plan is equal to the fair value of the PSU awards, which is charged to net profit over the vesting period. There may also be a cash outflow on grant, as the Group repurchases its own shares and warrants in order to meet its obligations under this plan. The total fair value of PSU granted to current and former members of the SEC in relation to performance for the year ended 31 March 2021 was CHF 12.0 million. The award of PSU requires retrospective approval from shareholders at the AGM. Following such approval, a revised fair value is determined for accounting purposes only.

The PSU plan may also be used as a retention tool, with additional awards made to specific executives whom the Group has identified as strategic to its future growth.

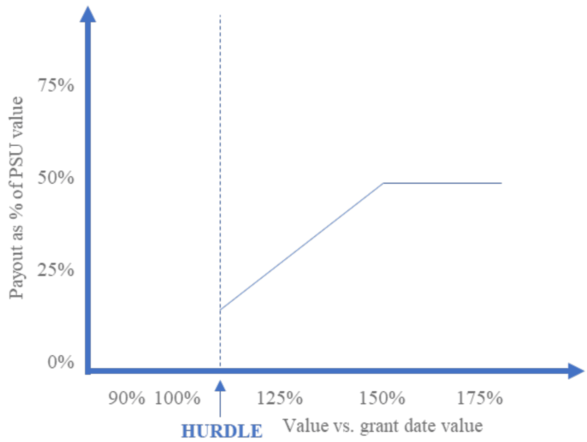
Performance Cash Unit plan

During the current year, the Group introduced a new long-term cash plan, the PCU. Under this plan, certain senior executives, including members of the SEC, are eligible to receive a cash payment after a fixed vesting period.

The objective of this new plan is to reward those executives whose performance has exceeded expectations in terms of value creation. Payment is made only if pre-set hurdle rates are reached; this hurdle rate is set at the beginning of the plan in order to capture challenging but realistic growth targets over the vesting period. The hurdle rate is set individually for each executive and depends on various factors, such as forecast growth and market share, amongst others. If the hurdle rates are achieved, the executive receives a cash payment which increases on a linear basis in line with growth in the value of the Group (or Maison or business area, depending on the responsibilities of the executive) compared to the grant year, up to the maximum amount which is set at 50% of the executive's PSU award.

For awards made in June and September 2021, hurdle rates are based on the value of the Group (or Maison or business area, depending on the responsibilities of the executive), calculated on the same basis as for the PSU plan (see above) and on RONA.

An illustration of the potential payout is presented as follows:



Share options

In previous years, executives also received awards under the Group's share option plan. The final awards were made under this plan in 2020. The main features of the Group's share option plan are as follows:

Plan	Employee share option plan
Strike price	Market value of share on grant date
Vesting period	Tranches over periods of three to six years from grant date
Expiry date	Nine years from date of grant
Vesting conditions	• Continued employment with the Group. • The share options granted between 2008 and 2015 include a performance condition correlated to other luxury goods companies upon which vesting is conditional.
Termination of employment	• In the event that an option holder retires, dies or has to end employment with the Group due to injury or permanent disability, all outstanding share options vest immediately. • If employment is terminated for any other reason, unvested share options are forfeited.
Dividends	No entitlement prior to exercise

Gains made by executives on exercising the share options depend on changes in the share price since the date of the award and, other than employer's social security contributions thereon, do not represent a cost to the Group.

Long-term incentive schemes for other Group executives

The Group also operates the following long-term incentive plans for Group and Maison executives, to which SEC members are not eligible. Awards are made on an annual basis.

Long-term Retention Plan

The Long-term Retention Plan ('LRP') is a cash incentive plan primarily used as a retention tool for key positions within the Group. For each eligible participant, the awards are set at the grant date at between 50% and 150% of the target short-term cash incentive awarded for the previous year (which varies as a percentage of fixed salary depending on employment grade) and become payable, typically after three further years of service. The level of the award granted is determined based on the current position, as well as on the employee's individual performance and potential, while ensuring consistency across the Group. In exceptional circumstances a higher percentage may be awarded. Exceptionally in the year ended 31 March 2020, LRP were granted to certain employees in lieu of RSU awards. These LRP awards vest in tranches over three, four and five years.

Restricted Stock Unit plan

The Restricted Stock Unit plan ('RSU') operates on the same basis as the PSU plan, but is not subject to performance conditions. Employees receive an 'A' share provided that they remain in employment during the vesting period.

Senior Executive Committee

In the year under review the members of the SEC were:

Senior Executive Committee	
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Nicolas Bos[1]	President & Chief Executive Officer, Van Cleef & Arpels
Philippe Fortunato[1]	CEO of Fashion & Accessories Maisons
Emmanuel Perrin[1]	Head Specialist Watchmakers Distribution
Cyrille Vigneron[1]	President & Chief Executive Officer, Cartier
Frank Vivier[1]	Chief Transformation Officer

1. Until 8 September 2021.

Following a review of the Group's governance model, and to further capitalise on the Group's agility and momentum, it was announced in July 2021 that the SEC would focus solely on strategic direction, capital allocation, governance and the provision of central and regional functions. Executives in charge of Maisons and business areas would focus exclusively on the sustainable development of their respective entities or business areas, ensuring a customer-centric approach and the continued success of digital initiatives and are no longer responsible for Group-wide initiatives.

Taking these revised responsibilities into account, Nicolas Bos, Philippe Fortunato, Emmanuel Perrin, Cyrille Vigneron and Frank Vivier stepped down from the SEC with effect from 8 September 2021. Nicolas Bos and Cyrille Vigneron also stepped down from the Board of Directors.

Going forward, the SEC comprises Burkhart Grund, Chief Finance Officer, Jérôme Lambert, Group Chief Executive Officer and Johann Rupert, Chairman of the Board of Directors.

Compensation of the SEC for the period is summarised below:

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Long-term incentives CHF	Social security cost CHF	Total CHF	Prior year CHF
Variable paid in:			*Cash*	*Equity*			
Senior Executive Committee							
Nicolas Bos[1]	721 912	49 740	667 000	2 819 415	244 327	**4 502 394**	4 268 876
Burkhart Grund	1 512 498	114 781	3 695 000	2 622 212	588 266	**8 532 757**	3 644 466
Jérôme Lambert	1 934 399	112 211	1 754 000	3 321 499	308 539	**7 430 648**	4 589 348
Cyrille Vigneron[1]	809 033	49 601	673 000	3 479 911	389 139	**5 400 684**	4 416 914
Other[1]	1 363 958	147 519	1 172 000	5 827 241	567 522	**9 078 240**	6 586 940
Total	6 341 800	473 852	7 961 000	18 070 278	2 097 793	**34 944 723**	23 506 544

1. For the period 1 April 2021 to 8 September 2021. Thereafter the executive stepped down from the SEC.

Changes in the level of compensation awarded to members of the SEC reflect the reduction in membership of the Committee in the second half of the year, offsetting awards under the new PCU plan and other exceptional incentives.

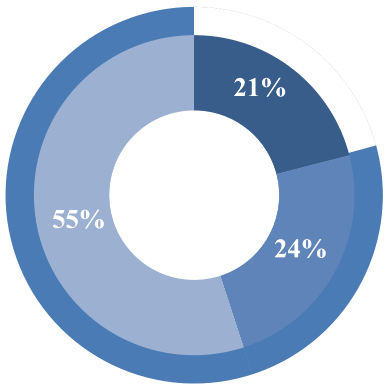
For those executives stepping down from the SEC, the summary of compensation above includes only compensation related to performance in the period to 8 September 2021. Specifically, the following principles have been followed in preparing this summary:

- Salary and other employee benefits relate to the period 1 April 2021 to 8 September 2021.
- The short-term incentive awarded to the executive for the financial year ended 31 March 2022 is allocated to the reportable period on a pro-rata basis.
- Long-term incentives awarded in September 2021 for performance for the year ended 31 March 2021 are included in full in the summary above.

Variable compensation

The objective of the Group's compensation policy is to favour variable (short- and long-term incentives) over fixed compensation. Executives benefit from a short-term cash incentive plan and awards granted under the Group's PSU and PCU plans. The Committee considers these components in total to ensure there is an appropriate balance between reward for short-term success and long-term retention. Targets used to determine the payout levels for both the variable short-term and long-term incentives are considered by the Committee on an annual basis. The Group does not provide for any transaction-specific success fees for its executives.

The split for the Group's Senior Executives for the year ended 31 March 2022 was as follows:



Variable compensation made up 79% of total compensation for the year under review.

Short-term incentives

The performance assessment for short-term incentives awards to members of the SEC is as follows:

Measure	Weighting	Description
Quantitative KPIs	55%	Performance against budget of: • Sales; • operating Profit; • cash flow
Qualitative KPIs		
Collective	20%	Performance in the following areas is assessed collectively for the SEC: • Climate & environment • Talent diversity • Targeted operational goals
Individual	25%	Specific targets based on executive's scope of responsibility

The total incentive awards achieved under the short-term incentive scheme, excluding exceptional amounts, represented on average 92% of base salary. The individual achievement figures for the Group's executive directors, compared to the target bonus, are as follows:

	Quantitative		Qualitative		Total	
	Weight	Acheived	Weight	Acheived	Weight	Acheived
Burkhart Grund	*55%*	76%	*45%*	47%	*100%*	123%
Jérôme Lambert	*55%*	76%	*45%*	47%	*100%*	123%

Long-term incentives

Members of the SEC received PSUs in September 2021, for performance in the year to 31 March 2021. All of these awards vest over three years.

Long-term incentive awards are approved by the Compensation Committee after the end of the financial year to which the award relates. The grant date is determined by the date on which the award, including any performance conditions, is communicated to the recipient, which falls after the date of this Compensation report. Awards related to performance during the year to 31 March 2022 will therefore be reported in next year's Compensation report. This report presents details of awards made during the period under review, which relate to performance in the year ended 31 March 2021.

All executives have also received awards under the Group's PCU plan for performance in the year to 31 March 2021. The maximum possible payout to be received in August 2024 is equal to 50% of the PSU value awarded for the year.

Compensation report continued

Details of PSUs held by members of the Board and the SEC under the Group's PSU plan at 31 March 2022 were as follows:

	Number of units					
	1 April 2021	Granted in year	Vested in year	Cancelled in year	31 March 2022	Vesting dates
Burkhart Grund	49 478	18 670	–	–	**68 148**	Aug 2022-Dec 2025
Jérôme Lambert	58 939	23 649	–	–	**82 588**	Aug 2022-Dec 2025
	108 417	42 319	–	–	**150 736**	

PSUs held by former members under the Group's PSU plan at 8 September 2021, the date on which the executives stepped down from the SEC and the Board of Directors, were as follows:

	Number of units					
	1 April 2021	Granted in period	Vested in period	Cancelled in period	8 September 2021	Vesting dates
Nicolas Bos	54 001	–	–	–	**54 001**	Aug 2022-Dec 2025
Cyrille Vigneron	57 898	–	–	–	**57 898**	Aug 2022-Dec 2025
Other Senior Executives	64 896	–	–	–	**64 896**	Aug 2022-Dec 2025
	176 795	–	–	–	**176 795**	

The first tranche of PSUs awarded in 2019 will vest in August 2022, based on Group results for the period to 31 March 2022. These PSU will vest at 100%. Of the total 0.4 million PSU which were originally granted (including 29 392 to current SEC members), executives will receive 0.4 million CFR 'A' shares on vesting (current SEC members will receive 29 392).

Members of the SEC also hold share options which were granted in prior years. Details of share options held by members of the Board and the SEC under the Group's share option plan at 31 March 2022 were as follows:

	Number of options						
	1 April 2021	Granted	Exercised	Lapsed	31 March 2022	Average strike price CHF	Earliest exercise period
Burkhart Grund	242 463	–	110 000	–	**132 463**	85.61	Jul 2022
Jérôme Lambert	278 786	–	–	–	**278 786**	84.47	Apr 2022
	521 249	–	110 000	–	**411 249**		

Options held by former members under the Group's share option plan at 8 September 2021, the date on which the executives stepped down from the SEC and the Board of Directors, were as follows:

	Number of options						
	1 April 2021	Granted	Exercised	Lapsed	8 September 2021	Average strike price CHF	Earliest exercise period
Nicolas Bos	265 001	–	–	–	**265 001**	84.99	Apr 2022
Gary Saage	435 000	–	435 000	–	**–**	–	–
Cyrille Vigneron	302 053	–	133 333	–	**168 720**	84.91	Jul 2022
Other Senior Executives	243 717	–	73 333	–	**170 384**	85.35	Apr 2022
	1 245 771	–	641 666	–	**604 105**		

The share options held by Mr Gary Saage, former Non-executive Director, were awarded in his previous role as an executive director of the Company.

Shareholders' approval

At the annual general meeting ('AGM'), the shareholders of the Company will be asked to approve the fixed compensation of the SEC for the next full financial year, being the twelve months to 31 March 2024. Total fixed compensation proposed will decline compared to the current year, given the reduction in membership of the SEC.

For the year ended 31 March 2022, the shareholders meeting of September 2020 approved total fixed compensation of CHF 15.8 million. Actual fixed compensation of CHF 6.8 million is within the limits previously approved by shareholders.

Shareholders will also be requested to retrospectively approve the variable compensation paid and accrued during the current year to 31 March 2022, as follows:

	CHF
Variable remuneration for the year to 31 March 2022	
Short-term incentives for the year ended 31 March 2022	**7 961 000**
Long-term incentive awards	**18 070 277**
Employer's social security	**1 619 523**
Total	**27 650 800**

Compared to the prior year, changes in the total amount of variable compensation are due to additional short-term awards and the new PCU plan.

Compensation of the Board of Directors

Compensation paid to non-executive directors for the period is summarised below:

	Fees and other benefits CHF	Consultancy fees CHF	Social security cost CHF	Total CHF	Prior year CHF
Board of Directors					
Johann Rupert (Chairman)	2 700 000	–	358 663	**3 058 663**	1 495 838
Non-executive directors	3 464 487	365 000	373 337	**4 202 824**	4 205 615
Total	6 164 487	365 000	732 000	**7 261 487**	5 701 453

Two Board members, Mr Magnoni and Mr Anton Rupert, have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

Chairman

The total compensation awarded to the Chairman of the Board of Directors, Mr Johann Rupert, is reviewed annually by the Committee. During the comparative period, the fixed remuneration of the Chairman was voluntarily reduced by 50% in response to the Covid-19 pandemic and related economic consequences. No variable compensation was awarded.

Non-executive directors

Non-executive directors are entitled to receive an annual base retainer of CHF 100 000, plus a fee of CHF 20 000 for each Board meeting attended. This fee is reduced to CHF 4 800 for remote participation, with the exception of meetings held during the Covid-19 pandemic for which remote attendance was necessary.

Non-executive directors who are also Committee members are entitled to receive further fees per meeting attended.

Committee attendance fees	Chairman	Member
Audit Committee	CHF 20 000	CHF 15 000
Governance and Sustainability Committee	CHF 15 000	CHF 10 000
Compensation Committee	CHF 15 000	CHF 10 000
Strategic Security Committee	CHF 15 000	CHF 10 000

Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's share option plan or other long-term incentive plans. There is no scheme to issue shares to non-executive directors.

Executive directors

The executive directors of the Board are all members of the SEC and do not receive any compensation for their role as members of the Board.

Compensation report continued

Shareholder approval

At the AGM, the shareholders of the Company will be asked to approve the compensation of the Board of Directors for the period from AGM 2022 to AGM 2023. Compared to the amount approved in the prior year, the remuneration of the Board of Directors is expected to remain stable.

Compensation governance

Severance

There are no arrangements in place to provide for any severance benefit or other special departure payments for any director or any member of the SEC, other than their contractual and legal rights. In general, the duration of the contractual notice period is six months. In certain cases, the employing entity is required to provide twelve months' notice.

Clawback

In addition to applicable statutory provisions, the Group's long-term incentive plans include provisions allowing the Group to reclaim, in full or in part, distributed compensation as a result of special circumstances. There are no clawback provisions for the short-term incentive.

Upon termination of employment as a result of serious misconduct, including fraud as defined by the applicable criminal law and violation of the Group's Standards of Business Conduct, all awards granted and outstanding, whether vested or unvested, lapse immediately without any compensation.

External consultants

The Group also uses external consultants for advice on remuneration matters. During the year, external advice was received from a number of professional firms including PricewaterhouseCoopers, Deloitte, Lenz & Staehelin, RSM, Mercer and Willis Towers Watson. None of these firms received any additional remuneration-related mandates from those consultations; however, Lenz & Staehelin also received fees for legal and tax advice (see page 131). PricewaterhouseCoopers is the Company and Group's external auditor.

Change of control

The rules of the share option and PSU plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the vesting of benefits due to participants in the event of a change of control taking place.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Allotment of shares

No shares were allotted to directors or members of senior management during the year under review.

Share ownership

Details of the shareholdings of the members of the Board of Directors in the Company are disclosed on page 134 of this report. Directors are encouraged to acquire and hold shares in the Company.

Trading in Richemont shares

The exercise of options and transactions in Richemont shares and related securities by any current director or member of the SEC and their related parties is promptly notified to the SIX Swiss Exchange. These notifications are simultaneously published by SIX Swiss Exchange.

Shareholder approval

The Company's Articles of Association contain provisions relating to compensation-related articles with respect to compensation principles (Article 38) and the binding votes of the AGM (Article 39). Shareholders are required to approve prospectively the remuneration of the Board of Directors and the fixed compensation of the SEC, while variable compensation is approved retrospectively. The Articles also include provisions for the remuneration of new members of the SEC (Article 39).

The following compensation will be proposed to the shareholders for approval at the AGM:

	Period covered
Board of Directors	
Fixed compensation	AGM 2022 – AGM 2023
Senior Executive Committee	
Fixed compensation	April 2023 – March 2024
Variable compensation	April 2021 – March 2022

The Articles of Association can be found at: https://www.richemont.com/en/home/about-us/corporate-governance/

Compensation report for the financial year under review

The Ordinance against Excessive Compensation (‘OEC’) allows the Board of Directors to identify a corporate body to which management can be delegated for the day-to-day management of the organisation. This is deemed to be the SEC, which is chaired by the Chairman of the Board and comprises the following executives:

Johann Rupert	Chairman of the Board of Directors
Jérôme Lambert	Group Chief Executive Officer
Burkhart Grund	Group Chief Finance Officer

The following executives also served as members of the SEC for the period to 8 September 2021.

Nicolas Bos	President & Chief Executive Officer, Van Cleef & Arpels
Philippe Fortunato	CEO of Fashion & Accessories Maisons
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Cyrille Vigneron	President & Chief Executive Officer, Cartier
Frank Vivier	Chief Transformation Officer

Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the OEC.

The total compensation of the members of the Board of Directors and the SEC amounted to CHF 7.3 million and CHF 34.9 million, respectively, including pension contributions, benefits in kind and all other aspects of compensation. The highest paid member of the SEC was Burkhart Grund, Group Chief Finance Officer, with a total compensation of CHF 8.5 million.

The measurement basis for each component of compensation is described below:

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: accruals basis.
- Pension: contributions paid or increased in accrued value depending upon the pension plan type.
- Share options and PSU: total fair value, as determined at the date of award of the share options granted in the year, the share option value being determined in accordance with the valuation methodology of IFRS 2.
- PCU awards: maximum payout awarded.
- Employer’s social security: amounts are presented on a cash paid basis for short-term compensation and estimated, based on fair value at grant date and mandatory employer social security contributions which provide rights up to the maximum future state benefit, for long-term incentives.

All amounts are stated gross before the deduction of any related tax or amounts due by the employee.

Compensation report continued

AUDITED

Compensation for the financial year to 31 March 2022

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Social security cost[5] CHF	Total CHF
Board of Directors					
Johann Rupert	2 700 000	–	–	358 663	**3 058 663**
Josua Malherbe	310 000	–	–	23 588	**333 588**
Nikesh Arora	200 000	55 000	–	–	**255 000**
Clay Brendish	460 000	–	–	–	**460 000**
Jean-Blaise Eckert	245 000	–	–	–	**245 000**
Keyu Jin	250 000	–	–	–	**250 000**
Wendy Luhabe	250 000	–	–	19 317	**269 317**
Ruggero Magnoni[2]	–	–	–	–	**–**
Jeff Moss	250 000	–	–	–	**250 000**
Vesna Nevistic	245 000	–	–	–	**245 000**
Guillaume Pictet	335 000	–	–	25 569	**360 569**
Alan Quasha[3]	90 000	–	–	–	**90 000**
Maria Ramos	230 000	–	–	20 539	**250 539**
Anton Rupert[2]	–	–	–	–	**–**
Jan Rupert	250 000	–	–	18 760	**268 760**
Gary Saage[3]	90 000	310 000	9 487	259 005	**668 492**
Patrick Thomas[4]	90 000	–	–	6 559	**96 559**
Jasmine Whitbread[4]	160 000	–	–	–	**160 000**
Total	6 155 000	365 000	9 487	732 000	**7 261 487**

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share-based awards[1] CHF	Cash-based long term incentives CHF	Social security cost[5] CHF	Total CHF
Variable paid in:			*Cash*	*Equity*	*Cash*		
Senior Executive Committee							
Nicolas Bos[3]	721 912	49 740	667 000	1 875 915	943 500	244 327	**4 502 394**
Burkhart Grund	1 512 498	114 781	3 695 000	1 744 712	877 500	588 266	**8 532 757**
Jérôme Lambert	1 934 399	112 211	1 754 000	2 209 999	1 111 500	308 539	**7 430 648**
Cyrille Vigneron[3]	809 033	49 601	673 000	2 315 411	1 164 500	389 139	**5 400 684**
Other SEC members[3]	1 363 958	147 519	1 172 000	3 877 241	1 950 000	567 522	**9 078 240**
Total	6 341 800	473 852	7 961 000	12 023 278	6 047 000	2 097 793	**34 944 723**
Total compensation							**42 206 210**

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (shares) after completion of the vesting period of 3 years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 33 to the consolidated financial statements.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

3. Until 8 September 2021.

4. From 8 September 2021.

5. Social security costs are the employer's contribution on all components of compensation (see above).

Compensation for the financial year to 31 March 2021

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Social security cost[5] CHF	Total CHF
Board of Directors					
Johann Rupert	1 350 000	–	–	145 838	**1 495 838**
Josua Malherbe	300 000	–	–	23 942	**323 942**
Nikesh Arora	200 000	233 750	–	–	**433 750**
Clay Brendish	417 500	–	–	–	**417 500**
Jean-Blaise Eckert	245 000	–	–	–	**245 000**
Keyu Jin	250 000	–	–	–	**250 000**
Wendy Luhabe[3]	110 000	–	–	9 304	**119 304**
Ruggero Magnoni[2]	–	–	–	–	**–**
Jeff Moss	240 000	–	–	–	**240 000**
Vesna Nevistic	245 000	–	–	–	**245 000**
Guillaume Pictet	320 000	–	–	24 348	**344 348**
Alan Quasha	200 000	–	–	–	**200 000**
Maria Ramos	250 000	–	–	20 955	**270 955**
Anton Rupert[2]	–	–	–	–	**–**
Jan Rupert	240 000	–	–	18 378	**258 378**
Gary Saage	200 000	620 000	16 327	21 111	**857 438**
Total	4 567 500	853 750	16 327	263 876	**5 701 453**

	Fixed components		Variable components			
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share-based award[1] CHF	Social security cost[5] CHF	Total CHF
Variable paid in:			*Cash*	*Equity*		
Senior Executive Committee						
Nicolas Bos	1 322 970	112 518	1 404 700	1 137 899	290 789	**4 268 876**
Burkhart Grund	1 223 927	111 392	1 227 000	941 371	140 776	**3 644 466**
Sophie Guieysse[4]	360 913	42 893	–	–	15 031	**418 837**
Jérôme Lambert	1 595 573	111 395	1 515 000	1 192 393	174 987	**4 589 348**
Cyrille Vigneron	1 483 652	111 154	1 507 000	1 169 120	145 988	**4 416 914**
Other SEC members	3 425 435	322 425	1 955 000	1 882 691	264 413	**7 849 964**
Total	9 412 470	811 777	7 608 700	6 323 474	1 031 984	**25 188 405**
Total compensation						**30 889 858**

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (either shares or share options) after completion of the vesting period of between 3 and 5 years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 33 to the consolidated financial statements.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

3. From 9 September 2020.

4. Sophie Guieysse stepped down from the SEC on 12 June 2020 and from the Board of Directors on 9 September 2020 but remained an employee of the Group until 31 March 2021. The amounts shown above represent salary and benefits paid to Ms Guieysse during the period in which she acted as a director of the Company. All amounts paid to her subsequent to this period are included in the line 'Other SEC members'. This includes salary, other benefits and short-term incentives for the year ended 31 March 2021 and a non-compete agreement signed with Ms Guieysse on her departure. No share-based awards were made; however, share options awarded in prior years have vested on 31 March 2021 and Ms Guieysse retains her allocated PSU, which remain subject to the performance conditions described at page 66.

5. Social security costs are the employer's contribution on all components of compensation (see above).

AUDITED

Compensation report continued

AUDITED

Related party transactions

In addition to their duties as non-executive directors, Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group during the year. Fees for those services, amounting to CHF 0.3 million and CHF 0.1 million, respectively, are included in the compensation disclosures above. The consultancy services provided to the Group are in connection with the Group's business development, digital and business transformation strategies. Both contracts ended during the period under review, on 30 September 2021 and 30 June 2021, respectively.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling CHF 0.7 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.2 million to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni is Vice-Chairman of the Foundation.

Payments to former directors

Mr Alain-Dominique Perrin, a former director of the Group, provided consulting services to the Group during the year. Fees for these services amounted to CHF 4.8 million. The consultancy services provided to the Group are in connection with business development and marketing-related activities, in particular ensuring that matters related to communication, products and distribution are appropriate and consistent with the identity and strategy of the Group's Maisons.

On 8 September 2021, Mr Gary Saage stepped down as Director of the Company. Since that time, he continues to serve as Chairman of Richemont North America and as an advisor to the Chairman of the Board of Directors, for which he received a fee during the period 1 October 2021 to 31 March 2022 of CHF 0.3 million.

Loans to members of governing bodies

As at 31 March 2022, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the SEC. In accordance with the Group's Articles of Association (Article 38), the Group does not extend loans to current or former members of the Board or SEC. There were also no non-business-related loans or credits granted to relatives of any member of the Board or SEC.

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

We have audited the pages 74 to 76 of the accompanying compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2022.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2022 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Guillaume Nayet | Louise Rolland

Audit expert
Auditor in charge

Genève, 19 May 2022

Consolidated financial statements

Directors' Report

The Board of Directors of Compagnie Financière Richemont SA ('Richemont' or 'the Company') is pleased to submit its report on the activities of the Company, its subsidiaries and equity-accounted investments (together, 'the Group') for the year ended 31 March 2022. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2022 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 147 to 151.

Further information on the Group's activities during the year under review is given in the financial review on pages 33 to 38.

Consolidated financial statements

Company financial statements

Consolidated balance sheet

at 31 March

	Notes	2022 €m	2021 €m
Assets			
Non-current assets			
Property, plant and equipment	*6*	**3 122**	2 583
Goodwill	*7*	**3 538**	3 456
Other intangible assets	*8*	**2 342**	2 436
Right of use assets	*9*	**3 468**	3 339
Investment property	*10*	**–**	220
Equity-accounted investments	*11*	**252**	187
Deferred income tax assets	*12*	**754**	614
Financial assets held at fair value through profit or loss	*36*	**325**	506
Financial assets held at fair value through other comprehensive income	*36*	**280**	377
Other non-current assets	*13*	**521**	435
		14 602	14 153
Current assets			
Inventories	*14*	**7 099**	6 319
Trade receivables and other current assets	*15*	**1 662**	1 369
Derivative financial instruments	*16*	**55**	12
Financial assets held at fair value through profit or loss	*36*	**6 632**	5 550
Assets held for sale	*17*	**59**	79
Cash at bank and on hand	*18*	**9 877**	7 877
		25 384	21 206
Total assets		**39 986**	35 359
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	*31*	**334**	334
Treasury shares	*31*	**(346)**	(490)
Hedge and share option reserves	*31*	**503**	419
Cumulative translation adjustment reserve		**3 728**	2 626
Retained earnings	*31*	**15 595**	14 885
		19 814	17 774
Non-controlling interests	*41*	**49**	110
Total equity		**19 863**	17 884
Liabilities			
Non-current liabilities			
Borrowings	*19*	**5 948**	5 937
Lease liabilities	*9*	**3 101**	2 927
Deferred income tax liabilities	*12*	**325**	258
Employee benefit obligations	*20*	**61**	65
Provisions	*21*	**74**	55
Other long-term financial liabilities	*22*	**107**	97
		9 616	9 339
Current liabilities			
Trade payables and other current liabilities	*23*	**3 351**	2 537
Current income tax liabilities		**724**	550
Borrowings	*19*	**1**	–
Lease liabilities	*9*	**647**	590
Derivative financial instruments	*16*	**150**	114
Provisions	*21*	**325**	248
Bank overdraft	*18*	**5 309**	4 097
		10 507	8 136
Total liabilities		**20 123**	17 475
Total equity and liabilities		**39 986**	35 359

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2022 €m	2021 €m
Revenue	*24*	**19 181**	13 144
Cost of sales		**(7 154)**	(5 283)
Gross profit		**12 027**	7 861
Selling and distribution expenses		**(4 185)**	(3 241)
Communication expenses		**(1 865)**	(1 030)
Fulfilment expenses		**(486)**	(356)
Administrative expenses		**(1 757)**	(1 484)
Other operating expenses	*25*	**(344)**	(272)
Operating profit		**3 390**	1 478
Finance costs	*29*	**(959)**	(295)
Finance income	*29*	**115**	320
Share of post-tax results of equity-accounted investments	*11*	**31**	12
Profit before taxation		**2 577**	1 515
Taxation	*12*	**(498)**	(226)
Profit for the year		**2 079**	1 289
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains	*20*	**32**	118
Tax on defined benefit plan actuarial gains	*12*	**(7)**	(15)
Fair value changes on financial assets held at fair value through other comprehensive income		**(169)**	202
		(144)	305
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the year		**1 107**	(517)
– reclassification to profit or loss		**(2)**	9
Cash flow hedging – reclassification to profit or loss, net of tax		**4**	4
Share of other comprehensive income of equity-accounted investments	*11*	**1**	–
		1 110	(504)
Other comprehensive income, net of tax		**966**	(199)
Total comprehensive income		**3 045**	1 090
Profit attributable to:			
Owners of the parent company		**2 074**	1 301
Non-controlling interests		**5**	(12)
		2 079	1 289
Total comprehensive income attributable to:			
Owners of the parent company		**3 037**	1 103
Non-controlling interests		**8**	(13)
		3 045	1 090
Earnings per ‘A’ share/10 ‘B’ shares attributable to owners of the parent company during the year (expressed in € per share)			
From profit for the year			
Basic	*30*	**3.660**	2.302
Diluted	*30*	**3.611**	2.296

Consolidated statement of changes in equity
for the year ended 31 March

	Notes	Share capital €m	Treasury shares €m	Hedge and share option reserves €m	Cumulative translation adjustment reserve €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
		Equity attributable to owners of the parent company							
Balance at 1 April 2020		334	(539)	368	3 133	13 840	17 136	123	17 259
Comprehensive income									
Profit for the period		–	–	–	–	1 301	1 301	(12)	1 289
Other comprehensive loss		–	–	4	(507)	305	(198)	(1)	(199)
		–	–	4	(507)	1 606	1 103	(13)	1 090
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*31*	–	49	–	–	(17)	32	–	32
Acquisition of warrants on own equity	*31*	–	–	–	–	(15)	(15)	–	(15)
Employee share-based compensation	*33*	–	–	43	–	–	43	–	43
Tax on share-based compensation	*12*	–	–	4	–	–	4	–	4
Warrants issued on own equity	*31*	–	–	–	–	76	76	–	76
Warrants distributed to shareholders	*31*	–	–	–	–	(76)	(76)	–	(76)
Dividends paid	*32*	–	–	–	–	(529)	(529)	–	(529)
		–	49	47	–	(561)	(465)	–	(465)
Balance at 31 March 2021		334	(490)	419	2 626	14 885	17 774	110	17 884
Balance at 1 April 2021		**334**	**(490)**	**419**	**2 626**	**14 885**	**17 774**	**110**	**17 884**
Comprehensive income									
Profit for the period		**–**	**–**	**–**	**–**	**2 074**	**2 074**	**5**	**2 079**
Other comprehensive income		**–**	**–**	**4**	**1 102**	**(143)**	**963**	**3**	**966**
		–	**–**	**4**	**1 102**	**1 931**	**3 037**	**8**	**3 045**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*31*	**–**	**144**	**–**	**–**	**(20)**	**124**	**–**	**124**
Acquisition of warrants on own equity	*31*	**–**	**–**	**–**	**–**	**(131)**	**(131)**	**–**	**(131)**
Employee share-based compensation	*33*	**–**	**–**	**67**	**–**	**–**	**67**	**–**	**67**
Tax on share-based compensation	*12*	**–**	**–**	**13**	**–**	**–**	**13**	**–**	**13**
Changes in non-controlling interests		**–**	**–**	**–**	**–**	**(6)**	**(6)**	**(69)**	**(75)**
Initial recognition of put options over non-controlling interests		**–**	**–**	**–**	**–**	**(23)**	**(23)**	**–**	**(23)**
Dividends paid	*32*	**–**	**–**	**–**	**–**	**(1 041)**	**(1 041)**	**–**	**(1 041)**
		–	**144**	**80**	**–**	**(1 221)**	**(997)**	**(69)**	**(1 066)**
Balance at 31 March 2022		**334**	**(346)**	**503**	**3 728**	**15 595**	**19 814**	**49**	**19 863**

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2022 €m	2021 €m
Cash flows from operating activities			
Operating profit		**3 390**	1 478
Adjustment for non-cash items	*34*	**1 703**	1 554
Changes in working capital	*34*	**81**	529
Cash flow generated from operations		**5 174**	3 561
Interest received		**102**	83
Interest paid		**(210)**	(179)
Dividends from equity-accounted investments	*11*	**6**	–
Dividends from other investments		**–**	1
Taxation paid		**(434)**	(248)
Net cash generated from operating activities		**4 638**	3 218
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*39*	**(195)**	(33)
Proceeds from disposal of subsidiary undertakings, net of cash		**1**	–
Acquisition of equity-accounted investments		**(104)**	–
Proceeds from disposal of, and capital distributions from, equity-accounted investments		**63**	50
Acquisition of property, plant and equipment		**(754)**	(386)
Proceeds from disposal of property, plant and equipment		**18**	14
Payments capitalised as right of use assets		**(4)**	–
Acquisition of intangible assets		**(117)**	(127)
Acquisition of investment property		**–**	(1)
Proceeds from disposal of investment property		**86**	–
Investment in money market and externally managed funds		**(13 698)**	(11 430)
Proceeds from disposal of money market and externally managed funds		**12 654**	10 085
Acquisition of other non-current assets and investments		**(252)**	(379)
Proceeds from disposal of other non-current assets and investments		**24**	12
Net cash used in investing activities		**(2 278)**	(2 195)
Cash flows from financing activities			
Proceeds from borrowings	*35*	**1**	2 072
Corporate bond issue transaction costs	*35*	**–**	(8)
Repayment of borrowings	*35*	**(16)**	(85)
Dividends paid		**(1 041)**	(529)
Proceeds from sale of treasury shares		**123**	32
Acquisition of warrants on own equity	*31*	**(131)**	(15)
Contribution from non-controlling interests in a subsidiary		**15**	–
Acquisition of non-controlling interests in a subsidiary		**(86)**	–
Lease payments – principal	*35*	**(632)**	(561)
Net cash used in financing activities		**(1 767)**	906
Net change in cash and cash equivalents		**593**	1 929
Cash and cash equivalents at the beginning of the year		**3 780**	1 985
Exchange gains/(losses) on cash and cash equivalents		**195**	(134)
Cash and cash equivalents at the end of the year	*18*	**4 568**	3 780

Notes to the consolidated financial statements

at 31 March 2022

1. General information

Compagnie Financière Richemont SA ('the Company'), its subsidiaries and equity-accounted investments (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's interests encompass several of the most prestigious names in the luxury industry including Cartier, Van Cleef & Arpels, Buccellati, A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis, Vacheron Constantin, Watchfinder, YOOX NET-A-PORTER ('YNAP'), Alaïa, Chloé, Delvaux, dunhill, Montblanc, Peter Millar, Purdey, Serapian and AZ Factory.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are listed and traded on the SIX Swiss Exchange and are included in the Swiss Market Index ('SMI') of leading stocks. Depository Receipts ('DRs') in respect of Richemont shares are traded on the Johannesburg Stock Exchange operated by JSE Limited. Corporate bonds issued by a subsidiary of the Company are listed on the Luxembourg Stock Exchange.

These consolidated financial statements have been approved by the Board of Directors of the Company ('the Board') for issue on 20 May 2022 and are subject to approval at the shareholders' general meeting due to be held on 7 September 2022.

2. Summary of significant accounting policies

2.1. Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations (together 'IFRS').

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income.

The policies set out in notes 2.2 to 2.5 have been consistently applied to the periods presented. Amendments to IFRSs effective for the financial year ending 31 March 2022 do not have a material impact on the Group.

2.2. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary undertakings together with the Group's share of the results and net assets of equity-accounted investments.

(a) Subsidiary undertaking

Subsidiary undertakings are defined as those undertakings that are controlled by the Group and are consolidated from the date control commences until the date control ceases. Control of an undertaking exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. The accounts of subsidiary undertakings are drawn up at 31 March of each year. Uniform accounting policies have been adopted.

(b) Associates and joint ventures

Associated undertakings are defined as those undertakings, not classified as subsidiary undertakings, where the Group is able to exercise a significant influence. Significant influence is presumed to exist where the Group holds between 20% and 50% of the voting rights of another entity. Joint ventures are those arrangements where the Group has joint control and rights to the net assets of the arrangement.

2.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Swiss francs. The consolidated financial statements are presented in millions of euros (the 'presentation currency'). Management believes that this currency is more useful to the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates prevailing during the period. The average rates approximate actual rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The assets and liabilities of foreign operations that have a functional currency different from the presentation currency are translated to euro at the closing exchange rates at the reporting date.

The income, expenses and cash flows of foreign operations are translated to euro at the average exchange rates.

All resulting foreign exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.4. Impairment of non-financial assets

All non-financial assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be fully recoverable, with the exception of intangible assets that have an indefinite useful life which are not subject to amortisation and so are tested annually for impairment. The Group has identified goodwill as the only category of intangible asset with an indefinite life.

Assets which do not generate cash flows independently of other assets are allocated to a cash-generating unit ('CGU') for impairment testing. The CGUs are made up of assets grouped at the lowest levels for which there are separately identifiable cash flows, subject to an operating segment ceiling. An impairment loss is recognised, if necessary, for the amount by which a CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a CGU's fair value, less costs of disposal, and its value-in-use.

2.5. Other accounting policies

Details of the other accounting policies adopted by the Group can be found in the note to the financial statements to which they relate.

2.6. Climate-related risks

At the date of this report, the Group considers that its current exposure to climate-related risks is limited and as a result the impact on the financial statements is not significant. Richemont is fully committed to its aspiration for better luxury – improving the way that luxury is created, to be more sustainable and responsible, and creating a positive impact throughout the value chain. The costs associated with these initiatives, including the Group's efforts to reduce CO_2 emissions and the environmental impact of packaging, are included in Cost of sales and various expenses line items included within Operating profit. The Group will continue to closely monitor developments in this area, and the financial impact thereof. Further information on the Group's ambitions and achievements with respect to climate-related risks are contained in the Corporate Social Responsibility section of the accompanying annual report.

2.7. New standards and interpretations not yet adopted

Certain new accounting standards and amendments issued by the IASB and interpretations issued by the IFRS Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. None are expected to have a significant impact on the Group's consolidated financial statements.

3. Risk assessment

The Company has a risk management process which considers both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by Group management. A consolidated risk report, which includes risk mitigation plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

For any risks identified which relate to accounting and financial reporting, and to reduce the risk to the financial statements arising from material misstatement, whether due to fraud or error, the Group's internal control system framework defines relevant control measures which are implemented across the Group and appropriately monitored.

4. Critical accounting estimates and assumptions

The Group is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgments in the process of applying its accounting policies. Estimates and assumptions applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the consolidated financial statements. Principal matters involving significant estimates, assumptions or judgments relate in particular to:

(a) Inventories

The Group records a provision against its inventories for damaged and slower-moving items. This provision is based on estimates made by management taking into consideration various factors including historical experience, estimated future demand, discontinuations and product development.

The provision is assessed at each reporting date by the respective Maison or subsidiary company and is adjusted accordingly. Details of the movements in the provision are provided in note 14.

(b) Taxation

The Group is subject to income taxes in a number of jurisdictions due to its wide geographical presence. There are a number of transactions and calculations on which the ultimate tax determination is uncertain. Management exercises judgment, within a strict and objective process framework, in determining the adequate current income tax provision including amounts in relation to uncertain tax positions. The amounts accrued are based on management's interpretation of the specific tax law and on adherence to internationally accepted rules and practice. New information may become available that causes the Group to change its assessment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Details of the Group's tax liabilities are given in note 12.

(c) Recoverable amount of CGUs for goodwill impairment testing

Goodwill is tested annually for impairment. The recoverable amounts of CGUs are determined based either on the value-in-use of the CGU, or on its fair value less costs of disposal. In both cases, these calculations require the use of estimates for sales growth, EBITDA margins, other future cash flows, discount rates and terminal growth rates.

Details of the goodwill impairment testing done in the year are given in note 7.

(d) Suspension of commercial activities in Russia

In early March 2022, the Group suspended all commercial activities in Russia. The Group has considered the current uncertainty surrounding trading conditions in its estimates of the carrying value of assets related to these operations and has recorded write-downs and provisions as appropriate, in accordance with the relevant accounting standards, amounting to € 168 million at 31 March 2022. Impairments related to Property, plant and equipment and Right of use assets are included in the disclosures in notes 6 and 9, respectively. The situation will be reassessed on an ongoing basis, as further information becomes available.

5. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the chief operating decision maker ('CODM') in making strategic decisions. Each operating segment is managed separately by a dedicated Chief Executive Officer and management team allowing management to maintain and develop the specific identity of each Maison or distributor. These operating segments have been aggregated into reportable segments as follows:

- **Jewellery Maisons** – businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Buccellati, Cartier and Van Cleef & Arpels.
- **Specialist Watchmakers** – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin.
- **Online Distributors** – businesses whose primary activity is the online sale of luxury goods. This group comprises Watchfinder and YNAP.

In order to determine which operating segments share similar economic characteristics and thus meet the criteria for aggregation, management has focused on the distribution network, product mix and gross margin structure of the Maisons.

Other operating segments include Alaïa, Chloé, Delvaux, dunhill, Montblanc, Peter Millar, Purdey, Serapian, AZ Factory, investment property companies and other manufacturing entities. Delvaux is included for the first time following its recent acquisition (note 39). None of these segments meet the quantitative thresholds for determining reportable segments.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional functions are allocated to individual operating segments using allocation keys most relevant to the nature of the expense being allocated. Unallocated corporate costs represent the costs of the Group's corporate operations which are not attributed to the segments.

Performance measurement is based on segment contribution before corporate costs, unallocated valuation adjustments on acquisitions, interest and tax, as management believes that such information is most relevant in evaluating the results of segments relative to other entities that operate within similar markets.

Revenue by business area is as follows:

Year to 31 March 2022	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue €m
Revenue						
External revenue	**11 079**	**3 425**	**2 788**	**1 889**	**–**	**19 181**
Inter-segment revenue	**4**	**10**	**–**	**167**	**(181)**	**–**
	11 083	**3 435**	**2 788**	**2 056**	**(181)**	**19 181**

Year to 31 March 2021	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue €m
Revenue						
External revenue	7 456	2 239	2 197	1 252	–	13 144
Inter-segment revenue	3	8	–	93	(104)	–
	7 459	2 247	2 197	1 345	(104)	13 144

5. Segment information continued

(a) Information on reportable segments continued

The operating result by business area is as follows:

	2022 €m	2021 re-presented* €m
Operating result		
Jewellery Maisons	**3 799**	2 309
Specialist Watchmakers	**593**	132
Online Distributors	**(210)**	(223)
Other	**(47)**	(214)
	4 135	2 004
Elimination of internal transactions	**(6)**	(6)
Impact of valuation adjustments on acquisitions	**(173)**	(197)
Unallocated corporate costs	**(566)**	(323)
Consolidated operating profit before finance and tax	**3 390**	1 478
Finance costs	**(959)**	(295)
Finance income	**115**	320
Share of post-tax results of equity-accounted investments	**31**	12
Profit before taxation	**2 577**	1 515
Taxation	**(498)**	(226)
Profit for the year from continuing operations	**2 079**	1 289

	2022 €m	2021 €m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	**561**	520
Specialist Watchmakers	**254**	252
Online Distributors	**186**	186
Other	**214**	194
Unallocated	**338**	370
	1 553	1 522

* Prior year amounts have been re-presented for consistency with the current period presentation; specifically, costs previously included within Other have been reclassified to Unallocated corporate costs to better reflect the underlying nature of these expenses. The impact on the prior year is to reduce the operating loss of the Other segments by € 27 million and to increase Unallocated corporate costs by the same amount.

In the year to 31 March 2022, impairment charges were included within Other segments of € 3 million. A further charge of € 52 million is included within unallocated corporate costs (2021: € 2 million and € 2 million was included in the 'Specialist Watchmakers' and 'Other' segments, respectively, with a further € 10 million within unallocated corporate costs).

5. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	2022 €m	2021 €m
Segment assets		
Jewellery Maisons	**4 025**	3 561
Specialist Watchmakers	**1 764**	1 539
Online Distributors	**1 168**	955
Other	**986**	951
	7 943	7 006
Eliminations	**(111)**	(49)
	7 832	6 957

	2022 €m	2021 €m
Total segment assets	**7 832**	6 957
Property, plant and equipment	**3 122**	2 583
Goodwill	**3 538**	3 456
Other intangible assets	**2 342**	2 436
Right of use assets	**3 468**	3 339
Investment property	**–**	220
Equity-accounted investments	**252**	187
Deferred income tax assets	**754**	614
Financial assets at fair value through profit or loss	**6 957**	6 056
Financial assets at fair value through other comprehensive income	**280**	377
Other non-current assets	**521**	435
Other receivables	**929**	731
Derivative financial instruments	**55**	12
Cash at bank and on hand	**9 877**	7 877
Assets held for sale	**59**	79
Total assets	**39 986**	35 359

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

	2022 €m	2021 €m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**516**	266
Specialist Watchmakers	**123**	64
Online Distributors	**86**	113
Other	**78**	44
Unallocated	**73**	47
	876	534

5. Segment information continued

(b) Information about geographical areas

Each operating segment operates on a worldwide basis. External sales presented in the four main geographical areas where the Group's operating segments operate are as follows:

	2022 €m	2021 €m
Europe	**4 469**	2 955
United Kingdom	**1 015**	646
France	**709**	411
Italy	**598**	411
Switzerland	**460**	254
Other Europe	**1 687**	1 233
Middle East and Africa	**1 419**	924
Asia	**9 025**	6 877
China	**5 538**	4 366
– of which mainland China	***4 352***	*3 633*
– of which Hong Kong SAR, China and Macau SAR, China	***1 186***	*733*
Japan	**1 205**	940
South Korea	**952**	653
Other Asia	**1 330**	918
Americas	**4 268**	2 388
United States	**3 819**	2 136
Other Americas	**449**	252
	19 181	13 144

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for online transactions.

The total non-current assets, other than financial instruments and deferred tax assets, located in Switzerland, the Company's domicile, and the rest of the world are as follows:

	2022 €m	2021 €m
Italy	**4 287**	4 295
Switzerland	**1 989**	1 837
United Kingdom	**1 852**	2 030
United States	**1 289**	1 133
France	**1 176**	1 123
Rest of the world	**2 464**	2 106
	13 057	12 524

Segment assets are allocated based on where the assets are located.

5. Segment information continued

(c) Information about products

External sales by product are as follows:

	2022 €m	2021 €m
Jewellery	**8 338**	5 553
Watches	**6 061**	4 085
Clothing	**2 091**	1 636
Leather goods and accessories	**1 562**	1 129
Writing instruments	**417**	308
Other	**712**	433
	19 181	13 144

(d) Major customers

Sales to no single customer represented more than 10% of total revenue.

6. Property, plant and equipment

Accounting policy

All property, plant and equipment is shown at cost less accumulated depreciation and impairment. Depreciation on property, plant and equipment is calculated using the straight-line method over the asset's estimated useful life, up to the following limits:

- Buildings 40 years
- Plant and machinery 20 years
- Fixtures, fittings, tools and equipment 15 years

Residual values and useful lives are reviewed annually and adjusted if appropriate. Neither assets under construction nor land are depreciated.

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2020					
Cost	1 505	1 035	3 349	213	6 102
Depreciation	(565)	(691)	(2 072)	–	(3 328)
Net book value at 1 April 2020	940	344	1 277	213	2 774
Exchange adjustments	(32)	(8)	(34)	(5)	(79)
Acquisition through business combinations	1	–	1	–	2
Additions	10	30	190	176	406
Disposals	(4)	–	(7)	(11)	(22)
Depreciation charge	(67)	(67)	(361)	–	(495)
Impairment charge	–	–	(4)	–	(4)
Reclassified to assets held for sale	4	–	(3)	–	1
Transfers and reclassifications	10	3	102	(115)	–
31 March 2021					
Cost	1 472	1 026	3 311	258	6 067
Depreciation	(610)	(724)	(2 150)	–	(3 484)
Net book value at 31 March 2021	862	302	1 161	258	2 583

6. Property, plant and equipment continued

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2021					
Cost	**1 472**	**1 026**	**3 311**	**258**	**6 067**
Depreciation	**(610)**	**(724)**	**(2 150)**	**–**	**(3 484)**
Net book value at 1 April 2021	**862**	**302**	**1 161**	**258**	**2 583**
Exchange adjustments	**58**	**16**	**49**	**10**	**133**
Acquisition through business combinations (note 39)	**1**	**–**	**22**	**–**	**23**
Additions	**18**	**72**	**381**	**288**	**759**
Disposals	**(1)**	**(2)**	**(6)**	**(1)**	**(10)**
Depreciation charge	**(65)**	**(66)**	**(373)**	**–**	**(504)**
Impairment charge	**(6)**	**–**	**(13)**	**–**	**(19)**
Reclassified from investment properties (note 10)	**182**	**–**	**–**	**–**	**182**
Reclassified to assets held for sale (note 17)	**–**	**–**	**(24)**	**–**	**(24)**
Transfers and reclassifications	**14**	**2**	**100**	**(117)**	**(1)**
31 March 2022					
Cost	**1 796**	**1 128**	**3 643**	**438**	**7 005**
Depreciation	**(733)**	**(804)**	**(2 346)**	**–**	**(3 883)**
Net book value at 31 March 2022	**1 063**	**324**	**1 297**	**438**	**3 122**

Land and buildings comprise mainly manufacturing facilities, retail boutiques, offices and distribution centres.

Impairment charges of € 3 million and € 16 million are included in selling and distribution expenses and other operating expenses, respectively (2021: € 4 million in selling and distribution expenses).

Committed capital expenditure not reflected in these financial statements amounted to € 221 million at 31 March 2022 (2021: € 99 million).

7. Goodwill

Accounting policy
Goodwill is allocated to the CGUs for the purpose of impairment testing that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling. It is tested annually for impairment and carried at cost less accumulated impairment losses.

	€m
Cost at 1 April 2020	3 465
Exchange adjustments	(7)
Adjustment to goodwill arising from prior year business combinations	4
Impairment charge	(6)
Cost at 31 March 2021	**3 456**
Exchange adjustments	**22**
Goodwill arising on business combinations (note 39)	**60**
Cost at 31 March 2022	**3 538**

7. Goodwill continued

Impairment testing for goodwill

The Group considers its Maisons and individual Online Distributors to be the appropriate CGUs for goodwill allocation. The balance at 31 March is allocated as follows:

	2022 €m	2021 €m
Jewellery Maisons	**1 143**	1 134
Specialist Watchmakers	**441**	432
Online Distributors	**1 716**	1 715
Other Maisons	**238**	175
	3 538	3 456

Cartier and YNAP CGUs each have an allocation of goodwill which is considered significant when compared to the total goodwill balance.

The Cartier CGU includes goodwill of € 828 million (2021: € 820 million). The discounted cash flow model on which the value-in-use calculation is based includes five years of cash flows and assumes sales and EBITDA growth of 1% (2021: 1%) and a terminal growth rate of 2.07% (2021: 2.20%), with operating margins remaining stable over the period. The growth rate is based on conservative assumptions given the significant level of headroom in prior years. The pre-tax discount rate used is 8.23% (2021: 7.46%).

Goodwill allocated to the YNAP CGU amounts to € 1 549 million (2021: € 1 549 million). The discounted cash flow model on which the fair value less cost of disposal calculation is based includes ten years of cash flows, based on the long-term nature of the investment, and assumes sales growth of between 3% and 25% per annum, or 16.5% CAGR (2021: 18.5% CAGR), based on management forecasts and external industry analysis and a terminal growth rate of 2.09% (2021: 2.25%) based on expected long-term inflation rates, with operating margins expected to improve over the period to a level consistent with expected performance of an online luxury retailer. The pre-tax discount rate used is 10.40% (2021: 10.44%). It is classified as Level 3 in the IFRS fair value hierarchy.

A reasonably possible change in key assumptions at 31 March 2022 used for the Cartier CGU would not cause the carrying amount to exceed the recoverable amount. With respect to the YNAP CGU, the estimated recoverable amount of the CGU exceeded its carrying value by € 434 million (2021: €1 789 million). The following reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount.

	Key assumption 2022	Change	Key assumption 2021
Terminal growth	**2.09%**	-1.79 ppt	2.25%
Discount rate	**10.4%**	+0.88 ppt	10.4%
Revenue growth (CAGR)	**16.5%**	-0.77 ppt	18.5%
Long-term EBITDA margin (after lease payments)	**10.0%**	-7.25%	15.0%

No other CGU has an allocation of goodwill which is significant in comparison with the total carrying amount. For the majority of the Group's CGUs, representing a total goodwill allocation of € 568 million, the recoverable value is calculated using value-in-use. For each CGU, the discounted cash flow model used for impairment testing considers five years of cash flows and a long-term growth rate based on the long-term inflation rate. Sales growth projections are based on Maison and Online Distributor management forecasts and growth rates which are fixed at the low end of the Group's past experience. EBITDA margins are assumed to remain stable compared to the margin achieved by the CGU in the current year unless there are Maison-specific reasons to assume otherwise. For certain Maisons or Online Distributors that are at the beginning of significant expansion or realignment, the calculation of the recoverable value, which may be based on fair value less cost of disposal where appropriate, includes ten years of cash flows, with sales growth projections including input from independent external analysis on the luxury industry, supplemented by CGU-specific adjustments when deemed necessary, or on historic growth rates experienced by peer Maisons.

7. Goodwill continued

As a result of this impairment testing, two CGUs were identified (Buccellati and Watchfinder) for which reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount. The goodwill allocated to these CGUs amounts to € 107 million and € 167 million, respectively (2021: € 107 million and € 166 million, respectively). The estimated recoverable value for these CGUs exceeded the carrying value by € 92 million and € 57 million, respectively (2021: € 84 million and € 46 million, respectively). The following reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount:

	Key assumption 2022	Change	Key assumption 2021
Buccellati CGU			
Terminal growth	**2.06%**	-3.26 ppt	2.25%
Discount rate	**10.2%**	+1.60 ppt	9.0%
Revenue growth (CAGR)	**14.7%**	-2.67 ppt	22.7%
Long-term EBITDA margin (after lease payments)	**35.0%**	-17.50%	35.0%
Watchfinder CGU			
Terminal growth	**2.30%**	-2.09 ppt	2.25%
Discount rate	**11.9%**	+1.01 ppt	10.9%
Revenue growth (CAGR)	**20.2%**	-1.42 ppt	19.0%
Long-term EBITDA margin (after lease payments)	**11.0%**	-10.60%	10.0%

At 31 March 2022, no goodwill impairments have been identified (2021: € 6 million arising from one CGU).

8. Other intangible assets

Accounting policy

Other intangible assets are shown at cost less accumulated amortisation and impairment. Amortisation of other intangible assets is calculated using the straight-line method over the asset's estimated useful life, or contractual life if applicable, up to the following limits:

- Software and related licences 15 years
- Development costs 10 years
- Intellectual property-related 50 years
- Distribution rights 5 years
- Leasehold rights 20 years

Costs that are directly associated with developing, implementing or improving identifiable software products having an expected benefit beyond one year are recognised as other intangible assets. Costs associated with maintaining software are expensed as incurred.

Leasehold rights represent premiums paid to parties other than the lessor at the inception of operating leases and are amortised over their expected useful lives or, if shorter, the lease period.

Costs incurred on development projects, including internally generated costs, are recognised as other intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. These assets are amortised from the commencement of commercial production of the product. Other development expenditures and research expenditures are expensed as incurred.

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2020					
Cost	2 496	256	677	165	3 594
Amortisation	(409)	(160)	(336)	(66)	(971)
Net book value at 1 April 2020	2 087	96	341	99	2 623
Exchange adjustments	39	(1)	–	(4)	34
Acquisition through business combinations	10	3	–	–	13
Additions:					
– internally developed	–	–	39	33	72
– other	1	–	54	–	55
Disposals	–	–	–	(1)	(1)
Amortisation charge	(161)	(24)	(151)	(24)	(360)
Transfers and reclassifications	–	–	1	(1)	–
31 March 2021					
Cost	2 553	241	713	165	3 672
Amortisation	(577)	(167)	(429)	(63)	(1 236)
Net book value at 31 March 2021	1 976	74	284	102	2 436

8. Other intangible assets continued

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2021					
Cost	**2 553**	**241**	**713**	**165**	**3 672**
Amortisation	**(577)**	**(167)**	**(429)**	**(63)**	**(1 236)**
Net book value at 1 April 2021	**1 976**	**74**	**284**	**102**	**2 436**
Exchange adjustments	**17**	**1**	**2**	**7**	**27**
Acquisition through business combinations (note 39)	**111**	**2**	**1**	**–**	**114**
Additions:					
– internally developed	**–**	**–**	**36**	**39**	**75**
– other	**2**	**1**	**39**	**–**	**42**
Disposals	**–**	**–**	**–**	**(4)**	**(4)**
Amortisation charge	**(176)**	**(20)**	**(124)**	**(29)**	**(349)**
Transfers and reclassifications	**–**	**–**	**1**	**–**	**1**
31 March 2022					
Cost	**2 643**	**241**	**778**	**194**	**3 856**
Amortisation	**(713)**	**(183)**	**(539)**	**(79)**	**(1 514)**
Net book value at 31 March 2022	**1 930**	**58**	**239**	**115**	**2 342**

Intellectual property related assets at 31 March 2022 include the trading names 'NET-A-PORTER' and 'YOOX', which have a carrying value of € 1 482 million (2021: € 1 563 million). The assets have a remaining useful life of 16 years. No other individual intangible assets are material to the Group.

Amortisation of € 28 million (2021: € 24 million) is included in cost of sales; € 23 million (2021: € 28 million) is included in selling and distribution expenses; € 117 million (2021: € 116 million) is included in administration expenses; and € 181 million (2021: € 192 million) is included in other expenses.

Committed capital expenditure not reflected in these financial statements amounted to € 9 million at 31 March 2022 (2021: € 23 million).

9. Leases

Accounting policy

The Group leases various boutiques, offices, warehouses and manufacturing facilities under non-cancellable lease arrangements.

A right of use asset and corresponding lease liability is recognised with respect to all lease agreements in which the Group is the lessee, except for short-term leases (where the lease term is twelve months or less), leases with variable rentals not based on an observable index and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the incremental borrowing rate, which is based on the rate at which the Group would be able to borrow funds in the same jurisdiction over the same term as the lease agreement. The lease liability is subsequently measured using the effective interest rate method.

The right of use asset is based on the initial measurement of the lease liability, adjusted for any payments made at or before the commencement date and for initial direct costs, including key money. It is subsequently measured at cost less accumulated depreciation and impairment charges. Depreciation is charged on a straight-line basis over the lease term.

The lease term used to determine the lease liability and the useful life of the right of use asset is based on the lease agreement, excluding renewal options unless these options are contractual, the specific terms of the additional rental period are included in the initial lease agreement and the Group has a reasonable expectation of exercising the option. Termination options are ignored unless the Group already has the intention to exercise the option at the commencement date.

Lease concessions agreed after 1 April 2020 for lease payments due before 30 June 2022 as a direct result of the Covid-19 pandemic are not treated as a lease modification. Any change resulting from such an agreement is recorded in profit and loss for the period.

The Group has a number of commitments under non-cancellable lease contracts relating to boutiques, offices and manufacturing facilities. Leases are negotiated on an individual basis and may contain escalation clauses, renewal rights and termination options, depending on standard practices in the local market and on the Group's desire to maintain flexibility in its asset base.

Right of use assets at 31 March are as follows:

	Land and buildings €m	Other assets €m	Total €m
1 April 2020			
Gross value	3 743	44	3 787
Depreciation	(606)	(17)	(623)
Net book value at 1 April 2020	3 137	27	3 164
Exchange adjustments	(85)	(1)	(86)
Acquisition through business combinations	19	–	19
Additions	700	16	716
Depreciation charge	(650)	(13)	(663)
Impairment charge	(4)	–	(4)
Remeasurement	193	–	193
31 March 2021			
Gross value	4 499	58	4 557
Depreciation	(1 189)	(29)	(1 218)
Net book value at 31 March 2021	3 310	29	3 339

9. Leases continued

	Land and buildings €m	Other assets €m	Total €m
1 April 2021			
Gross value	**4 499**	**58**	**4 557**
Depreciation	**(1 189)**	**(29)**	**(1 218)**
Net book value at 1 April 2021	**3 310**	**29**	**3 339**
Exchange adjustments	**100**	**1**	**101**
Acquisition through business combinations (note 39)	**97**	**–**	**97**
Additions	**518**	**15**	**533**
Depreciation charge	**(683)**	**(14)**	**(697)**
Impairment charge	**(36)**	**–**	**(36)**
Remeasurement	**131**	**–**	**131**
31 March 2022			
Gross value	**5 257**	**68**	**5 325**
Depreciation	**(1 820)**	**(37)**	**(1 857)**
Net book value at 31 March 2022	**3 437**	**31**	**3 468**

'Other assets' includes plant & machinery, fixtures, fittings, tools and equipment.

Impairment charges of € 2 million and € 34 million are included in selling and distribution expenses and other operating expenses, respectively (2021: € 4 million in selling and distribution expenses).

Total lease liabilities are as follows:

	31 March 2022 €m	31 March 2021 €m
Non-current lease liabilities	**(3 101)**	(2 927)
Current lease liabilities	**(647)**	(590)
	(3 748)	(3 517)

The maturity of the Group's lease liabilities is as follows:

31 March 2022	2022 Carrying value €m	2022 Contractual cash flows €m	2021 Carrying value €m	2021 Contractual cash flows €m
Less than one year	**(647)**	**(701)**	(590)	(642)
Between 1-2 years	**(568)**	**(612)**	(512)	(555)
Between 2-3 years	**(468)**	**(504)**	(429)	(463)
Between 3-4 years	**(371)**	**(410)**	(349)	(377)
Between 4-5 years	**(313)**	**(339)**	(267)	(301)
More than 5 years	**(1 381)**	**(1 577)**	(1 370)	(1 543)
	(3 748)	**(4 143)**	(3 517)	(3 881)

9. Leases continued

Included within operating profit are the following expenses, which are not reflected in the lease liabilities:

	2022 €m	2021 €m
Short-term leases	**75**	59
Low-value asset leases	**10**	11
Variable rental payments	**571**	400
Other	**1**	1
	657	471

Interest charges recognised during the period amounted to € 65 million (2021: € 65 million) (note 29).

The Group has applied the practical expedient permitted by IFRS 16 (paragraph 46B) and, as a result, rent concessions agreed with landlords since 1 April 2020 as a direct result of the Covid-19 pandemic have not been treated as a lease modification. The amount recognised in profit or loss for the year ended 31 March 2022 as a result of this practical expedient is € 10 million (2021: € 67 million).

Certain boutique leases contain a variable element, based most commonly on percentage of sales, which links rental payments to boutique revenue. Cash outflows arising from variable rental contracts for the period amounted to € 567 million (2021: € 383 million), which represented 42% of the total rental payments made (2021: 36%). Variable rentals are not reflected in the lease liabilities above. In addition, some lease agreements contain extension clauses, which would allow the Group to extend the lease for a specific additional period. Cash flows under such clauses are generally included in the lease liabilities above if the lease terms of the extended period are specified in the original lease agreement.

The total cash outflow for leases for the period amounted to € 1 336 million (2021: € 1 070 million).

At 31 March 2022, the Group had commitments totalling € 330 million for lease agreements which had not yet commenced (2021: € 102 million).

10. Investment property

Accounting policy

Investment property consists of land and buildings held to earn rental income or for capital appreciation, or both, and not for use in the operating or administrative activities of the Group. Where only an insignificant portion of the whole property is for own use, the entire property is recognised as an investment property. Otherwise, the part of the property used internally is recognised within property, plant and equipment.

Investment property is measured at cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method over the asset's expected useful life, up to a maximum of 40 years. Land is not depreciated.

	€m
1 April 2020	
Cost	291
Depreciation	(9)
Net book value at 1 April 2020	282
Exchange adjustments	1
Additions:	
– subsequent expenditure	1
Depreciation	(4)
Reclassification to assets held for sale	(60)
31 March 2021	
Cost	231
Depreciation	(11)
Net book value at 31 March 2021	220

	€m
1 April 2021	
Cost	**231**
Depreciation	**(11)**
Net book value at 1 April 2021	**220**
Depreciation	**(3)**
Reclassification to property, plant and equipment (note 6)	**(182)**
Reclassification to assets held for sale (note 17)	**(35)**
31 March 2022	
Cost	**–**
Depreciation	**–**
Net book value at 31 March 2022	**–**

During the year, properties in France and Canada, with a combined carrying value of € 182 million, were transferred to property, plant and equipment (note 6). The property in Denmark, with a carrying value of € 35 million, was transferred to assets held for sale (note 17).

10. Investment property continued

The investment property currently held for sale with net book value of € 35 million (see note 17) is pledged as security for long-term liabilities (2021: net book value of € 36 million).

There was no committed capital expenditure on investment properties which is not reflected in the balance sheet (2021: none).

During the year the Group leased out its investment properties. Rental income of € 1 million was received in the year to 31 March 2022 and included as other operating income (2021: € 2 million). Repairs and maintenance expenses incurred during the year of € 7 million (2021: € 3 million) relating to the income-generating properties are included as other operating expenses.

11. Equity-accounted investments

Accounting policy
Associated undertakings and joint ventures ('equity-accounted investments') are accounted for using the equity method.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group's interest in the equity-accounted investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investment, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investment.

Goodwill arising on the acquisition of equity-accounted investments is included in the carrying value of the equity-accounted investment and is tested for impairment whenever events or changes in circumstance indicate that the carrying amount of the investment may not be fully recoverable.

	€m
At 1 April 2020	180
Exchange adjustments	3
Disposal of equity-accounted investments	(1)
Share of post-tax results	5
Share of other comprehensive income	–
At 31 March 2021	**187**
Exchange adjustments	**2**
Increase in equity-accounted investments	**106**
Disposal of equity-accounted investments	**(63)**
Dividends received	**(6)**
Share of post-tax results	**25**
Share of other comprehensive income	**1**
At 31 March 2022	**252**

11. Equity-accounted investments continued

The value of equity-accounted investments at 31 March 2022 includes goodwill of € 38 million (2021: € 43 million).

The Group's share of post-tax results of equity-accounted investments includes the gain on disposal of the investments in New Bond Street JV II Unit Trust and Greubel Forsey SA of € 7 million.

The Group's principal equity-accounted investments at 31 March 2022 are as follows:

		2022 interest held (%)	2021 interest held (%)	Country of incorporation	Country of operation
Associates					
Greubel Forsey SA	Watchmaker	**–**	20	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	**35**	35	Switzerland	Switzerland
Schwab-Feller AG	Watch component manufacturer	**20**	20	Switzerland	Switzerland
Monnin SA	Watch component manufacturer	**35**	35	Switzerland	Switzerland
Kering Eyewear SpA	Eyewear manufacturer/distributor	**30**	30	Italy	Worldwide
Farfetch China Holdings Limited	Online distributors	**13**	–	United Kingdom	China
Joint ventures					
Laureus World Sports Awards Limited	Sports Awards	**100**	50	United Kingdom	Worldwide
DPS Beaune SAS	Jewellery manufacturer	**33**	33	France	France
New Bond Street JV Jersey Unit Trust	Investment property entity	**48**	48	United Kingdom	United Kingdom
New Bond Street JV II Unit Trust	Investment property entity	**–**	46	United Kingdom	United Kingdom
MDA SAS	Leather goods manufacturer	**50**	–	France	France

In August 2021, the Group acquired 12.5% of the share capital and voting rights of Farfetch China Holdings Limited ('Farfetch China'), an entity registered in the UK, which manages the marketplace operations of Farfetch Limited, a luxury online retailer, in the China region. Despite a shareholding of 12.5%, Farfetch China is considered to be an associate because the Group has significant influence in the entity, as evidenced by its ability to appoint one out of five members of the Board of Directors, which has responsibility for matters such as overall business strategy, relationships with key stakeholders and the annual financial budget.

The agreement includes an option to purchase a further 12.5% of Farfetch China after the third year of operations, and an additional option to potentially convert the investment to shares in Farfetch Limited, a company listed on the New York Stock Exchange, under specific conditions. This option is accounted for as a financial instrument held at fair value through profit or loss, with a value of € 47 million at 31 March 2022 and is classified as Level 3 in the IFRS fair value hierarchy. For further details on the valuation of this option, see note 36. Total consideration for the transaction is € 211 million (US$ 250 million), of which € 197 million was allocated to the option on initial recognition.

During the year, the Group acquired the remaining share capital of Laureus World Sports Awards Limited. This entity is now fully consolidated and no longer classified as a joint venture. The Group also increased its investment in Kering Eyewear by € 90 million, with no change in the percentage interest held.

The sales of the investments in New Bond Street JV II Unit Trust and Greubel Forsey SA were completed during the year.

12. Taxation

Accounting policy

Current tax is the expected tax payable or receivable on the taxable profits/(losses) of Group companies, calculated using local tax rates enacted or substantively enacted at the reporting date, and includes adjustments in respect of previous years, where applicable.

Deferred tax is provided using the liability method in accordance with IAS 12 and is determined using the tax rates and laws enacted or substantively enacted when the deferred tax is realised or settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and equity-accounted investments, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax effect is also recognised directly in equity or in other comprehensive income.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

12.1. Deferred income tax

Deferred income tax assets

	1 April 2020 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2021 €m
Depreciation	42	–	11	–	6	59
Provision for inventories	78	(3)	(9)	–	6	72
Provision for impairment of receivables	6	–	(3)	–	–	3
Employee benefit obligations	40	–	3	(15)	–	28
Unrealised gross margin elimination	435	(10)	(21)	–	4	408
Tax losses carried forward	145	1	94	–	1	241
Equity-settled share plans	5	–	7	4	–	16
Leases	35	(18)	13	–	6	36
Other	166	(3)	33	–	(18)	178
	952	(33)	128	(11)	5	1 041
Offset against deferred tax liabilities for entities settling on a net basis	(352)					(427)
	600					614

	1 April 2021 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2022 €m
Depreciation	**59**	**1**	**19**	**–**	**(2)**	**77**
Provision for inventories	**72**	**2**	**2**	**–**	**(1)**	**75**
Provision for impairment of receivables	**3**	**–**	**(2)**	**–**	**–**	**1**
Employee benefit obligations	**28**	**–**	**6**	**(7)**	**1**	**28**
Unrealised gross margin elimination	**408**	**16**	**56**	**–**	**4**	**484**
Tax losses carried forward	**241**	**1**	**(26)**	**–**	**–**	**216**
Equity-settled share plans	**16**	**2**	**15**	**13**	**–**	**46**
Leases	**36**	**19**	**(28)**	**–**	**22**	**49**
Other	**178**	**9**	**25**	**–**	**45**	**257**
	1 041	**50**	**67**	**6**	**69**	**1 233**
Offset against deferred tax liabilities for entities settling on a net basis	**(427)**					**(479)**
	614					**754**

€ 673 million of deferred tax assets are expected to be recovered after more than twelve months (2021: € 558 million).

12. Taxation continued

12.1. Deferred income tax continued

Deferred income tax liabilities

	1 April 2020 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2021 €m
Depreciation	(53)	2	5	–	(5)	(51)
Provision for inventories	(86)	3	29	–	(10)	(64)
Undistributed retained earnings	(43)	–	(9)	–	–	(52)
Intangible assets recognised on acquisition	(447)	(8)	44	–	(1)	(412)
Leases	(22)	16	(10)	–	(6)	(22)
Other	(52)	2	(50)	–	16	(84)
	(703)	15	9	–	(6)	(685)
Offset against deferred tax assets for entities settling on a net basis	352					427
	(351)					(258)

	1 April 2021 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2022 €m
Depreciation	**(51)**	**(3)**	**(2)**	**–**	**2**	**(54)**
Provision for inventories	**(64)**	**(7)**	**(53)**	**–**	**1**	**(123)**
Undistributed retained earnings	**(52)**	**–**	**3**	**–**	**–**	**(49)**
Intangible assets recognised on acquisition	**(412)**	**(3)**	**(33)**	**–**	**(30)**	**(478)**
Leases	**(22)**	**(16)**	**37**	**–**	**(22)**	**(23)**
Other	**(84)**	**(1)**	**53**	**–**	**(45)**	**(77)**
	(685)	**(30)**	**5**	**–**	**(94)**	**(804)**
Offset against deferred tax assets for entities settling on a net basis	**427**					**479**
	(258)					**(325)**

€ 681 million of deferred tax liabilities are expected to be settled after more than twelve months (2021: € 621 million).

Unrecognised deferred tax assets and liabilities

Deferred tax assets are recognised for losses carried forward when it is considered likely that the losses will be utilised against future taxable profits, based on estimated future profitability in the relevant tax jurisdiction. The Group has not recognised a deferred tax asset in respect of tax losses of € 5 308 million (2021: € 3 119 million). The majority of these losses relate to transactions in previous years, often with no impact on the Group's consolidated profit or loss as reported under IFRS; in the current period, developments within certain legal entities resulted in a change to management's judgment of the potential and prospective recoverability of losses associated with those entities. A significant portion of these losses relate to entities in which the majority of income is taxable at 0%. € 1 621 million of the unrecognised tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2021: € 1 224 million). The remainder of the unrecognised tax losses have maximum expiration dates of between five and seventeen years.

Additionally, the Group has not recognised deferred tax liabilities in relation to unremitted earnings from its subsidiaries which are not expected to be distributed in the foreseeable future amounting to € 295 million (2021: € 213 million).

Notes to the consolidated financial statements continued

12. Taxation continued

12.2. Taxation charge

Taxation charge for the year:

	2022 €m	2021 €m
Current tax	**570**	363
Deferred tax charge/(credit)	**(72)**	(137)
	498	226

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax results of equity-accounted investments. The rates for the years ended 31 March 2022 and 2021 were 19.6% and 15.1%, respectively.

The taxation charge on the Group's profit before tax differs from the amount that arises using the local statutory tax rates applicable to profits of the consolidated companies as follows:

	2022 €m	2021 €m
Profit before taxation	**2 577**	1 515
Share of post-tax results of equity-accounted investments	**(31)**	(12)
Adjusted profit before taxation	**2 546**	1 503
Tax on adjusted profit calculated at statutory tax rate	**356**	210
Difference in tax rates	**(7)**	(56)
Change in tax rate on opening deferred tax balances	**56**	–
Non-taxable income	**(4)**	(20)
Non-deductible expenses net of other permanent differences	**4**	9
Utilisation and recognition of prior year tax losses	**(2)**	(2)
Non-recognition of current year tax losses	**56**	29
Withholding and other income taxes	**55**	57
Prior year adjustments	**(16)**	(1)
Taxation charge	**498**	226

The statutory tax rate applied of 14% (2021: 14%) reflects the average rate applicable to the main Swiss-based operating companies.

13. Other non-current assets

Accounting policy

Included within other non-current assets is the Group's collection of heritage pieces, held primarily for presentation purposes to promote the Maisons and their history and not intended for sale. These assets are held at cost less any impairment in value. The residual values of such pieces are generally equal to or in excess of cost.

	2022 €m	2021 €m
Maisons' collections	**314**	285
Lease deposits	**178**	125
Loans and receivables	**8**	7
Other assets	**21**	18
	521	435

At 31 March 2022, non-current loans and receivables included a receivable due from an equity-accounted investment of € 1 million (2021: € 2 million).

The carrying values of lease deposits, loans and receivables approximate their fair values. There are no overdue or impaired amounts included in deposits, loans and receivables.

14. Inventories

Accounting policy
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using either a weighted average or specific identification basis depending on the nature of the inventory. The cost of finished goods and work in progress comprises raw materials, direct labour, related production overheads and, where applicable, duties and taxes. For inventories sold through YOOX, cost is determined in accordance with the average cost methodology by product category, which includes acquisition costs and costs incurred to bring inventories to their current location and condition.

	2022 €m	2021 €m
Raw materials and work in progress	**2 306**	1 963
Finished goods	**5 742**	5 179
	8 048	7 142
Provision for inventories	**(949)**	(823)
	7 099	6 319

The cost of inventories recognised as an expense and included in cost of sales amounted to € 6 389 million (2021: € 4 672 million).

The Group reversed € 107 million (2021: € 92 million) of previous inventory write-downs during the year as the goods were sold at an amount in excess of the written-down value. The amount reversed has been credited to cost of sales. The closing provision at 31 March 2022 includes an amount of € 70 million related to the suspension of commercial activities in Russia.

The Group recognised € 323 million (2021: € 276 million) of write-down of inventories within cost of sales.

Of the total balance, € 1 074 million is expected to be recovered in more than twelve months (2021: € 1 234 million).

15. Trade receivables and other current assets

Accounting policy
The carrying value of trade receivables represents the original invoice amount, being the fair value at initial recognition, less provision for expected credit losses. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. The Group applies the simplified approach to measuring expected credit losses (‘ECL’) for trade receivables, based on lifetime ECL, as permitted by IFRS 9. A provision for expected credit losses is established when there is evidence, based on historic experience and incorporating forward-looking information where relevant, including knowledge of the Group’s customer base, that the counterparty is credit impaired or that the Group will not be able to collect all amounts due, according to the original terms of the receivables. Impairment losses are recognised in profit or loss for the period. Other receivables include credit card receivables.

	2022 €m	2021 €m
Trade receivables	**748**	661
Less: provision for impairment	**(15)**	(23)
Trade receivables – net	**733**	638
Other receivables	**435**	308
Current financial assets	**1 168**	946
Sales return asset	**64**	54
Current income tax asset	**48**	57
Prepayments and other	**382**	312
	1 662	1 369

Trade and other receivables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months. Due to their short maturity, the fair values of trade and other receivables approximate to their book values.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers. The maximum exposure to credit risk is equal to the carrying value.

15. Trade receivables and other current assets continued

The movement in the provision for impairment of trade and other receivables was as follows:

	2022 €m	2021 €m
Balance at 1 April of prior year	**(23)**	(30)
Provision charged to profit or loss	**(8)**	(14)
Utilisation of provision	**2**	6
Reversal of unutilised provision	**15**	13
Exchange differences	**(1)**	2
Balance at 31 March	**(15)**	(23)

At 31 March 2022, trade and other receivables of € 49 million (2021: € 34 million) were impaired.

Receivables past due but not impaired:

	2022 €m	2021 €m
Up to three months past due	**50**	30
Three to six months past due	**3**	3
Over six months past due	**3**	3
	56	36

16. Derivative financial instruments

The Group uses currency forwards, being commitments to purchase or sell foreign currencies.

The nominal amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the reporting date but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The fair value of publicly traded derivatives, securities and investments is based on quoted market prices at the reporting date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

The nominal amounts and fair values of derivative instruments held are as follows:

	Nominal amount		Fair value assets		Fair value liabilities	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Currency forwards	**5 193**	3 477	**55**	12	**(150)**	(114)

The contractual maturity of the nominal value of derivative instruments held is as follows:

	Less than 6 months		Between 6 and 12 months		After 12 months	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Currency forwards	**2 902**	1 820	**2 291**	1 657	**–**	–

Nominal amount

Nominal amount represents the sum of all contract volumes outstanding at the year end.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

16. Derivative financial instruments continued

Non-current derivative financial instruments

The Group also holds an option to convert its investment in Farfetch China into listed shares of Farfetch Limited (see note 11). This option is exercisable three years after issuing, under specific conditions, and is therefore classified as non-current. At 31 March 2022, the carrying value of the option amounted to € 47 million, included within non-current assets held at fair value through profit and loss. For further details of the valuation of this option, classified as Level 3 in the IFRS fair value hierarchy, see note 36.

17. Assets held for sale

At 31 March 2022, assets with net book value of € 59 million are presented as held for sale, including the Group's investment property located in Denmark. The sale of these assets, which are not allocated to operating segments in note 5, are expected to be completed in the coming financial year.

18. Cash and cash equivalents

	2022 €m	2021 €m
Cash at bank and on hand	**9 877**	7 877
Bank overdrafts	**(5 309)**	(4 097)
	4 568	3 780

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The effective interest rate on cash at bank was 0.8% (2021: 0.6%). The effective interest rate on bank overdrafts was 1.8% (2021: 0.7%).

19. Borrowings

Accounting policy

Borrowings, including corporate bonds, are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

	2022 €m	2021 €m
Non-current:		
Corporate bonds	**5 929**	5 922
Secured bank borrowings	**15**	15
Unsecured bank borrowings	**4**	–
	5 948	5 937
Current:		
Unsecured bank borrowings	**1**	–
	1	–
Total borrowings	**5 949**	5 937

The Group's borrowings are denominated in the following currencies:

	2022 €m	2021 €m
Euro	**5 934**	5 922
Other	**15**	15
	5 949	5 937

19. Borrowings continued

Other than the corporate bonds, the Group has fixed rate DKK borrowings totalling € 15 million for which the rates of 0.74% are fixed until September 2022 and € 5 million floating rate borrowings in France. The DKK loans are secured on the Group's investment property located in Denmark, which is classified as held for sale at 31 March 2022. The fair values of these borrowings are not significantly different to the carrying value.

The following corporate bonds, which are listed on the Luxembourg Stock Exchange, have been issued by a subsidiary of the Group based in Luxembourg, Richemont International Holding SA.

	2022 €m	2021 €m
1.00% € 1 500 million bond maturing in 2026 issued at 98.784%	**1 488**	1 485
1.50% € 1 250 million bond maturing in 2030 issued at 98.701%	**1 235**	1 234
2.00% € 1 000 million bond maturing in 2038 issued at 97.805%	**977**	976
2.00% € 250 million bond maturing in 2038 issued at 98.557%	**246**	246
0.75% € 500 million bond maturing in 2028 issued at 99.884%	**497**	496
1.125% € 850 million bond maturing in 2032 issued at 99.732%	**847**	846
1.625% € 650 million bond maturing in 2040 issued at 98.387%	**639**	639
	5 929	5 922

20. Employee benefit obligations

Accounting policy

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive post-employment, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair values of plan assets. The defined benefit obligations are calculated on a regular, cyclical basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields available at reporting dates on high-quality corporate or government bonds (in countries with no deep corporate bond market) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the terms of the related pension liability.

Past service costs are recognised immediately in profit or loss. Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest) are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Switzerland

The Group's largest retirement plan – the RISA Foundation – is in Switzerland, covering over 85% of the Group's defined benefit retirement obligations and assets. The Group expects to contribute € 80 million in the year ended 31 March 2023 (year ended March 2022: € 76 million).

Each employee has a personal retirement account which receives contributions in line with the Foundation rules, based on a percentage of salary. The Foundation Board determines the level of interest to apply to retirement accounts each year. At retirement, employees can receive their retirement account as a lump sum or as a lifetime pension. The weighted average duration of the expected benefit payments is 15 years.

Assets are held separately from the Group. Although the Foundation Board has built up an asset buffer as a contingency against asset values falling, any surplus is not deemed recoverable by the Group as all Foundation assets will ultimately all be used to provide benefits to members. Similarly, unless the assets are insufficient to cover minimum statutory benefits, the Group does not expect to make any deficit contributions.

The Foundation invests in a diversified portfolio of assets which targets a long-term return sufficient to provide increases to employee retirement accounts over time, whilst being exposed to a low level of risk in order to do so.

20. Employee benefit obligations continued

Other plans

The Group sponsors several other retirement plans, a mixture of defined benefit and defined contribution plans, in some countries where the Group operates. The Group also operates a worldwide Long Service Award scheme, which is accounted for as a defined benefit plan and included within this category. The Group expects to contribute € 15 million in the year ended 31 March 2023 (year ended March 2022: € 16 million) to the defined benefit plans.

The net liabilities reflected in non-current liabilities in the statement of financial position in respect of post-employment defined benefit plans are as follows:

	Switzerland		Rest of the world		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Present value of funded obligations	**(1 972)**	(1 727)	**(206)**	(204)	**(2 178)**	(1 931)
Fair value of plan assets	**2 180**	1 903	**220**	209	**2 400**	2 112
Net funded obligations	**208**	176	**14**	5	**222**	181
Present value of unfunded obligations	**–**	–	**(73)**	(68)	**(73)**	(68)
Amount not recognised due to asset limit	**(208)**	(176)	**(2)**	(2)	**(210)**	(178)
Net liabilities	**–**	–	**(61)**	(65)	**(61)**	(65)

	Switzerland		Rest of the world		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Expense charged in:						
Cost of sales	**37**	36	**5**	4	**42**	40
Net operating expenses	**57**	50	**16**	12	**73**	62
	94	86	**21**	16	**115**	102

Total costs are included in employee benefits expense (note 27).

The movement in the fair value of plan assets was as follows:

	Switzerland		Rest of the world		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Balance at 1 April of prior year	**1 903**	1 620	**209**	184	**2 112**	1 804
Exchange differences	**160**	(76)	**1**	(3)	**161**	(79)
Interest on plan assets	**8**	10	**2**	2	**10**	12
Actual return on plan assets less interest on plan assets	**38**	320	**–**	21	**38**	341
Contributions paid by employer	**76**	71	**16**	15	**92**	86
Contributions paid by plan participants	**57**	53	**–**	–	**57**	53
Benefits paid	**(59)**	(93)	**(12)**	(10)	**(71)**	(103)
Administrative expenses	**(3)**	(2)	**–**	–	**(3)**	(2)
Assets acquired in a business combination (note 39)	**–**	–	**4**	–	**4**	–
Balance at 31 March	**2 180**	1 903	**220**	209	**2 400**	2 112

20. Employee benefit obligations continued

The movement in the present value of the employee benefit obligation was as follows:

	Switzerland		Rest of the world		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Balance at 1 April of prior year	**(1 727)**	(1 725)	**(272)**	(247)	**(1 999)**	(1 972)
Exchange differences	**(146)**	73	**(2)**	2	**(148)**	75
Current service cost (employer part)	**(92)**	(85)	**(20)**	(14)	**(112)**	(99)
Contributions by plan participants	**(57)**	(53)	**–**	–	**(57)**	(53)
Interest on benefit obligations	**(7)**	(10)	**(2)**	(3)	**(9)**	(13)
Actuarial (losses)/gains	**(2)**	(20)	**14**	(19)	**12**	(39)
Past service cost	**–**	–	**(1)**	(1)	**(1)**	(1)
Liabilities acquired in a business combination (note 39)	**–**	–	**(8)**	(1)	**(8)**	(1)
Benefits paid	**59**	93	**12**	11	**71**	104
Balance at 31 March	**(1 972)**	(1 727)	**(279)**	(272)	**(2 251)**	(1 999)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		Rest of the world		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Balance at 1 April of prior year	**(176)**	–	**(2)**	–	**(178)**	–
Change in surplus/(deficit)	**(17)**	(181)	**1**	(2)	**(16)**	(183)
Interest on asset limit	**(1)**	–	**–**	–	**(1)**	–
Exchange differences	**(14)**	5	**(1)**	–	**(15)**	5
Balance at 31 March	**(208)**	(176)	**(2)**	(2)	**(210)**	(178)

The major categories of plan assets at the reporting date are as follows:

	Switzerland		Rest of the world		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Equities	**742**	691	**38**	37	**780**	728
Government bonds	**694**	547	**54**	54	**748**	601
Corporate bonds	**41**	41	**100**	100	**141**	141
Property	**475**	402	**1**	1	**476**	403
Cash	**37**	43	**3**	3	**40**	46
Insurance policies and other assets	**191**	179	**24**	14	**215**	193
Fair value of plan assets	**2 180**	1 903	**220**	209	**2 400**	2 112

The plan assets are held primarily within instruments with quoted market prices in active markets with the exception of the property and insurance policy holdings.

The RISA Foundation owns a property valued at € 21 million (2021: € 20 million) which the Group currently leases from the RISA Foundation. With the exception of this holding, the plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

20. Employee benefit obligations continued

The principal actuarial assumptions used for accounting purposes reflect market conditions in each of the countries in which the Group operates.

	Switzerland		Rest of the world	
	2022	2021	2022	2021
Discount rate	**1.2%**	0.4%	**1.6%**	0.7%
Interest credit rate	**1.5%**	1.0%	**0.7%**	0.5%
Future pension increases	**–**	–	**1.9%**	1.8%
Swiss technical rate	**2.0%**	2.0%	**–**	–
Life expectancy of 60-year-old	**27.7**	27.6	**various**	various

Assumptions are the weighted average of rates adopted by plans in the rest of the world.

For the RISA Foundation, changes in the assumptions are likely to impact the values of the obligations.

- Discount rate – A decrease of 0.5% per annum would increase obligations by € 148 million (2021: € 142 million), although this is also likely to have an impact on the Foundation's assets.
- Interest credit rate – A 0.5% per annum decrease in the interest credit rate leads to a € 80 million (2021: € 69 million) decrease in obligations.
- Future technical rate for conversion of lump sum to pension – A decrease of 0.5% would decrease obligations by € 50 million (2021: € 40 million).
- Life expectancy – A one-year increase would increase obligations by € 26 million (2021: € 27 million).

The above sensitivities are calculated assuming other assumptions are held constant. In practice, any increase in obligations from the above assumptions is likely to be partially offset by a reduction in the assumption for future interest credit.

For the Group's other arrangements, a fall in the average discount rate of 0.5% per annum would increase the obligations by approximately € 15 million (2021: € 15 million).

21. Provisions

	Warranties and sales-related €m	Employee benefits €m	Other €m	Total €m
At 1 April 2021	**212**	**60**	**31**	**303**
Acquisition through business combinations (note 39)	**–**	**–**	**4**	**4**
Charged/(credited) to profit or loss:				
– additional provisions	**1 519**	**67**	**48**	**1 634**
– unused amounts reversed	**(46)**	**(8)**	**(4)**	**(58)**
Net charge	**1 473**	**59**	**44**	**1 576**
Utilised during the year	**(1 436)**	**(39)**	**(21)**	**(1 496)**
Exchange adjustments	**10**	**2**	**–**	**12**
At 31 March 2022	**259**	**82**	**58**	**399**

	2022 €m	2021 €m
Total provisions at 31 March:		
– non-current	**74**	55
– current	**325**	248
	399	303

21. Provisions continued

Warranties and sales-related provisions

Group companies establish provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of € 259 million (2021: € 212 million) has been recognised for expected sales returns and warranty claims. It is expected that € 230 million (2021: € 193 million) of this provision will be used within the following twelve months and that the remaining € 29 million (2021: € 19 million), which relates solely to potential warranty claims, will be utilised over the remainder of the expected warranty period of the products.

Employee benefits provisions

These include obligations arising under the Group's long-term incentive plans and the social security costs on the Group's share option plan. An amount of € 45 million (2021: € 33 million) is expected to be utilised in the coming twelve months. The remainder will be utilised in the next two to eight years.

Other provisions

Other provisions include provisions for certain legal claims brought against the Group during the ordinary course of business and provisions for the Group's obligations arising from committed restructuring activities. Restructuring provisions include lease termination penalties and employee termination payments and are recognised when a detailed, formal plan has been established and communicated to those parties directly affected by the plan. Provisions for legal claims represent management's best estimate of the likely outcome of the claim at the balance sheet date. It is not expected that the outcomes of legal claims will give rise to any material losses beyond the amounts provided at 31 March 2022. The Group's restructuring provision is expected to be utilised in the coming year.

22. Other long-term financial liabilities

	2022 €m	2021 €m
Other lease liabilities	**42**	42
Other long-term financial liabilities	**65**	55
	107	97

23. Trade and other current liabilities

	2022 €m	2021 €m
Trade payables	**927**	675
Other payables	**1 132**	887
Accruals	**1 041**	742
Current financial liabilities	**3 100**	2 304
Other current non-financial liabilities	**251**	233
	3 351	2 537

Trade and other payables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

24. Revenue

Accounting policy

The Group sells jewellery, watches, leather goods, clothing, writing instruments and other luxury goods on a worldwide basis through its retail, online retail and wholesale distribution channels and provides after-sales service for its products.

Revenue is recognised when the customer obtains control of the goods. For retail sales, which take place in the Group's network of internal boutiques, control generally passes when the customer takes physical possession of goods, at which time the Group has a right to receive payment for the asset and it is implicit that the customer has accepted it. In the case of online retail sales made directly to the end customer, sales are recorded when the goods are delivered to the customer, as the Group remains in control of, and is subject to the related risks of, the delivery process. Wholesale sales are made to distributors, wholesalers or external franchisees. For these sales, revenue is recognised when the wholesaler takes delivery of the shipment, in most cases after customs formalities have been cleared in the destination country. At this point, the customer is able to control the future use of the product, in terms of where and how it will be sold, and assumes the risk of obsolescence and loss. Revenue relating to after-sales services is recognised when the service has been completed.

The Group also receives royalty income arising from the use of its intellectual property by third parties, which is recognised over time. Sales-based royalties are recognised in line with sales made by the third-party licensee, with all other royalties recognised on a straight-line basis over the term of the licence agreement.

Revenue is measured net of value-added tax, duties, other sales taxes, rebates and trade discounts. Goods sold to wholesale customers are often sold with volume discounts based on total sales over a twelve-month period or other similar criteria. Revenue from such contracts is recorded net of the estimated discount, based on the accumulated experience of the Group, using the expected value method, and recognised up to an amount beyond which a significant reversal is not expected to occur. The Group does not have any contracts where the period between recognition of revenue and payment by the customer exceeds one year. As a consequence, the Group does not adjust the transaction price for the time value of money.

Where there is a practice of agreement to customer returns, or where we are obliged by local legal requirements, accumulated experience is used to estimate and provide for such returns at the time of sale.

The Group provides a standard warranty against manufacturing defects, and recognises its obligation for repairs under this warranty as a provision.

	2022 €m	2021 €m
Revenue from contracts with customers	**19 131**	13 111
Royalty income	**50**	33
	19 181	13 144

24. Revenue continued

Analysis of revenue by geographical area and by reporting segment is as follows:

Year to 31 March 2022	Asia €m	Europe €m	Americas €m	Japan €m	Middle East and Africa €m	Total €m
Jewellery Maisons	**4 895**	**1 992**	**2 417**	**799**	**980**	**11 083**
Specialist Watchmakers	**2 061**	**580**	**426**	**169**	**199**	**3 435**
Online Distributors	**361**	**1 353**	**813**	**98**	**163**	**2 788**
Other	**519**	**627**	**676**	**150**	**84**	**2 056**
	7 836	**4 552**	**4 332**	**1 216**	**1 426**	**19 362**
Intersegment eliminations	**(16)**	**(83)**	**(64)**	**(11)**	**(7)**	**(181)**
	7 820	**4 469**	**4 268**	**1 205**	**1 419**	**19 181**

Year to 31 March 2021	Asia €m	Europe €m	Americas €m	Japan €m	Middle East and Africa €m	Total €m
Jewellery Maisons	3 765	1 055	1 271	620	748	7 459
Specialist Watchmakers	1 547	365	195	133	7	2 247
Online Distributors	259	1 184	553	82	119	2 197
Other	375	403	402	112	53	1 345
	5 946	3 007	2 421	947	927	13 248
Intersegment eliminations	(9)	(52)	(33)	(7)	(3)	(104)
	5 937	2 955	2 388	940	924	13 144

25. Other operating (expense)/income

	2022 €m	2021 €m
Royalty expenses	**(4)**	(3)
Investment property rental income	**1**	2
Investment property costs	**(7)**	(28)
Amortisation of intangible assets acquired on business combinations	**(179)**	(203)
Gain on sale of investment property	**24**	–
Other expense	**(179)**	(40)
	(344)	(272)

Other expense includes a charge of € 98 million related to the suspension of commercial activities in Russia.

26. Operating profit

Operating profit includes the following items of expense/(income):

	2022 €m	2021 €m
Depreciation of property, plant and equipment (note 6)	**504**	495
Impairment of property, plant and equipment (note 6)	**19**	4
Amortisation of other intangible assets (note 8)	**349**	360
Impairment of goodwill (note 7)	**–**	6
Depreciation of right of use assets (note 9)	**697**	663
Impairment of right of use assets (note 9)	**36**	4
Write-down of asset held for sale	**–**	4
Variable lease payments (note 9)	**571**	400
Sub-lease rental income (non-investment property)	**(4)**	(3)
Research and development costs	**80**	65
Loss on disposal of property, plant and equipment	**6**	8
Loss on disposal of other intangible assets	**3**	2
Restructuring charges	**1**	–

27. Employee benefits expense

Accounting policies

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Incentive plans

The Group recognises a liability and an expense for incentive plans when contractually obliged or where there is a past practice that has created a constructive obligation.

	2022 €m	2021 €m
Wages and salaries, including termination benefits of € 40 million (2021: € 24 million)	**2 726**	2 198
Social security costs	**431**	344
Share-based compensation expense (note 33)	**67**	43
Long-term employee benefits	**13**	15
Pension costs – defined contribution plans	**82**	77
Pension costs – defined benefit plans (note 20)	**115**	102
	3 434	2 779

Wages and salaries are presented net of government assistance received to support employment during the period.

28. Government grants

Amounts receivable for government grants or other assistance are recognised only when the conditions associated to qualify for the payment are met. During the year ended 31 March 2022, the Group received € 27 million (2021: € 146 million) in government assistance, primarily from schemes to compensate employees for partial employment as a result of the Covid-19 pandemic. These amounts are included in operating expenses, within the same caption as the underlying salaries are recorded, totalling € 18 million in Selling and Distribution expenses, with the remainder in Administrative expenses (2021: € 60 million in Cost of Sales, € 46 million in Selling and Distribution expenses, with the remainder in Administrative expenses).

29. Finance costs and income

	2022 €m	2021 €m
Finance costs:		
Interest expense:		
– bank borrowings	**(34)**	(26)
– corporate bonds	**(95)**	(90)
– other financial expenses	**(33)**	(34)
– lease liabilities	**(65)**	(65)
Net foreign exchange losses on monetary items	**(194)**	–
Mark-to-market adjustment in respect of hedging activities	**–**	(80)
Net loss in fair value of financial instruments at fair value through profit or loss	**(538)**	–
Finance costs	**(959)**	(295)
Finance income:		
Interest income:		
– from financial assets at amortised cost (including bank and other deposits)	**71**	47
– from financial assets held at fair value through profit or loss	**32**	35
– other financial income	**4**	1
Net foreign exchange gains on monetary items	**–**	49
Mark-to-market adjustment in respect of hedging activities	**8**	–
Net gain in fair value of financial instruments at fair value through profit or loss	**–**	188
Finance income	**115**	320
Net finance (costs)/income	**(844)**	25

30. Earnings per share

30.1. Basic

Basic earnings per ‘A’ share/10 ‘B’ shares is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held in treasury. Holders of ‘A’ and ‘B’ shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, ‘B’ shareholders receive one-tenth of the dividend per share paid to the ‘A’ shareholders.

	2022	2021
Total attributable to owners of the parent company (€ millions)	**2 074**	1 301
Weighted average number of shares in issue (millions)	**566.7**	565.2
Total basic earnings per ‘A’ share/10 ‘B’ shares	**3.660**	2.302

30. Earnings per share continued

30.2. Diluted

Diluted earnings per ‘A’ share/10 ‘B’ shares is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has three categories of dilutive potential shares: share options, restricted share units and shareholder warrants.

The calculation is performed for all potential shares to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company’s shares) based on the monetary value of the subscription rights attached to the outstanding instruments. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the instrument.

For the year ended 31 March 2022, all potential shares are dilutive and so none are excluded from the calculation below (2021: 6 472 387 options were not dilutive).

	2022	2021
Total profit attributable to owners of the parent company (€ millions)	**2 074**	1 301
Weighted average number of shares in issue (millions)	**566.7**	565.2
Adjustment for dilutive potential shares (millions)	**7.7**	1.4
Weighted average number of shares for diluted earnings per share (millions)	**574.4**	566.6
Total diluted earnings per ‘A’ share/10 ‘B’ shares	**3.611**	2.296

30.3. Headline earnings per ‘A’ share/10 ‘B’ shares

The presentation of headline earnings per ‘A’ share/10 ‘B’ shares as an alternative measure to earnings per share is required under the JSE listing requirements.

	2022 €m	2021 €m
Profit attributable to owners of the parent company	**2 074**	1 301
Loss on disposal of non-current assets	**9**	10
Impairment of non-current assets	**55**	14
Gain on disposal of an associate	**(7)**	(5)
Gain on bargain purchase	**(1)**	–
Write-down of assets held for sale	**–**	4
Loss on deemed disposal of equity-accounted investments	**–**	1
Currency exchange (gains)/losses reclassified from currency translation adjustment reserve	**2**	(9)
Headline earnings	**2 132**	1 316

	2022 millions	2021 millions
Weighted average number of shares:		
– Basic	**566.7**	565.2
– Diluted	**574.4**	566.6
	€ per share	€ per share
Headline earnings per ‘A’ share/10 ‘B’ shares:		
– Basic	**3.762**	**2.328**
– Diluted	**3.712**	**2.322**

Notes to the consolidated financial statements continued

31. Equity

31.1. Share capital

Accounting policy
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

	2022 €m	2021 €m
Authorised, issued and fully paid:		
522 000 000 ‘A’ registered shares with a par value of CHF 1.00 each	**304**	304
522 000 000 ‘B’ registered shares with a par value of CHF 0.10 each	**30**	30
	334	334

Holders of ‘A’ and ‘B’ shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, ‘B’ shareholders receive one-tenth of the dividend per share paid to the ‘A’ shareholders.

Conditional capital

In connection with the warrants described in note 31.5, shareholders have approved the creation of a conditional capital amounting to 22 million ‘A’ shares and 22 million ‘B’ shares, which will potentially be used to issue the corresponding number of shares upon exercise of the warrants in November 2023.

31.2. Treasury shares

Accounting policy
The cost of treasury shares held at each reporting date is deducted from shareholders’ equity. Gains or losses arising on the disposal of treasury shares are recognised within retained earnings directly in shareholders’ equity.

In order to hedge partially its potential obligations arising under the share option plan, the Group has purchased Richemont ‘A’ shares. Changes in the holding of this treasury stock of shares are shown as movements in shareholders’ equity as follows:

	Shares millions	€m
Balance at 1 April 2020	9.1	539
Sold	(0.6)	(49)
Balance at 31 March 2021	**8.5**	**490**
Sold	**(1.8)**	**(144)**
Balance at 31 March 2022	**6.7**	**346**

The Company has given a pledge over 3 142 820 Richemont ‘A’ shares as security for vested warrants granted under the Group’s share option plan (2021: 2 919 871 Richemont ‘A’ shares).

During the year under review the Group did not acquire any treasury shares (2021: none).

In the same period the Group delivered 1.8 million treasury shares for proceeds of € 124 million, in settlement of options exercised in the period and traded options exercised in previous periods (2021: 0.6 million shares for proceeds of € 33 million). The cost of the 1.8 million shares (2021: 0.6 million) sold during the year to plan participants who exercised their options was € 144 million (2021: € 49 million). The loss realised on shares sold during the year amounted to € 20 million (2021: loss of € 17 million) which was recognised directly in retained earnings.

The market value of the 6.7 million shares (2021: 8.5 million) held by the Group at the year end, based on the closing price at 31 March 2022 of CHF 118.00 (2021: CHF 90.74), amounted to € 798 million (2021: € 702 million).

At 31 March 2022, the Group holds 278 million warrants issued under the equity-based loyalty scheme described at note 31.5 (2021: 106.8 million). During the year, it purchased 171 million warrants at a total cost of € 131 million (2021: 89 million warrants at a total cost of € 15 million). The cost of these warrants is recorded in Retained Earnings (see note 31.4). These warrants will be used, together with the treasury shares, to provide a comprehensive hedge of the Group’s potential obligations arising under its share option and restricted share unit plans.

31. Equity continued

31.3. Other reserves

Other reserves include the hedge reserve and the share-based payments reserve.

	2022 €m	2021 €m
Balance at 1 April of prior year	**419**	368
Movement in hedge reserve		
– recycled to profit and loss, net of tax	**4**	4
Movement in equity-based compensation reserve		
– equity-based compensation expense	**67**	43
– tax on equity-based compensation expense	**13**	4
Balance at 31 March	**503**	419

31.4. Retained earnings

	2022 €m	2021 €m
Balance at 1 April of prior year	**14 885**	13 840
Profit for the year	**2 074**	1 301
Other comprehensive income:		
– defined benefit plan actuarial gains/(losses)	**32**	118
– tax on defined benefit plan actuarial gains/(losses)	**(7)**	(15)
– fair value changes on assets held at FVTOCI	**(169)**	202
– share of other comprehensive income of associates, net of tax	**1**	–
Dividends paid (note 32)	**(1 041)**	(529)
Warrants issued on own equity	**–**	76
Warrants distributed to shareholders	**–**	(76)
Acquisition of warrants	**(131)**	(15)
Initial recognition of put options over non-controlling interests	**(23)**	–
Changes in non-controlling interests	**(6)**	–
Loss on sale of treasury shares	**(20)**	(17)
Balance at 31 March	**15 595**	14 885

31.5. Shareholder warrants

In November 2020, shareholders were granted tradeable warrants, which can either be traded or used to acquire new shares at a potentially beneficial price three years after issuing, in November 2023. Each 'A' shareholder received two 'A' warrants and each 'B' shareholder received two 'B' warrants. On the exercise date, 67 'A' warrants must be exercised to acquire one 'A' share (67 'B' warrants to acquire one 'B' share). The exercise price of the warrants was set at CHF 1 per warrant (being CHF 67 per newly issued share). The 'A' warrants are listed on the SIX Swiss Exchange.

32. Dividends

Accounting policy

Dividend distributions to Richemont shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

In September 2021 a dividend of CHF 2.00 per 'A' share and CHF 0.20 per 'B' share was paid (September 2020: CHF 1.00 and CHF 0.10, respectively).

33. Share-based payment

Accounting policy

The Group operates equity-settled share-based compensation plans based on options and restricted share units granted in respect of Richemont 'A' shares. The fair value of the employee services received in exchange for the grant of options or restricted shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the option or share granted. At each reporting date, the Group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss over the remaining vesting period with a corresponding adjustment to equity.

Equity-settled share option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. Awards under the share option plan vest over periods of three to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. The options granted between 2008 and 2016 include a performance condition correlated to other luxury goods companies upon which vesting is conditional.

A reconciliation of the movement in the number of share option awards granted to executives is as follows:

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2020	80.75	10 047 977
Granted	75.84	653 758
Exercised	72.79	(2 301 985)
Expired	77.71	(9 500)
Lapsed	82.54	(213 074)
Balance at 31 March 2021	**82.55**	**8 177 176**
Exercised	**80.02**	**(2 868 999)**
Lapsed	**86.73**	**(272 206)**
Balance at 31 March 2022	**83.77**	**5 035 971**

Of the total options outstanding at 31 March 2022, options in respect of 1 786 818 shares (2021: 2 590 852 shares) had vested and were exercisable.

The weighted average share price at the date of exercise for options exercised during the year was CHF 117.82 (2021: CHF 86.26).

33. Share-based payment continued

The following information applies to options outstanding at the end of each year:

	Exercise price	Number of options	Weighted average remaining contractual life
31 March 2022	**CHF 90.11**	**65 782**	**0.2 years**
	CHF 92.00	**833**	**0.2 years**
	CHF 94.00	**274 701**	**1.2 years**
	CHF 83.30	**274 709**	**2.2 years**
	CHF 56.55	**374 839**	**3.2 years**
	CHF 80.20	**924 245**	**4.2 years**
	CHF 92.00	**1 923 013**	**5.2 years**
	CHF 82.86	**578 548**	**6.3 years**
	CHF 75.84	**619 301**	**7.7 years**
31 March 2021	CHF 57.45	74 932	0.2 years
	CHF 90.11	274 472	1.2 years
	CHF 94.00	720 533	2.2 years
	CHF 83.30	706 645	3.2 years
	CHF 56.55	979 274	4.2 years
	CHF 80.20	1 548 015	5.2 years
	CHF 92.00	2 570 350	6.2 years
	CHF 82.86	652 372	7.3 years
	CHF 75.84	650 583	8.7 years

No share options were granted during the year ended 31 March 2022.

Restricted Stock Units

The Group has a further share-based compensation plan under which executives are awarded Restricted Stock Units ('RSU'). Awards under this plan vest over periods of three to five years from the date of grant. On vesting, the executive will receive an 'A' share in the Company. Awards granted to senior executives are also subject to performance conditions which may reduce the number of shares vesting (Performance Stock Units, or 'PSU'). Executives are not entitled to dividends during the vesting period.

A reconciliation of the movement in the number of restricted and performance share awards granted to executives is as follows:

	Number of shares
Balance at 1 April 2020	1 367 285
Granted	809 889
Lapsed	(55 946)
Balance at 31 March 2021	**2 121 228**
Granted	**1 071 882**
Distributed	**(340)**
Lapsed	**(169 554)**
Balance at 31 March 2022	**3 023 216**

The per unit fair values of RSU and PSU granted in June, September and December 2021 were CHF 109.34, CHF 93.45 and CHF 131.50, respectively. The significant inputs to the model were the share price of CHF 115.30, CHF 97.42 and CHF 137.45 at the respective grant dates and dividend yields of 1.7%, 2.1% and 1.5%, respectively.

Share-based compensation expense

The amount recognised in profit or loss before social security and taxes for equity-settled share-based compensation transactions was € 67 million (2021: € 43 million).

The fair value of options and PSU awarded to members of the Senior Executive Committee ('SEC') is fixed on the date of approval of SEC remuneration by the shareholders of the Company. The award date value in December 2020 of CHF 20.34 per share option and CHF 71.53 per PSU was revalued following the AGM in September 2021 at CHF 37.67 per share option and CHF 96.86 per PSU. The estimated fair value of PSU awarded to members of the SEC in the year ended 31 March 2022 is based on the valuation at the award date of September 2021. Changes in the fair value of these PSU between the award date and 31 March 2022 are not significant to the Group. The final fair value will be fixed in September 2022 following approval by shareholders.

34. Cash flow from operating activities

	2022 €m	2021 €m
Depreciation of property, plant and equipment	**504**	495
Depreciation of right of use assets	**697**	663
Depreciation of investment property	**3**	4
Amortisation of other intangible assets	**349**	360
Impairment of property, plant and equipment	**19**	4
Impairment of right of use assets	**36**	4
Impairment of goodwill	**–**	6
Loss on disposal of property, plant and equipment	**6**	8
Loss on disposal of intangible assets	**4**	2
Profit on disposal of investment properties	**(24)**	(1)
Profit on lease remeasurement	**(2)**	(2)
Fixed rent concessions linked to Covid-19	**(10)**	(67)
Increase in non-current provisions	**24**	18
Increase in retirement benefit obligations	**23**	17
Other non-cash items	**74**	43
Adjustments for non-cash items	**1 703**	1 554
(Increase)/decrease in inventories	**(420)**	184
Increase in trade receivables	**(62)**	(141)
Increase in other current assets	**(138)**	(41)
Increase in current liabilities	**723**	487
(Decrease)/increase in non-current liabilities	**(16)**	1
(Decrease)/increase in derivative financial instruments	**(6)**	39
Changes in working capital	**81**	529

35. Liabilities arising from financing activities

	Corporate bonds €m	Fixed and floating rate borrowings €m	Lease liabilities €m	Total €m
At 1 April 2020	3 935	17	3 314	7 266
Acquisition through business combinations	–	2	19	21
Additions to lease liabilities	–	–	710	710
Amortised interest costs	8	–	67	75
Remeasurement of lease liabilities	–	–	123	123
Exchange adjustments	–	(4)	(90)	(94)
Non-cash movements	8	(2)	829	835
Proceeds from borrowings	1 987	85	–	2 072
Corporate bond issue transaction costs	(8)	–	–	(8)
Repayment of borrowings	–	(85)	–	(85)
Interest element of lease payments	–	–	(65)	(65)
Capital element of lease payments	–	–	(561)	(561)
Net cash received/(paid)	1 979	–	(626)	1 353
At 31 March 2021	5 922	15	3 517	9 454
Total liabilities arising from financing activities at 31 March:				
– current	–	–	590	590
– non-current	5 922	15	2 927	8 864
At 31 March 2021	5 922	15	3 517	9 454

35. Liabilities arising from financing activities continued

	Corporate bonds €m	Fixed and floating rate borrowings €m	Lease liabilities €m	Total €m
At 1 April 2021	**5 922**	**15**	**3 517**	**9 454**
Acquisition through business combinations (note 39)	**–**	**20**	**94**	**114**
Additions to lease liabilities	**–**	**–**	**536**	**536**
Amortised interest costs	**7**	**–**	**67**	**74**
Remeasurement of lease liabilities	**–**	**–**	**118**	**118**
Exchange adjustments	**–**	**–**	**112**	**112**
Non-cash movements	**7**	**20**	**927**	**954**
Proceeds from borrowings	**–**	**1**	**–**	**1**
Repayment of borrowings	**–**	**(16)**	**–**	**(16)**
Interest element of lease payments	**–**	**–**	**(64)**	**(64)**
Capital element of lease payments	**–**	**–**	**(632)**	**(632)**
Net cash paid	**–**	**(15)**	**(696)**	**(711)**
At 31 March 2022	**5 929**	**20**	**3 748**	**9 697**
Total liabilities arising from financing activities at 31 March:				
– current	**–**	**1**	**647**	**648**
– non-current	**5 929**	**19**	**3 101**	**9 049**
At 31 March 2022	**5 929**	**20**	**3 748**	**9 697**

36. Financial instruments: fair values and risk management

Accounting policy

The classification of financial assets depends on the underlying business model of the investment and the characteristics of its contractual cash flows. The Group classifies its financial assets as follows:

(a) Financial assets held at fair value through other comprehensive income

A financial asset is classified in this category if it is a strategic investment, meaning that it is long-term in nature and has not been undertaken with the objective of maximising short-term profits or dividends. The Group has designated certain investments in listed entities at Fair value through comprehensive income. Investments are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in other comprehensive income in the period in which they arise.

(b) Financial assets at amortised cost

This category includes non-derivative financial assets held in order to collect contractual cash flows. These primarily include trade and other receivables. Assets are initially recorded at fair value, including directly attributable transaction costs, and subsequently measured at amortised cost.

(c) Financial assets at fair value through profit or loss

All financial assets not included in one of the above-mentioned categories are classified as Fair value through profit or loss. This includes investments in derivative assets, as well as investments in externally managed bond funds and money market funds. Investments are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in profit or loss in the period in which they arise. Interest income is excluded from the calculation of the fair value gain or loss.

All financial assets are assessed for impairment at each balance sheet date.

The Group's financial liabilities are classified at amortised cost, with the exception of derivative liabilities which are classified at Fair value through profit or loss.

36. Financial instruments: fair values and risk management continued

36.1. Fair value estimation

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy defined by IFRS.

	Carrying amount					Fair value			
31 March 2022	Fair value through profit or loss €m	Fair value through OCI (equity) €m	Assets at amortised cost €m	Liabilities at amortised cost €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Derivative financial instruments	47	-	-	-	47			47	47
Listed investments	–	280	–	–	280	280			280
Unlisted investments	278	–	–	–	278		273	5	278
Non-current assets measured at fair value	325	280	–	–	605				
Investments in externally managed funds	6 449	–	–	–	6 449	6 449			6 449
Investments in money market funds	183	–	–	–	183		183		183
Derivative financial instruments	55	–	–	–	55		55		55
Current assets measured at fair value	6 687	–	–	–	6 687				
	7 012	280	–	–	7 292				
Financial assets not measured at fair value									
Non-current loans and receivables (note 13)	–	–	8	–	8				
Non-current lease deposits (note 13)	–	–	178	–	178				
Trade and other receivables (note 15)	–	–	1 168	–	1 168				
Cash at bank and on hand	–	–	9 877	–	9 877				
	–	–	11 231	–	11 231				
Financial liabilities measured at fair value									
Derivative financial instruments	(150)	–	–	–	(150)		(150)		(150)
Financial liabilities not measured at fair value									
Borrowings (note 19)	–	–	–	(5 949)	(5 949)	(5 998)			(5 998)
Lease liabilities (note 9)	–	–	–	(3 748)	(3 748)				
Other non-current financial liabilities	–	–	–	(107)	(107)				
Trade and other payables (note 23)	–	–	–	(3 100)	(3 100)				
Bank overdrafts	–	–	–	(5 309)	(5 309)				
	–	–	–	(18 213)	(18 213)				

Unlisted investments at 31 March 2022 includes an investment in convertible notes issued by Farfetch Limited. Non-current derivative financial instruments relate to the Farfetch China option (see note 11).

36. Financial instruments: fair values and risk management continued

36.1. Fair value estimation continued

31 March 2021	Carrying amount: Fair value through profit or loss €m	Fair value through OCI (equity) €m	Assets at amortised cost €m	Liabilities at amortised cost €m	Total €m	Fair value: Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Listed investments	50	377	–	–	427	427			427
Unlisted investments	456	–	–	–	456		446	10	456
Non-current assets measured at fair value	506	377	–	–	883				
Investments in externally managed funds	5 388	–	–	–	5 388	5 388			5 388
Investments in money market funds	162	–	–	–	162		162		162
Derivative financial instruments	12	–	–	–	12		12		12
Current assets measured at fair value	5 562	–	–	–	5 562				
	6 068	377	–	–	6 445				
Financial assets not measured at fair value									
Non-current loans and receivables (note 13)	–	–	7	–	7				
Non-current lease deposits (note 13)	–	–	125	–	125				
Trade and other receivables (note 15)	–	–	946	–	946				
Cash at bank and on hand	–	–	7 877	–	7 877				
	–	–	8 955	–	8 955				
Financial liabilities measured at fair value									
Derivative financial instruments	(114)	–	–	–	(114)		(114)		(114)
Financial liabilities not measured at fair value									
Borrowings (note 19)	–	–	–	(5 937)	(5 937)	(6 554)			(6 554)
Lease liabilities (note 9)	–	–	–	(3 517)	(3 517)				
Other non-current financial liabilities	–	–	–	(97)	(97)				
Trade and other payables (note 23)	–	–	–	(2 304)	(2 304)				
Bank overdrafts	–	–	–	(4 097)	(4 097)				
	–	–	–	(15 952)	(15 952)				

The Group does not disclose the fair value for financial instruments where the carrying value is a reasonable approximation of the fair value.

Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise investments in externally managed funds made up of listed bonds and investments in listed equities. The fair value of the Group's corporate bonds is also based on the quoted market price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates. If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

Specific valuation techniques used for Level 2 financial instruments include:

- currency forwards are measured based on observable spot exchange rates, the term interest rates of the respective currencies and the currency basis spread between the respective currencies;
- the Farfetch convertible note is valued using the Black-Scholes model, with key inputs being the market price of the Farfetch share on the date of the valuation of US$ 15.12 (2021: US$ 53.02), the risk-free rate of 2.0% (2021: 0.3%) and the expected volatility of the underlying equity instrument of 73.4% (2021: 51.3%). The value of the underlying bond is determined using a Discounted Cash Flow model with a credit spread of 2.1% (2021: 2.7%). As the note is convertible at any time into Farfetch shares, its valuation is closely correlated to the evolution of the Farfetch share price.

The nominal value of the investments in money market funds approximates the fair value, as the maximum average life is 120 days and the maximum weighted average maturity is 60 days. These instruments are included in Level 2.

36. Financial instruments: fair values and risk management continued

36.1. Fair value estimation continued

Level 3 financial instruments consist of the Farfetch China option (see note 11), together with various small investments in unlisted equities. Specific valuation techniques for Level 3 financial instruments include:

- the Farfetch China option is valued using the Black-Scholes model, with key inputs being the market price of Farfetch Limited shares on the date of the valuation of US$ 15.12, the risk-free rate of 2.4% and the expected volatility of the underlying equity instrument of 73.4%. The strike price of the option is derived from the value of the underlying investment in Farfetch China, which is determined using recent transactions in the shares of the entity with third parties. As the option is convertible in the future into Farfetch Limited shares, its valuation is also closely correlated with the evolution of the Farfetch listed share price.

Movements in Level 3 financial instruments during the period are set out below:

	€m
At 1 April 2020 and 1 April 2021	10
Exchange adjustments	12
Additions	197
Disposal	(4)
Unrealised losses recognised in net finance costs	(163)
At 31 March 2022	**52**

Management performs valuations of investments as necessary for financial reporting purposes, including for Level 3 items. The Group's reporting specialists regularly present the valuation process employed and results to the Group Chief Finance Officer and these are also presented to the Group Audit Committee in advance of publication.

The main Level 3 input used by the Group is derived and evaluated as follows:

- The fair value of the underlying investment in Farfetch China is based on recent transactions with third parties. A plus/(minus) 5% change in the fair value of this investment would lead to a (minus)/plus 3% change in the fair value of the option (€ 1 million).

36.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ('Group Treasury') under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board has approved formal written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a)(i) Market risk: foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc and euro against US dollar, HK dollar, Chinese yuan, Japanese yen, UAE dirham and Singapore dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. This arises principally from the retranslation impact of euro and USD-denominated investments in money market and managed bond funds held in an entity with a Swiss franc functional currency. Changes in foreign exchange rates also impact the repricing of derivative contracts.

The Group's financial risk management policy is to hedge up to 70% of forecast net cash flow exposure arising in currencies including US dollars, HK dollars, Chinese yuan, Japanese yen, UAE dirham and Singapore dollar for the subsequent twelve months. Group Treasury undertakes the management of the net position in each foreign currency by using external currency derivatives.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from these net assets of the Group's foreign operations is not systematically hedged.

36. Financial instruments: fair values and risk management continued

36.2. Financial risk factors continued

The sensitivity analysis presented in the following tables shows the pre-tax increase/(decrease) in profit or loss that would result from the noted percentage change in listed exchange rates, all other factors remaining constant. There is no impact in other comprehensive income. The analysis is performed on the same basis as for 2021.

	Change in rate		Profit/(loss)	
	2022 %	2021 %	2022 €m	2021 €m
USD strengthening vs CHF	**7%**	7%	**256**	138
JPY strengthening vs CHF	**8%**	7%	**(17)**	(23)
HKD strengthening vs CHF	**7%**	6%	**(37)**	(42)
SGD strengthening vs CHF	**6%**	6%	**(33)**	(21)
CHF strengthening vs EUR	**10%**	9%	**(90)**	(78)
AED strengthening vs CHF	**8%**	6%	**(13)**	(9)
CNY strengthening vs EUR	**7%**	7%	**(140)**	(71)
CNY strengthening vs CHF	**7%**	7%	**(17)**	43

	Change in rate		Profit/(loss)	
	2022 %	2021 %	2022 €m	2021 €m
USD weakening vs CHF	**7%**	7%	**(256)**	(138)
JPY weakening vs CHF	**8%**	7%	**17**	23
HKD weakening vs CHF	**7%**	6%	**37**	42
SGD weakening vs CHF	**6%**	6%	**33**	21
CHF weakening vs EUR	**10%**	9%	**90**	78
AED weakening vs CHF	**8%**	6%	**13**	9
CNY weakening vs EUR	**7%**	7%	**140**	71
CNY weakening vs CHF	**7%**	7%	**17**	(43)

(a)(ii) Market risk: price risk

The Group is exposed to commodity price risk, marketable securities' price risk and other price risk.

- Commodity price risk

The Group is exposed to price risk related to anticipated purchases of certain commodities, namely precious metals and stones for use in its manufacturing processes. There is no financial risk as the commodities are for use as raw materials by the Group's businesses. A change in those prices may alter the gross margin of specific businesses.

- Marketable securities' price risk

The Group is exposed to marketable securities' price risk in respect of investments in AAA rated money market and externally managed funds with a weighted average rating of AA+ and the Farfetch convertible note. These are classified in the consolidated statement of financial position as financial assets and liabilities held at fair value through profit or loss.

The price risk associated with the investments in AAA rated money market funds and AA+ rated externally managed funds held by the Group at 31 March 2022 and 2021 is considered to be minimal, due to the high credit quality of the underlying investments. A 1% increase/(decrease) in the share price of Farfetch Ltd would increase/(decrease) profit for the year by € 1 million, respectively (2021: € 4 million).

(a)(iii) Market risk: interest rate risk

- Fair value interest rate risk

The Group is exposed to fair value interest rate risk linked to its fixed rate loan commitment (details of the Group's borrowings are presented in note 19). The risk is considered to be the difference between current levels of interest rates and the committed rates.

The Group records its fixed rate borrowings at amortised cost using the effective interest method. Therefore a change in interest rates at 31 March 2022 would not affect the profit for the year.

An increase/(decrease) in the risk-free rate used in the valuation of the Farfetch convertible note and Farfetch China option of 1% would (decrease)/increase profit for the year by € 2 million (2021: € 2 million).

- Cash flow interest rate risk

The Group is also exposed to future cash flow fluctuation risk due to changes in variable market interest rates. The cash flow risk associated with net cash is such that an (decrease)/increase of 100 basis points in interest rates at the reporting date would have impacted profit for the year by plus/(minus) € 12 million (2021: plus/(minus) € 18 million), all other variables remaining constant. The analysis is performed on the same basis as for 2021.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has established credit check policies that ensure the high credit worthiness of its customers. A short-term credit rating of minimum A1/P1 is applied to cash deposits with financial counterparties. A minimum money market fund rating of AAA is applied to euro-denominated money market funds. A weighted average portfolio rating of AA+ is applied to externally managed funds.

At 31 March 2022, the Group had € 6 632 million invested in money market and externally managed funds denominated in various currencies, including euro, CHF and USD (2021: € 5 550 million) and € 9 877 million held as cash at bank (2021: € 7 877 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements using the Group overlay cash pool.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Derivative assets are excluded. Contractual maturities of lease liabilities are presented in note 9.

36. Financial instruments: fair values and risk management continued

36.2. Financial risk factors continued

31 March 2022	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	**5 949**	**6 963**	**24**	**60**	**171**	**6 708**
Other non-current financial liabilities	**107**	**107**	**–**	**–**	**48**	**59**
Trade and other payables	**3 100**	**3 099**	**3 099**	**–**	**–**	**–**
Bank overdrafts	**5 309**	**5 309**	**5 309**	**–**	**–**	**–**
	14 465	**15 478**	**8 432**	**60**	**219**	**6 767**
Derivative financial liabilities						
Currency forwards	**150**	**3 268**	**2 209**	**1 059**	**–**	**–**
	150	**3 268**	**2 209**	**1 059**	**–**	**–**

31 March 2021	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	5 937	6 963	24	59	160	6 720
Other non-current financial liabilities	97	97	–	–	34	63
Trade and other payables	2 304	2 305	2 305	–	–	–
Bank overdrafts	4 097	4 097	4 097	–	–	–
	12 435	13 462	6 426	59	194	6 783
Derivative financial liabilities						
Currency forwards	114	2 973	1 363	1 610	–	–
	114	2 973	1 363	1 610	–	–

36.3. Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

In previous periods, the Group was party to a EUR-denominated interest rate swap contract which was used to hedge the Group's corporate bond issue. Cash flow hedge accounting was applied to the transaction, and as a result the loss realised on this interest rate swap was deferred in equity. This loss is recycled to the income statement over the life of the related bond.

The Group does not apply hedge accounting to any of its other hedging activities.

The fair values of various derivative instruments are disclosed in note 16.

36. Financial instruments: fair values and risk management continued

36.4. Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, as a current legally enforceable right to set-off the recognised amounts exists and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2022					
Trade receivables	**138**	**(65)**	**73**	**–**	**73**
Cash at bank and on hand	**9 877**	**–**	**9 877**	**(5 303)**	**4 574**
Derivative assets	**55**	**–**	**55**	**(34)**	**21**
	10 070	**(65)**	**10 005**	**(5 337)**	**4 668**
Trade payables	**(195)**	**65**	**(130)**	**–**	**(130)**
Bank overdrafts	**(5 309)**	**–**	**(5 309)**	**5 303**	**(6)**
Derivative liabilities	**(150)**	**–**	**(150)**	**34**	**(116)**
	(5 654)	**65**	**(5 589)**	**5 337**	**(252)**

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2021					
Trade receivables	69	(12)	57	–	57
Cash at bank and on hand	7 877	–	7 877	(4 057)	3 820
Derivative assets	12	–	12	(12)	–
	7 958	(12)	7 946	(4 069)	3 877
Trade payables	(148)	12	(136)	–	(136)
Bank overdrafts	(4 097)	–	(4 097)	4 057	(40)
Derivative liabilities	(114)	–	(114)	12	(102)
	(4 359)	12	(4 347)	4 069	(278)

The Group is subject to a number of master netting arrangements specific to cash pooling and derivative contract arrangements. These arrangements allow for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In certain circumstances, such as a default event as defined in the relevant agreement, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. These agreements do not meet the criteria for offsetting in the statement of financial position. The right to set-off is legally enforceable only following certain specified events. In addition, the Group and the counterparties do not intend to settle on a net basis.

36.5. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, maintaining a balance between business returns and a secure capital position. The Board monitors the return of capital to shareholders, which the Group defines as total equity excluding non-controlling interests, and the level of dividends to shareholders, as well as the net cash position of the Group. At 31 March 2022, the net cash position of the Group was € 5 251 million (2021: € 3 393 million).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

Notes to the consolidated financial statements continued

37. Financial commitments and contingent liabilities

At 31 March 2022, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which no material losses are anticipated. Details of the Group's commitments in respect of financial derivatives are given in note 16, in respect of property, plant and equipment in note 6 and in respect of intangible assets in note 8. The Group has commitments of € 24 million with respect to its short-term leases (2021: € 20 million).

38. Related-party transactions

The Group has a number of transactions and relationships with related parties, as defined by IAS 24, *Related Party Disclosures*.

At 31 March 2022 Compagnie Financière Rupert, Bellevue, Switzerland, Geneva holds 5 221 000 'A' shares and 522 000 000 'B' registered shares representing an interest in 51% of the Company's voting rights. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2022, representing 0.3% of the Company's voting rights.

Besides Compagnie Financière Rupert, the Board of Directors and the SEC ('key management'), the Group has identified the following other related parties:

- Richemont's equity-accounted investments (see note 11);
- Richemont foundations (employee and others); and
- various entities under the common control of the Rupert family's interests or which are controlled or jointly controlled by a member of key management.

The following transactions were carried out with related parties giving rise to (expense/payables) and income/receivables:

(a) Transactions and balances between the Group and its equity-accounted investments

	2022 €m	2021 €m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	**(8)**	(6)
Schwab-Feller AG – purchase of watch components	**(3)**	(2)
Kering Eyewear SpA – purchase of finished goods	**(23)**	(19)
DPS Beaune SAS – purchase of finished goods	**(10)**	–
MDA SAS - purchase of finished goods	**(6)**	–
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	**(1)**	(5)
Laureus Sports for Good Foundation – donations	**(1)**	(1)
Goods and services sold to and other transactions with equity-accounted investments:		
Montblanc India Retail Private Limited – sale of finished goods	**–**	1
Kering Eyewear SpA – royalties and sales of finished goods	**29**	23
Payables outstanding at 31 March:		
Kering Eyewear SpA – trading	**(1)**	(1)
Rouages SA – trading	**(1)**	
MDA SAS – trading	**(3)**	
Laureus Sport for Good Foundation – donation	**(1)**	–
Receivables outstanding at 31 March:		
Kering Eyewear SpA – trading	**7**	4
MDA SAS – trading	**2**	–

Transactions with Laureus World Sport Awards Limited refer to the period prior to acquisition.

38. Related-party transactions continued

(b) Transactions and balances between the Group and entities under common control

	2022 €m	2021 €m
Services bought from and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**(6)**	(5)
Services provided to and other transactions with entities under common control:		
Peace Parks Foundation – donation	**(5)**	–
Other entities under common control of the Rupert family's interests	**–**	–
Receivables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**–**	–
Payables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**(6)**	(1)

The Group has paid € 0.7 million (2021: € 0.7 million) during the year ended 31 March 2022 for the lease of a property owned by its post-employment benefit foundation in Switzerland, a related party.

Following the sale of an investment property, the non-controlling interest in a Group company held by the Rupert family's interests reduced. At 31 March 2022, this non-controlling interest amounts to € 0.5 million (2021: € 62 million).

(c) Individuals

During the year, the Group gave donations of € 0.2 million (2021: € 0.2 million) to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni, a non-executive director of the Company, is vice-chairman of the Fondazione.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.7 million (2021: € 1.2 million) from Group companies for advice on legal and taxation matters.

Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group in addition to their duties as non-executive directors. During the year to 31 March 2022, Mr Saage received € 0.3 million and Mr Arora received € 0.1 million (2021: € 0.6 million and € 0.2 million, respectively) for the services provided. These fees are included in the individual disclosures of key management compensation as short-term employee benefits.

(d) Key management compensation

	2022 €m	2021 €m
Salaries and short-term employee benefits	**12**	14
Short-term incentives	**10**	3
Long-term benefits	**–**	–
Post-employment benefits	**–**	1
Share-based compensation expense	**5**	7
Employer social security	**5**	2
	32	27

38. Related-party transactions continued

(d) Key management compensation continued

Key management comprises the Board of Directors of Compagnie Financière Richemont SA and the SEC, as detailed below.

The Ordinance against Excessive Compensation ('OEC') requires that the Board identifies the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the SEC, which is chaired by the Chairman of the Board, the members of which are listed below. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the regulations.

Board of Directors	
Johann Rupert	Chairman
Josua Malherbe	Non-executive Deputy Chairman
Nicolas Bos[1]	President & Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Cyrille Vigneron[1]	President & Chief Executive Officer Cartier
Nikesh Arora	Non-executive Director
Clay Brendish	Independent Lead Director
Jean-Blaise Eckert	Non-executive Director
Keyu Jin	Non-executive Director
Wendy Luhabe	Non-executive Director
Ruggero Magnoni	Non-executive Director
Jeff Moss	Non-executive Director
Vesna Nevistic	Non-executive Director
Guillaume Pictet	Non-executive Director
Alan Quasha[1]	Non-executive Director
Maria Ramos	Non-executive Director
Anton Rupert	Non-executive Director
Jan Rupert	Non-executive Director
Gary Saage[1]	Non-executive Director
Patrick Thomas[2]	Non-executive Director
Jasmine Whitbread[2]	Non-executive Director
Members of the Senior Executive Committee	
Nicolas Bos[1]	President & Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Emmanuel Perrin[1]	Head of Specialist Watchmakers Distribution
Philippe Fortunato[1]	Head of Fashion & Accessories
Cyrille Vigneron[1]	President & Chief Executive Officer Cartier
Frank Vivier[1]	Chief Transformation Officer

1. Until 8 September 2021.
2. From 8 September 2021.

38. Related-party transactions continued

(d) Key management compensation continued

Share option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. No awards under the share option plan have been made to persons serving as non-executive directors. Details of share options held by members of the Board and the SEC under the Group's share option plan at 31 March 2022 were as follows:

	Number of options							
	1 April 2021	Granted in year	Exercised in year	Forfeited in year	31 March 2022	Weighted average strike price CHF	Earliest exercise period	Latest expiry date
Burkhart Grund	242 463	–	110 000	–	**132 463**	85.61	Jul 2022-Dec 2025	June 2029
Jérôme Lambert	278 836	–	–	–	**278 836**	84.47	Apr 2022-Dec 2025	June 2029
	521 299	–	110 000	–	**411 299**			

Options held by former members under the Group's share option plan at 8 September 2021, date on which the executives stepped down from the SEC and the Board of Directors, were as follows:

	Number of options							
	1 April 2021	Granted in year	Exercised in year	Forfeited in year	8 September 2021	Weighted average strike price CHF	Earliest exercise period	Latest expiry date
Nicolas Bos	265 001	–	–	–	**265 001**	84.99	Apr 2022-Dec 2025	June 2029
Cyrille Vigneron	302 053	–	133 333	–	**168 720**	84.91	Jul 2022-Dec 2025	June 2029
Gary Saage	435 000	–	435 000	–	**–**	–		
Other Senior Executives	243 717	–	73 333	–	**170 384**	85.35	Apr 2022-Dec 2025	June 2029
	1 245 771	–	641 666	–	**604 105**			

The share options held by Mr Gary Saage, former Non-executive Director, were awarded in his previous role as an executive director of the Company.

Performance Share Unit plan

The Group operates a RSU plan. Awards under this plan also vest over periods of three to six years from the date of grant. On vesting, the executive will receive a share in the Company. Awards granted to senior executives are also subject to performance conditions which may reduce the number of shares vesting (Performance Share Units, or 'PSU'). Executives are not entitled to dividends during the vesting period. Details of PSUs held by members of the Board and the SEC at 31 March 2022 were as follows:

	Number of units					
	1 April 2021	Granted in year	Vested in year	Cancelled in year	31 March 2022	Vesting dates
Burkhart Grund	49 478	18 670	–	–	**68 148**	Aug 2022-Dec 2025
Jérôme Lambert	58 939	23 649	–	–	**82 588**	Aug 2022-Dec 2025
	108 417	42 319	–	–	**150 736**	

38. Related-party transactions continued

(d) Key management compensation continued

PSUs held by former members under the Group's PSU plan at 8 September 2021, date on which the executives stepped down from the SEC and the Board of Directors, were as follows:

	Number of units					
	1 April 2021	Granted in period	Vested in period	Cancelled in period	8 September 2021	Vesting dates
Nicolas Bos	54 001	–	–	–	**54 001**	Aug 2022-Dec 2025
Cyrille Vigneron	57 898	–	–	–	**57 898**	Aug 2022-Dec 2025
Other Senior Executives	64 896	–	–	–	**64 896**	Aug 2022-Dec 2025
	176 795	–	–	–	**176 795**	

Share ownership

As at 31 March 2022, members of the Board and parties closely linked to them owned a total of 17 572 Richemont 'A' shares. Mr Johann Rupert is the General Managing Partner of Compagnie Financière Rupert, which holds 5 221 000 'A' shares and the 522 000 000 'B' registered shares in the Company. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2022. The interest of individual directors and members of the SEC in Richemont 'A' shares is as follows:

	at 31 March 2022	at 31 March 2021
Board of Directors		
Clay Brendish	**2 010**	2 010
Jean-Blaise Eckert	**75**	75
Jérôme Lambert	**1 148**	1 148
Ruggero Magnoni	**2 000**	2 000
Jeff Moss	**2 400**	2 400
Guillaume Pictet	**5 535**	5 535
Maria Ramos	**1 404**	1 404
Jan Rupert	**3 000**	3 000
	17 572	17 572

Following the decision of the annual general meeting ('AGM') on 9 September 2021 to pay dividends of CHF 2.00 per 'A' registered share and CHF 0.20 per 'B' registered share, dividends of CHF 120 550 472 were paid to shareholders who were members of the Board or the SEC, or parties closely linked to them, at the date the dividend was paid.

Mr Josua Malherbe, a non-executive director, does not hold any 'A' shares or 'A' share equivalents. Members of Mr Malherbe's family have acquired and currently hold 14 067 'A' share equivalents and are beneficiaries of trusts holding 201 100 'A' shares or 'A' share equivalents at 31 March 2022.

Mr Jan Rupert, a non-executive director, and members of his family, are beneficiaries of certain companies and trusts that have acquired and currently hold 1 226 628 'A' shares. In addition Mr Rupert is also a director of companies and a trustee of trusts that collectively hold 1 581 943 'A' shares but he is not in a position to control the investment decisions or to control the exercise of voting rights.

Loans to members of governing bodies

As at 31 March 2022, there were no loans or other credits outstanding to any current or former executive or non-executive directors, or members of the SEC. The Group policy is not to extend loans to directors or members of the SEC. There were also no non-business-related loans or credits granted to relatives of any executive or non-executive director, or member of the SEC.

39. Business combinations

Accounting policy

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred at the date of exchange, plus the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss for the period.

On acquisition, non-controlling interests are measured as a percentage of the net assets of the acquiree.

Any contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which they are incurred.

On 30 June 2021, the Group completed the acquisition of 100% of the share capital and voting rights of DLX Holdings SA ('Delvaux') for a total consideration of € 178 million. Delvaux is a luxury leather goods Maison registered in Belgium and the acquisition is intended to preserve European craftsmanship, grow Maison value and strengthen the Group's presence in the leather goods sector. The results of Delvaux are consolidated into those of the Group with effect from 1 July 2021.

During the year, the Group also completed several other business combinations, including the acquisition of the remaining shareholding in Laureus World Sport Awards (note 11) and the operations of external boutiques and distributors in strategic markets. The impact of these acquisitions on the financial position and performance of the Group is not significant, and as such these acquisitions are presented in aggregate below.

	Delvaux €m	Other €m	Total €m
Property, plant and equipment	21	2	23
Intangible assets	113	1	114
Right of use assets	97	–	97
Other non-current assets	7	–	7
Inventories	36	6	42
Cash and cash equivalents	9	4	13
Trade and other receivables	18	–	18
Trade and other payables	(26)	(1)	(27)
Short-term borrowings	(20)	–	(20)
Current and deferred tax	(38)	–	(38)
Retirement benefit liability	(4)	–	(4)
Lease liabilities	(94)	–	(94)
Non-current liabilities	(1)	–	(1)
Net assets acquired	118	12	130
Fair value of net assets acquired	118	12	130
Fair value of previous shareholding	–	(2)	(2)
Gain on bargain purchase	–	(1)	(1)
Goodwill	60	–	60
Total consideration paid	178	9	187
Consideration deferred to future periods	–	(2)	(2)
Purchase consideration – cash paid	178	7	185
Cash and cash equivalents acquired	(9)	(4)	(13)
Payment of amounts deferred in prior periods	–	23	23
Cash outflow on acquisitions	169	26	195

Notes to the consolidated financial statements continued

39. Business combinations continued

The fair value of these assets is provisional, pending finalisation of valuation work. Goodwill represents certain intangible assets that do not qualify for separate recognition, including an integrated workforce and technical know-how relating to leather goods design and creation. None of the goodwill is expected to be deductible for tax purposes.

The gross contractual value of receivables acquired was € 8 million, all of which is considered to be recoverable.

In the period since acquisition, the businesses contributed € 102 million to sales and a loss of € 12 million to net profit. Had the acquisitions been made on 1 April 2021, the contribution to sales and to net profit for the full period would have been € 128 million and a loss of € 17 million, respectively.

Acquisition-related transaction costs of € 4 million were expensed in the year to 31 March 2022 and are included within Other income/expenses.

Contingent consideration
At 31 March 2022, the Group has a total provision of € 41 million related to contingent consideration payable as a result of business combinations in prior periods (2021: € 36 million). The fair value of the contingent consideration is updated at each reporting date, based on latest forecasts and budgets. Estimates are based on a discount rate which reflects the risk profile of the investment and probability adjusted sales and operating profit figures. As this valuation is based on unobservable inputs, it is classified as a Level 3 in the IFRS fair value hierarchy. Reassessment of the expected future cash flows, based on the methodology described above, resulted in an increase of € 24 million in the expected payments, which is offset by payments made during the year amounting to € 23 million. The charge is included in Other income/expense. The only other movements in this balance during the year were exchange rate movements and the unwinding of the discount rate.

40. Ultimate controlling party

The directors regard Compagnie Financière Rupert, Bellevue, Geneva, Switzerland to be the Group's controlling party, as 51% of the voting rights of the Company are held by that entity.

41. Principal Group companies

Details of the Group's principal subsidiary companies, determined to be those entities with external revenue of more than € 10 million equivalent or total assets of more than € 50 million equivalent, or which have a non-controlling interest, are disclosed below:

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Subsidiary undertakings				
Australia	Sydney	Richemont Australia Pty Limited	100.0%	AUD 4 500
Belgium	Brussels	Delvaux Createur S.A.	100.0%	€ 2 250
	Brussels	DLX Holdings S.A.	100.0%	€ 43 329
Brazil	São Paulo	RLG do Brasil Varejo Ltda.	100.0%	BRL 412 015
Canada	Ottawa	Richemont Canada Inc.	100.0%	CAD 25 000
China	Shanghai	Delvaux (Shanghai) Limited	100.0%	HK$ 10 000
	Shanghai	Feng Mao Trading	51.0%	CNY 703 603
	Shanghai	Mishang Trading (Shanghai) Co., Ltd.	100.0%	€ 6 000
	Shanghai	Richemont Commercial Company Limited	100.0%	CNY 2 982 700
France	Paris	AZFactory	70.0%	€ –
	Paris	Azzedine Alaïa SAS	100.0%	€ 250
	Paris	Cartier et Compagnie	100.0%	€ 84 000
	Paris	Cartier Joaillerie International SAS	100.0%	€ 28 755
	Paris	Cartier Parfums	100.0%	€ 4 168
	Paris	Chloé	100.0%	€ 5 455
	Paris	Les Ateliers VCA	100.0%	€ 149 370
	Paris	Montblanc France	100.0%	€ 325
	Paris	Richemont Holding France	100.0%	€ 600 250
	Paris	RLG Property France SAS	100.0%	€ 128 991
	Paris	Société Cartier	100.0%	€ 30 000
	Septmoncel	DPS Septmoncel	49.0%	€ 132
	Paris	Watchfinder France	100.0%	€ 50
Germany	Glashütte	Lange Uhren GmbH	100.0%	€ 550
	Hamburg	Montblanc Deutschland GmbH	100.0%	€ 103
	Hamburg	Montblanc International GmbH	100.0%	€ 1 775
	Hamburg	Montblanc International Holding GmbH	100.0%	€ 4 099
	Hamburg	Montblanc-Simplo GmbH	100.0%	€ 1 724
	Munich	Richemont Northern Europe GmbH	100.0%	€ 13 070
Hong Kong SAR, China	Hong Kong	Richemont Asia Pacific Limited	100.0%	HK$ 4 162 500
	Hong Kong	The Net-A-Porter Group Asia Pacific Limited	100.0%	HK$ 200 000
	Hong Kong	Yoox Asia Limited	100.0%	HK$ 1 000
	Hong Kong	Watchfinder Asia Pacific Ltd.	100.0%	HK$ 7 800
India	New Delhi	Richemont India Private Limited	100.0%	INR 2 463
Italy	Milan	Buccellati Holding Italia S.p.A	100.0%	€ 22 941
	Milan	Montblanc Italia Srl	100.0%	€ 47
	Milan	PGI SpA	100.0%	€ 520
	Milan	Richemont Italia SpA	100.0%	€ 10 000
	Milan	YOOX NET-A-PORTER GROUP SpA	100.0%	€ 1 384
Japan	Tokyo	Delvaux Japan K.K.	100.0%	JPY 85 000
	Tokyo	Richemont Japan Limited	100.0%	JPY 250 000
	Tokyo	Yoox Japan	100.0%	JPY 10 000
Jersey	St Helier	Richemont Employee Benefits Limited	100.0%	CHF –
	St Helier	Richemont Luxury Group Limited	100.0%	CHF 4 722 900
	St Helier	RLG NBS Limited	100.0%	£ 78 500
	St Helier	RLG Property Ltd.	100.0%	€ 288 979
	St Helier	RLG Real Estate Partners LP	99.9%	€ 380 484

41. Principal Group companies continued

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Luxembourg	Luxembourg	Richemont International Holding SA	100.0%	€ 603 435
	Luxembourg	RLG Property Holdings 2 Sarl	100.0%	€ 1 041
Malaysia	Kuala Lumpur	Richemont Luxury (Malaysia) SDN BHD	100.0%	MYR 1 000
Mexico	Mexico City	Richemont de Mexico SA de CV	100.0%	MXN 597 757
Monaco	Monte Carlo	RLG Monaco	100.0%	€ 239
Netherlands	Amsterdam	Cartier Europe B.V.	100.0%	€ 203
	Amsterdam	RLG Europe BV	100.0%	€ 18
Russia	Moscow	Richemont Luxury Goods, LLC (RLG LLC)	100.0%	RUR 50 000
Saudi Arabia	Riyadh	Richemont Saudi Arabia LLC	75.0%	SAR 26 667
Singapore	Singapore	Richemont Luxury (Singapore) Pte Ltd.	100.0%	SGD 100 000
South Africa	Bryanston	RLG Africa (Pty) Ltd	100.0%	ZAR 4 000
South Korea	Seoul	Delvaux Korea Limited	100.0%	KRW 100 000
	Seoul	Richemont Korea Limited	100.0%	KRW 5 887 560
Spain	Madrid	Montblanc Iberia S.L.	100.0%	€ 1 000
	Madrid	Richemont Iberia S.L.	100.0%	€ 6 005
Switzerland	Geneva	Cartier SA	100.0%	CHF 500
	Geneva	Fondation de la Haute Horlogerie	80.0%	CHF 50
	Villars-sur-Glâne	Richemont International SA	100.0%	CHF 1 007 500
	Villars-sur-Glâne	Richemont Suisse SA	100.0%	CHF 4 850
	Delémont	Varinor SA	100.0%	CHF 28 900
Thailand	Bangkok	Richemont Luxury (Thailand) Limited	100.0%	THB 409 000
Turkey	Istanbul	Richemont Istanbul Luks Esya Dagitim AS	100.0%	TRY 73 959
Ukraine	Kiev	RLG Ukraine	100.0%	€ 500
United Arab Emirates	Dubai	Richemont (Dubai) FZE	100.0%	AED 9 000
	Dubai	YNAP Middle East General Trading LLC	66.6%	AED 300
United Kingdom	London	Alfred Dunhill Limited	100.0%	£ 698 315
	London	Da Vinci Holdings Limited	51.0%	CNY 87
	London	James Purdey & Sons Limited	100.0%	£ 49 403
	London	Peter Millar UK Ltd.	100.0%	£ 14 400
	London	Richemont Holdings (UK) Limited	100.0%	£ 280 672
	London	Richemont Investments	100.0%	£ –
	London	Richemont UK Limited	100.0%	£ 15 776
	London	The Net-A-Porter Group Limited	100.0%	£ 40 006
	London	Watchfinder.co.uk Limited	100.0%	£ 12
United States of America	Wilmington	Peter Millar Inc.	100.0%	US$ 122 465
	Wilmington	Richemont North America Holdings Inc.	100.0%	US$ 318 631
	Wilmington	Richemont North America Inc.	100.0%	US$ 146 015
	New York	YNAP Corporation	100.0%	US$ 42 002

Details of the Group's associates and joint ventures are provided in note 11.

41. Principal Group companies continued

Non-controlling interests in subsidiaries

The Group has no material non-controlling interests. The information that follows is the aggregate total for all subsidiaries with a non-controlling interest. The information is presented before elimination of intra-Group transactions and balances.

Balance sheet

	2022 €m	2021 €m
Non-current assets	**367**	325
Current assets	**299**	306
Non-current liabilities	**(28)**	(33)
Current liabilities	**(94)**	(60)
Intra-Group balances	**267**	232
	811	770
Carrying amount of non-controlling interests	**(49)**	(110)

Statement of comprehensive income

	2022 €m	2021 €m
Revenue	**472**	379
Profit/(loss)	**(48)**	(31)
Profit/(loss) allocated to non-controlling interests	**5**	(12)

Cash flow statement

	2022 €m	2021 €m
Cash flows from operating activities	**11**	15
Cash flows from investing activities	**34**	(51)
Cash flows from financing activities	**(56)**	13

42. Events after the reporting date

Dividend

An ordinary dividend of CHF 2.25 per ‘A’ share/10 ‘B’ shares and an additional special dividend of CHF 1.00 per ‘A’ share/10 ‘B’ shares are proposed for approval at the AGM of the Company, to be held on 7 September 2022. These financial statements do not reflect these dividends payable, which will be accounted for as an appropriation of retained earnings to be effected during the year ending 31 March 2023.

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Compagnie Financière Richemont SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 80 to 139) give a true and fair view of the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: € 90 million

We conducted a full scope audit at 35 reporting units, which resulted in a coverage of 81% of total revenue.

As key audit matters the following areas of focus have been identified:

- Goodwill impairment assessment for Yoox Net-à-Porter ("YNAP")
- Taxation
- Inventory provisions

Materiality

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

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

Overall Group materiality	EUR 90'000'000
How we determined it	Three-year average profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.The three-year average reflects current market volatility. Moreover, profit before tax is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above EUR 4'500'000 (SUM) identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Due to the nature of its business and its organization, the Group has a decentralized structure and operates in more than 30 countries over four main regions (Asia, Europe, Americas and Middle East). Local full scope audit teams based in 15 different territories audit the business transactional operations and report to us on their audit results, in response to the instructions we sent to them. We, as group auditor, then ensure quality of their work by means of planning presentations with all teams, detailed review of their audit plan and final memorandum, and closing calls with teams of all significant entities. Procedures performed at group level include analytical procedures on entities not covered by group reporting requirements to ensure that any material risk is identified and addressed. We also assess the appropriateness of Group accounting policies, assess accounting treatment of material or unusual transactions when prepared centrally and audit the consolidation, which includes the central consolidation adjustments, amongst others share based compensation, tax, equity and intercompany eliminations and business combination accounting when applicable. We finally validate the compliance of the consolidated financial statements with IFRS and Swiss law.

Key audit matters

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

Goodwill impairment assessment for Yoox Net-à-Porter ("YNAP")

Key audit matter	How our audit addressed the key audit matter
The goodwill allocated to the YNAP cash-generating unit amounts to €1 549 million per 31 March 2022. The assessment of the recoverability of the YNAP goodwill balance is dependent on the estimation of future cash flows. The discounted cash flow model is based on the fair value less cost of disposal methodology based on a 10-year plan. Judgement is required to determine the assumptions relating to the future business results, the growth rate after the forecasted period and the discount rate applied to the forecasted cash flows. Refer to note 4 – Critical accounting estimates and assumptions and note 7 – Goodwill.	We obtained the Group's impairment assessment for the YNAP cash-generating unit and ● tested the mathematical accuracy of the model and assessed the overall appropriateness of the model used with regard to IAS 36 requirements; ● assessed the quality of the cash flow projections by comparing the actual results to prior year budget in order to identify in retrospect whether any of the assumptions might have been too optimistic; ● reconciled the 10-year projections to the model that was subject to scrutiny and approval by management; ● challenged management to substantiate its key assumptions in the cash flow projections during the forecasted period by comparing them to analysts' reports of the industry and peer companies; ● tested, with the support of our valuation experts, the reasonableness of the cash flows growth after the forecast period assumption of 2.09% and the discount rate of 10.40%; ● obtained corroborative external evidence that market participants would use a 10-year period cash flow model to value a company operating on a fast-growing industry like Online Luxury Distribution. We obtained the Group's sensitivity analysis around key assumptions to ascertain the effect of changes to those assumptions to the fair value less cost of disposal and re-calculated the sensitivity. We assessed the adequacy of the disclosures included in Note 7 on goodwill. Based on the procedures performed, we concluded that management's impairment assessment of the YNAP goodwill was supportable.

Taxation

Key audit matter	How our audit addressed the key audit matter
The Group is subject to taxation in many jurisdictions and management makes judgements about the incidence and quantum of tax liabilities that are subject to the future outcome of assessments by the relevant tax authorities. Accordingly, the calculation of tax expense and the related liability are subject to inherent uncertainty. To make those judgements, management follows an established and structured process whereby they systematically monitor and assess tax risks existence, development and settlement in each of their jurisdictions. The Group's main tax risks are transfer pricing being outside an arm's length benchmark range and potential adverse results for ongoing tax audits. In accordance with this methodology, provisions for uncertain tax positions are calculated and accounted for and included within current income tax liabilities (€724 million as at 31 March 2022). Refer to note 4 - Critical accounting estimates and assumptions and note 12 - Taxation.	We have confirmed the Group's exposure in various countries through inquiry with local and group management, audited management's process to assess the risk of tax payments in the different jurisdictions because of potential challenges to the tax returns or positions as well as the measurement and timing of recognition of the provision when applicable. We tested transactions with transfer pricing risks and risks of an adverse tax audit result for selected entities to assess that an appropriate level of provision including related penalty and interest is recorded. With the support of our internal tax experts, we examined the documentation outlining the matters in dispute or at risk and the benchmarks relied upon for transfer pricing and used our knowledge of the tax laws and other similar taxation matters to assess the available evidence, management's judgmental processes and the provisions. Based on the procedures performed, we concluded that management's tax estimates were reasonable.

Inventory provisions

Key audit matter	How our audit addressed the key audit matter
Inventory provisions totaled € 949 million at 31 March 2022. The need for provisions pertaining to slow moving or identified for destruction finished goods is assessed centrally at the Maison level headquarters. Each Maison marketing and strategic functions classify their finished goods in product life cycle stages and a provision rate is determined for each stage based on both the selling out forecasts and the estimated recoverable value. Inventory provisions also include other provisions on finished goods (e.g. damage) and provisions on raw materials and work-in-progress. Each Maison has specific provision rules and computes independently their provision rates. Maison provision rules and final provision values are assessed for consistency and approved by Group management. Refer to note 4 – Critical accounting estimates and assumptions and note 14 – Inventories.	We coordinated specific tailored work and reporting for each Maison's material provisions on finished goods at the Maison headquarters. The procedures consisted of checking the Maisons' policies were correctly and consistently applied, were compliant with the Group accounting policies and the respective provision balances were correctly reflected in the accounting records via central adjustment. We also assessed the appropriateness of key assumptions, which include the recoverable value after destruction and selling out assumptions. We also tested the appropriateness of other provisions on finished goods, raw materials and work in progress by reconciling significant inputs of the calculation file to the supporting documentation and testing the mathematical accuracy. We executed additional independent analytical review procedures at consolidated level and corroborated the results with management. We assessed the principles of the inventory provision rules and concluded that these were consistent between Maisons. As a result of our procedures performed, we determined that management's conclusions with respect to the carrying value of the inventory provision were reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Compagnie Financière Richemont SA and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers SA

Guillaume Nayet   Louise Rolland

Audit expert
Auditor in charge

Genève, 19 May 2022

Compagnie Financière Richemont SA
Company financial statements

Income statement

for the year ended 31 March

	Notes	2022 CHFm	2021 CHFm
Operating income			
Dividend income		**978.9**	535.1
		978.9	535.1
Operating expense			
General expenses	*3,4*	**16.5**	12.2
		16.5	12.2
Operating profit		**962.4**	522.9
Non-operating income/(expense)			
Financial income	*5*	**39.1**	39.6
Financial expenses	*5*	**(7.3)**	(12.9)
		31.8	26.7
Profit before taxes		**994.2**	549.6
Direct taxes		**(2.6)**	(3.4)
Net profit		**991.6**	546.2

Company financial statements

Balance sheet

at 31 March

	Notes	2022 CHFm	2021 CHFm
Current assets			
Cash and cash equivalents		**131.6**	443.3
Other receivables		**0.7**	1.2
Taxation		**0.2**	–
Current accounts receivable from Group companies		**2 475.8**	2 597.1
		2 608.3	3 041.6
Long-term assets			
Long-term loans receivable from a Group company		**92.1**	164.9
Investments	*6*	**4 782.1**	4 782.1
		4 874.2	4 947.0
Total assets		**7 482.5**	7 988.6
Current liabilities			
Bank overdraft		**–**	362.4
Current accounts payable to Group companies		**2.6**	2.1
Taxation		**1.5**	3.7
Accounts payable and accrued expenses		**1.3**	1.1
		5.4	369.3
Shareholders' equity			
Share capital	*7*	**574.2**	574.2
Statutory legal reserve	*8*	**117.6**	117.7
Reserve for own shares	*9*	**533.7**	689.8
Retained earnings	*10*	**6 251.6**	6 237.6
		7 477.1	7 619.3
Total equity and liabilities		**7 482.5**	7 988.6

Notes to the Company financial statements

at 31 March 2022

Note 1 – General

Compagnie Financière Richemont SA ('the Company') is a limited liability company (société anonyme) with registered office at 50 Chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland. The main activity of the Company is the holding of investments in the luxury goods sector. The Company employs fewer than ten full-time equivalent employees.

Basis of preparation of the financial statements

The financial statements represent the financial position of Compagnie Financière Richemont SA at 31 March 2022 and the results of its operations for the year then ended, prepared in accordance with Swiss law and the Company's Articles of Incorporation.

Note 2 – Significant accounting policies

Current accounts receivable from Group companies

Current accounts receivable from Group companies are stated at their nominal value. Impairment charges are calculated for these assets on an individual basis.

Investments

Investments in subsidiary companies are stated at cost less amounts written off for diminutions in value which are considered to be of a durable nature.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates, with the exception of investments in subsidiaries which are translated using historical exchange rates.

Foreign currency transactions are translated using the actual exchange rates prevailing during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 3 – General expenses

General expenses include personnel costs of CHF 3.7 million (2021: CHF 3.5 million).

Note 4 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 38 to the consolidated financial statements and in the Compensation report.

Note 5 – Financial income/Financial expenses

Financial expenses includes CHF 3.6 million of exchange losses incurred on loans receivable from a Group company. In 2021, financial expenses included CHF 4.1 million of exchange losses incurred on loans receivable from a Group company.

Note 6 – Investments

Company	Domicile	Purpose	% capital/voting rights	2022 CHFm	2021 CHFm
Richemont Holdings AG	Switzerland	Investment holding company	100%	**770.7**	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100%	**3 392.9**	3 392.9
Richemont International SA	Switzerland	Operating company	100%	**387.4**	387.4
Richemont Luxury Group Ltd	Jersey	Investment holding company	100%	**231.0**	231.0
Richemont Securities SA	Switzerland	Depository/issuer of Richemont South African Depository Receipts	100%	**0.1**	0.1
				4 782.1	4 782.1

In addition, a list of significant direct and indirect subsidiaries can be found in note 41 to the consolidated financial statements.

Compagnie Financière Richemont SA
Notes to the Company financial statements continued

Note 7 – Share capital

	2022 CHFm	2021 CHFm
522 000 000 ‘A’ registered shares with a par value of CHF 1.00 each, fully paid	**522.0**	522.0
522 000 000 ‘B’ registered shares with a par value of CHF 0.10 each, fully paid	**52.2**	52.2
	574.2	574.2

Shareholder warrants
In November 2020, shareholders were granted tradeable warrants, which can either be traded or used to acquire new shares at a potentially beneficial price after three years in November 2023. Each ‘A’ shareholder received two ‘A’ warrants and each ‘B’ shareholder received two ‘B’ warrants. On the exercise date, 67 ‘A’ warrants must be exercised to acquire one ‘A’ share (67 ‘B’ warrants to acquire one ‘B’ share). The exercise price of the warrants was set at CHF 1 per warrant (being CHF 67 per newly issued share). The warrants are listed on the SIX Swiss Exchange.

Conditional capital

In connection with the warrants described above, shareholders approved the creation of a conditional capital amounting to 22 million ‘A’ shares and 22 million ‘B’ shares, which will be used to issue the corresponding number of shares upon exercise of the warrants.

Note 8 – Statutory legal reserve
The legal reserve of CHF 117.6 million (2021: CHF 117.6 million) is not available for distribution.

Note 9 – Reserve for own shares
The reserve is created in respect of Richemont ‘A’ shares purchased by Richemont Employee Benefits Limited (‘REBL’), a subsidiary company.

During the year 1 780 412 ‘A’ shares (2021: 556 126 ‘A’ shares) were sold to executives under the Richemont share option plan by REBL and a further 11 000 ‘A’ shares (2021: 9 500 ‘A’ shares) were sold to a third party following the exercise of over-the-counter call options linked to the hedging programme.

At 31 March 2022, following these transactions, REBL held 6 761 624 Richemont ‘A’ shares (2021: 8 553 036 ‘A’ shares) with a cost of CHF 533.7 million (2021: CHF 689.8 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 156.1 million has been transferred from the reserve (2021: CHF 52.8 million from the reserve) during the year.

REBL also holds warrants that were issued under the equity-based loyalty scheme described in note 7. During 2021, it received 17 818 444 ‘A’ warrants at no cost in respect of the ‘A’ shares it held on the record date as defined under the loyalty scheme. REBL further purchased 171 000 000 ‘A’ warrants (2021: 89 010 294 ‘A’ warrants) in the open market during the year for a cost of CHF 141.9 million (2021: CHF 16.5 million).

At 31 March 2022, following these transactions, REBL held 277 828 738 ‘A’ warrants.

Assuming market conditions are favourable, REBL will exercise the ‘A’ warrants upon expiry in November 2023, according to the terms defined in the loyalty scheme.

Note 10 – Retained earnings

	2022 CHFm	2021 CHFm
Balance at 1 April	**6 237.6**	6 203.7
Dividend paid	**(1 133.7)**	(565.1)
Net transfer from reserve for own shares	**156.1**	52.8
Net profit	**991.6**	546.2
Balance at 31 March	**6 251.6**	6 237.6

Note 11 – Commitments and contingencies

At 31 March 2022, the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 6 404.5 million (2021: CHF 6 907.0 million).

The directors believe that there are no other contingent liabilities.

Note 12 – Significant shareholders

Compagnie Financière Rupert

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 5 221 000 Richemont 'A' shares and 522 000 000 Richemont 'B' registered shares, representing 10% of the equity of the Company and controlling 51% of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Ruggero Magnoni and Mr Anton Rupert, non-executive directors of the Company, are partners of Compagnie Financière Rupert.

Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2022.

Other significant shareholders

Richemont Securities SA, a subsidiary of the Company, acts as depository in respect of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg Stock Exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. In its capacity as depository and on behalf of the holders of DRs, Richemont Securities SA is the registered holder of one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in Richemont 'A' shares is non-beneficial in nature.

All dividends attributable to the 'A' shares held in safe custody are remitted by Richemont Securities SA individually to holders of DRs. Richemont Securities SA, as registered holder of 'A' shares, votes those shares at general meetings of shareholders of the Company. DR holders may provide Richemont Securities SA with voting instructions as to their holdings of DRs and Richemont Securities SA may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2022, Richemont Securities SA held 70 431 596 Richemont 'A' shares (2021: 62 417 496 shares), representing some 13% (2021: 12%) of the 'A' shares, in safe custody in respect of DRs in issue.

Proposal of the Board of Directors for the appropriation of retained earnings

At 31 March 2022

	CHFm
Available retained earnings	
Balance at 1 April 2021	**6 237.6**
Dividend paid	**(1 133.7)**
Net transfer from reserve for own shares	**156.1**
Net profit	**991.6**
Balance at 31 March 2022	**6 251.6**

Proposed appropriation

The proposed dividends payable to Richemont shareholders comprise an ordinary dividend of CHF 2.25 per Richemont share plus a special dividend of CHF 1.00 per Richemont share. This is equivalent to, respectively, CHF 2.25 and CHF 1.00 per 'A' registered share in the Company and, respectively, CHF 0.225 and CHF 0.10 per 'B' registered share in the Company. It will be payable to Richemont shareholders in September 2022, free of charges but subject to Swiss withholding tax at 35%, at the banks designated as paying agents.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following business year.

The Board of Directors
Geneva, 19 May 2022

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Compagnie Financière Richemont SA, which comprise the income statement for the year ended 31 March 2022, the balance sheet as at 31 March 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 147 to 151) as at 31 March 2022 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 37 million

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

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

Materiality

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

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

• **Overall materiality**	CHF 37'000'000
• **How we determined it**	Total assets
• **Rationale for the materiality benchmark applied**	We chose total assets as the benchmark to determine our overall audit materiality, because, in our view, this metric is the most relevant factor when assessing a holding company which has limited operating activities and which holds mainly investments in subsidiaries and intra-group loans.

We agreed with the Audit Committee that we would report to them misstatements above CHF 3'700'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Guillaume Nayet

Audit expert
Auditor in charge

Louise Rolland

Genève, 19 May 2022

Five-year record

Summary income statement	2018 re-presented* €m	2019 €m	2020 €m	2021 €m	**2022 €m**
Sales	11 013	13 989	14 238	13 144	**19 181**
Cost of sales	(3 829)	(5 344)	(5 627)	(5 283)	**(7 154)**
Gross profit	7 184	8 645	8 611	7 861	**12 027**
Net operating expenses	(5 340)	(6 702)	(7 093)	(6 383)	**(8 637)**
Operating profit	1 844	1 943	1 518	1 478	**3 390**
Net finance (costs)/income	(150)	(183)	(337)	25	**(844)**
Share of post-tax results of equity-accounted investments	(41)	1 408	17	12	**31**
Profit before taxation	1 653	3 168	1 198	1 515	**2 577**
Taxation	(432)	(381)	(267)	(226)	**(498)**
Profit for the year	1 221	2 787	931	1 289	**2 079**
Gross profit margin	65.2%	61.8%	60.5%	59.8%	**62.7%**
Operating profit margin	16.7%	13.9%	10.7%	11.2%	**17.7%**
Sales by business area					
Jewellery Maisons	6 452	7 083	7 217	7 459	**11 083**
Specialist Watchmakers	2 714	2 980	2 859	2 247	**3 435**
Online Distributors	–	2 105	2 427	2 197	**2 788**
Other	1 847	1 881	1 788	1 345	**2 056**
Eliminations	–	(60)	(53)	(104)	**(181)**
	11 013	13 989	14 238	13 144	**19 181**
Sales by geographic region					
Asia Pacific	4 352	5 243	4 992	5 937	**7 820**
Europe	3 019	4 118	4 298	2 955	**4 469**
Americas	1 806	2 551	2 806	2 388	**4 268**
Japan	980	1 148	1 212	940	**1 205**
Middle East and Africa	856	929	930	924	**1 419**
	11 013	13 989	14 238	13 144	**19 181**
Sales by distribution channel					
Retail	6 758	7 320	7 338	7 248	**11 057**
Wholesale and royalty income	4 099	4 407	4 254	3 102	**4 539**
Online retail	156	2 262	2 646	2 794	**3 585**
	11 013	13 989	14 238	13 144	**19 181**
Sales by product line					
Jewellery	4 537	5 061	5 205	5 553	**8 338**
Watches	4 368	4 930	4 816	4 085	**6 061**
Leather goods	780	1 402	1 415	1 129	**1 562**
Writing instruments	394	414	383	308	**417**
Clothing and other	934	2 182	2 419	2 069	**2 803**
	11 013	13 989	14 238	13 144	**19 181**

* 2018 was re-presented to include royalty income received within total sales.

Operating results	2018 €m	2019 re-presented* €m	2020 €m	2021 re-presented** €m	2022 €m
Jewellery Maisons	1 926	2 229	2 077	2 309	**3 799**
Specialist Watchmakers	262	381	304	132	**593**
Online Distributors	–	(99)	(241)	(223)	**(210)**
Other	(65)	(95)	(141)	(214)	**(47)**
Operating contribution	2 123	2 416	1 999	2 004	**4 135**
Elimination of internal transactions	–	2	(2)	(6)	**(6)**
Impact of valuation adjustments on acquisition	–	(173)	(196)	(197)	**(173)**
Unallocated corporate costs	(279)	(302)	(283)	(323)	**(566)**
Operating profit	1 844	1 943	1 518	1 478	**3 390**

Free cash flow	2018	2019	2020	2021	2022
Operating profit	1 844	1 943	1 518	1 478	**3 390**
Depreciation, amortisation and other non-cash items	645	918	1 606	1 554	**1 703**
Lease-related payments	–	–	(660)	(626)	**(696)**
Changes in working capital	234	(530)	(327)	529	**81**
Other operating activities	7	1	18	(30)	**(38)**
Taxation paid	(346)	(306)	(373)	(248)	**(434)**
Net acquisition of non-current assets	(1 294)	(880)	(758)	(867)	**(999)**
Free cash flow	1 090	1 146	1 024	1 790	**3 007**

Net cash	2018	2019	2020	2021	2022
Cash at bank and on hand	8 401	5 060	4 462	7 877	**9 877**
Investments in externally managed and money market funds	5 057	4 528	4 362	5 550	**6 632**
Borrowings	(4 292)	(4 347)	(3 952)	(5 937)	**(5 949)**
Bank overdrafts	(3 897)	(2 713)	(2 477)	(4 097)	**(5 309)**
	5 269	2 528	2 395	3 393	**5 251**

Per share information (IFRS)	2018	2019	2020	2021	2022
Diluted earnings per share	€ 2.158	€ 4.927	€ 1.646	€ 2.296	**€ 3.611**
Headline earnings per share	€ 2.373	€ 2.600	€ 1.742	€ 2.328	**€ 3.762**

	2018	2019	2020	2021	2022
Ordinary dividend per share	CHF 1.90	CHF 2.00	CHF 1.00	CHF 2.00	**CHF 2.25**
Special dividend per share	–	–	–	–	**CHF 1.00**
Closing market price:					
Highest price	CHF 92.25	CHF 99.02	CHF 87.12	CHF 92.58	**CHF 144.75**
Lowest price	CHF 77.50	CHF 60.92	CHF 49.40	CHF 49.96	**CHF 92.10**

Exchange rates	2018	2019	2020	2021	2022
Average rates					
€ : CHF	1.1354	1.1463	1.0962	1.0759	**1.0675**
€ : CNY	7.7446	7.7654	7.7379	7.8987	**7.4599**
€ : JPY	129.66	128.34	120.81	123.68	**130.50**
€ : US$	1.1705	1.1578	1.1112	1.1667	**1.1624**

Average number of employees	2018	2019	2020	2021	2022
Switzerland	8 214	8 434	7 867	7 882	**7 974**
Rest of the world	20 526	27 206	26 861	26 878	**27 879**
	28 740	35 640	34 728	34 760	**35 853**

* 2019 is re-presented to show the impact of valuation adjustments on acquisition separately.

** 2021 is re-presented as costs previously included with Other have been reclassified to unallocated corporate costs.

Statutory information

Compagnie Financière Richemont SA

Registered office

50 chemin de la Chênaie
CP 30, 1293 Bellevue
Geneva
Switzerland
Tel: +41 (0) 22 721 3500
Internet: www.richemont.com

Registrar

Computershare Schweiz AG
P.O. Box, 4601 Olten
Switzerland
Tel: +41 (0) 62 205 7700
Email: share.register@computershare.com

Auditor

PricewaterhouseCoopers SA
50 avenue Giuseppe-Motta
1202 Geneva
Switzerland

Secretariat contact

Swen H. Grundmann
Company Secretary

Tel: +41 (0) 22 721 3500
Email: secretariat@cfrinfo.net

Investor and Media contacts

Sophie Cagnard
Group Corporate Communications and IR Director

James Fraser
Investor Relations Executive

Tel: +41 (0) 22 721 3003 (investor relations)
Email: investor.relations@cfrinfo.net

Tel: +41 (0) 22 721 3507 (press enquiries)
Email: pressoffice@cfrinfo.net

'A' shares and 'A' warrants issued by Compagnie Financière Richemont SA are listed and traded on the SIX Swiss Exchange, the Company's primary listing. 'A' shares (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332) are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 21048333. Richemont's 'A' shares are registered. The share register is managed by Computershare Schweiz AG, the registrar. 'A' warrants (SIX 'CFRAO'/ISIN CH0559601544) were issued as part of a shareholder loyalty scheme and can be exercised upon maturity in 2023 (subject to terms and conditions).

South African Depository Receipts ('DRs') in respect of Richemont 'A' shares and 'A' warrants are traded on the Johannesburg Stock Exchange operated by JSE Limited, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024 and CFRO ISIN CH0562931086).

Personal data processing
Shareholders are informed that the Company, as data controller, processes the personal data of the shareholders and proxyholders (name, address, contact details, number of shares held, voting instructions) in accordance with applicable data protection laws. The Company processes such personal data for share administration purposes and to facilitate the running of any relevant meetings. You have the right to ask for access to any information that we hold about you and to correct any inaccuracies. For further details on how we process your information and for details of who you can contact for further information or to exercise your rights, please refer to the Privacy Policy found at https://www.richemont.com/

Notes

Notes

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