RICHEMONT

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RICHEMONT ANNOUNCES STRONG PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023

Group highlights

- Group sales and operating profit at an all-time high of € 19 953 million and € 5 031 million, respectively
- Increased proposed dividend of CHF 2.50 per 1 'A' share / 10 'B' shares and additional special dividend of CHF 1.00 per 'A' share/10 'B' shares
- Appointment of Chief People Officer and CEO of Regions as well as Chief Sustainability Officer to the Senior Executive Committee
- Continued progress on ESG commitments: 97% renewable electricity achieved globally, and polyvinyl chloride (PVC) removed from products and packaging
- Strategic agreement with FARFETCH and Alabbar to create a neutral industry-wide platform and advance the realisation of the Group's Luxury New Retail vision; YNAP reclassified to 'discontinued operations'

Financial highlights

- Sales up by 19% at actual exchange rates and by 14% at constant exchange rates, driven by retail, up 22% at actual exchange rates (+17% at constant exchange rates), representing 68% of Group sales
- Sales growth across all regions, distribution channels and business areas, at actual and constant exchange rates
- Growth resumed in Asia Pacific with sales up 6% at actual rates (+1% at constant exchange rates); double-digit increases in all other regions at actual and constant exchange rates, led by Japan and Europe
- Double-digit sales increases across all distribution channels and business areas at actual exchange rates, and almost all business areas at constant exchange rates
- Operating profit, up 34% to € 5 billion, including non-recurring items of € 66 million net, leading to an increased operating margin of 25.2%:
  - *Jewellery Maisons* generated 21% sales growth at actual exchange rates (+16% at constant rates) and 35% operating margin;
  - *Specialist Watchmakers* grew sales by 13% at actual exchange rates (+8% at constant exchange rates) achieving a 19% operating margin;
  - *'Other'* business area (predominantly *F&A Maisons*) delivered strong sales growth (+19% at actual exchange rates, +13% at constant exchange rates) and a € 59 million operating profit (of which € 94 million for the *F&A Maisons*).
- 60% increase in profit for the year from continuing operations to € 3 911 million; € 3.6 billion loss from discontinued operations primarily resulting from the € 3.4 billion non-cash write-down of YNAP net assets
- Solid net cash position of € 6.5 billion

Key financial data (audited)

	2023	2022 re-presented*	change
Sales	**€ 19 953 m**	€ 16 748 m	+19%
Gross profit	**€ 13 716 m**	€ 11 176 m	+23%
Gross margin	**68.7%**	66.7%	+200 bps
Operating profit	**€ 5 031 m**	€ 3 753 m	+34%
Operating margin	**25.2%**	22.4%	+280 bps
Profit for the year from continuing operations	**€ 3 911 m**	€ 2 449 m	+60%
Loss for the year from discontinued operations	**€ (3 610) m**	€ (370) m	
Profit for the year	**€ 301 m**	€ 2 079 m	-86%
Earnings per 'A' share/10 'B' shares, diluted basis	**€ 0.543**	€ 3.611	-85%
Cash flow generated from operating activities	**€ 4 491 m**	€ 4 638 m	-€ 147 m
Net cash position	**€ 6 549 m**	€ 5 251 m	+€ 1 298 m

* Prior-year period comparatives have been re-presented as YNAP results are presented as 'discontinued operations'

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Chairman’s commentary

Overview of results

Richemont reported excellent results for the financial year ended 31 March 2023, with all business areas generating higher sales and profits. The Group has drawn on the strength of its Maisons and the resilience of luxury consumers in an environment characterised by geopolitical volatility, economic uncertainty and high inflation.

During the year under review, sales attained an all-time high of € 20 billion, a 19% year-on-year increase. The final quarter recorded a significant sales increase as sales in Asia Pacific resumed growth following the removal of travel and health restrictions in mainland China. All the business areas, distribution channels and regions posted growth during the year. This performance was led by retail, Japan and Europe, closely followed by the Americas. Sales in directly-operated stores continued to outperform the other distribution channels markedly, their contribution to Group sales rising to 68%, and combined with online sales accounted for almost three quarters of Group sales. Both outcomes demonstrate the success of our ongoing client engagement strategy.

All business areas delivered double-digit sales growth compared to the prior year. Our *Jewellery Maisons*, Buccellati, Cartier and Van Cleef & Arpels, increased their combined sales to € 13.4 billion and operating profit to € 4.7 billion, generating an improved 34.9% operating margin compared to the prior year. While Buccellati continued to develop solidly, generating the highest growth rates across the Group albeit from a smaller base, Cartier and Van Cleef & Arpels reaffirmed their market leadership with a high level of sales growth and profitability. The *Jewellery Maisons* enjoy the highest level of direct-to-client engagement within the Group (83%).

Our *Specialist Watchmakers* performed strongly with combined sales of € 3.9 billion and operating margin improving to 19.0% compared to the prior year. Over the past six years, the *Specialist Watchmakers* have undergone a profound evolution of their business model, which has successfully led to direct-to-client sales reaching 56% of sales this financial year while sales in branded environments neared three quarters of their sales. The *Specialist Watchmakers* are reaping the benefits of past strategic actions and clear leaders have emerged, notably Vacheron Constantin which has reached one billion euros in sales.

The Group’s ‘*Other*’ business area, mostly composed of the *Fashion & Accessories* Maisons and now including Watchfinder, recorded sales of € 2.7 billion, up 19% compared to the prior year. Watchfinder’s muted performance was more than offset by sharp growth in sales and profitability at the *Fashion & Accessories Maisons*, driven by renewed creativity and higher travel retail footfall. Strong Maisons have emerged alongside Montblanc and Chloé, especially Peter Millar, including its G/FORE business, which generated sales in excess of € 0.6 billion. Overall, the business area returned to profit with the *Fashion & Accessories* Maisons delivering € 94 million in operating profit.

At Group level, operating profit reached an all-time high of € 5 billion and operating margin expanded further to 25.2%. The significant 34% growth in operating profit, combined with well-controlled working capital, led to a robust € 4.5 billion cash flow from operating activities. Profit for the year from continuing operations rose by 60% to € 3.9 billion. The overall profit for the year was limited to € 301 million due to the € 3.6 billion loss for the year from discontinued operations. This was primarily due to the € 3.4 billion non-cash charge on the transfer of YNAP net assets to ‘held for sale’.

Our Luxury New Retail (‘LNR’) partners

The agreement for FARFETCH and Alabbar to acquire 47.5% and 3.2% of YOOX NET-A-PORTER (YNAP), respectively, leaving Richemont with a 49.3% holding in YNAP with 12-13% of FARFETCH’s issued share capital, is subject to a number of conditions, including the receipt of certain antitrust approvals. The initial stage of the transaction is expected to complete by the end of calendar year 2023. From this point onwards, Richemont Maisons will adopt FARFETCH's technology to realise their LNR vision to address clients’ needs in a seamless manner across distribution channels. YNAP will also adopt FARFETCH Platform Solutions to accelerate its shift towards a hybrid model and significantly enhance its prospects as a neutral industry-wide platform.

Dividend

Based upon the strong performance of the year, significant cash flow generation and a solid net cash position of € 6.5 billion at the end of March 2023, the Board proposes to pay an ordinary dividend of 2.50 Swiss francs per 1 A share (and CHF 0.25 per ‘B’ shares), up by 11% over the prior year as well as a special dividend of CHF 1.00 per ‘A’ share (and CHF 0.10 ‘B’ shares), subject to shareholders’ approval at the Annual General Meeting (‘AGM’) on 6 September 2023.

Annual General Meeting, Board changes and management appointments

At the Annual General Meeting in September 2022, two valued and experienced non-executive directors, Jan Rupert and Ruggero Magnoni, stepped down from the Board. I wish to reaffirm my warmest thanks to each of them for their invaluable service.

Also at the 2022 AGM, a resolution allowing for ‘A’ shareholder representation was voted on for the first time, at the request of a shareholder. Wendy Luhabe, nominated by the Board, was elected to this role by 84% of the ‘A’ shareholders who cast their votes. She was elected to the Board with 98% supportive votes. All non-executive directors were elected by an overwhelming majority of the ‘A’ shares cast. The voting at the meeting reflected a continued endorsement of the collegial board model, adopted at the time of foundation 35 years ago, where all directors serve the interest of all shareholders, ‘A’ and ‘B’ combined. I would like to once again express my deepest thanks to our long-term shareholders for their overwhelming support. We will continue executing on our Group strategy to create value for our shareholders, communities and colleagues, taking a long-term view.

At the 2023 AGM, shareholders will be asked to elect two new directors to the Board: Fiona Druckenmiller and Bram Schot. Ms Druckenmiller’s jewellery expertise, understanding of the American clientele and social and environmental causes will be of great value to the Board while Mr Schot brings more than three decades of experience in the premium automotive industry and a deep understanding of risk management, supply chain and sustainability issues. Their biographies may be found in the annual report.

After the 2023 AGM and subject to shareholders' approval, the Board will temporarily increase to 18 members as we continue to execute on our succession plan for our long serving non-executive directors and ensure effective transmission of knowledge. Female Board members will represent 33% of the new Board. We will continue to address age, tenure, skills and geographic representation on the Board.

On 31 March 2024, the Board will bid farewell to two long-serving and valued Non-executive Directors, Guillaume Pictet and Jean-Blaise Eckert. Clay Brendish and Maria Ramos, two other respected Non-executive Directors, have also indicated that they will step down from the Board of Directors on 31 March 2025 after 14 and 13 years of service, respectively. I wish to thank them all for their invaluable and much appreciated contribution to the development of Richemont.

We have further strengthened our Senior Executive Committee (SEC) with the appointments of Patricia Gandji, the Group's Chief People Officer and CEO of Regions, in November 2022 and Bérangère Ruchat, the Group's Chief Sustainability Officer, in February 2023. These appointments reaffirm the importance of people, Environmental, Social and Governance (ESG) matters across the Group.

The tender process to select the next Group's external auditor is progressing in a timely fashion to be completed in time for the 2025 AGM and our shareholders' approval.

Sustainability, a story of continuous improvement

Acknowledging the need to embed sustainability even more firmly in our governance and reinforce the integral nature and importance of this discipline, we nominated Mr Schot to the Board and appointed Dr Ruchat to the SEC. This year, further comprehensive change was also initiated across Group functions, regions and Maisons to fully integrate ESG principles into all Richemont strategic and operational decision-making processes.

Honouring our prior commitments, we have phased out PVC from our products and packaging by our target timeline and reached 97% use of renewable electricity, thus contributing to a healthier planet. Our other key milestones and full ambition are disclosed in our upcoming FY23 ESG Report.

I am pleased to confirm that the Group is recognised as an industry leader by independent authorities such as MSCI (AA rating), Carbon Disclosure Project (A- rating), Sustainalytics (among the top 7% of 20 000 rated companies) and the World's Best Employers by Forbes 2022.

Outlook

I would like to thank all my colleagues across the Group for their contribution to the excellent performance delivered with commitment, agility, creativity and responsibility. We have seen all our businesses improve and have further progressed in our crucial digital and sustainability roadmaps. This year has seen a re-affirmation of the relevance of our strategy to build brand equity over the long term, and to do so in a responsible and creative manner.

Economic volatility and political uncertainty look set to remain features of the trading environment. The Group will therefore seek to maintain the necessary agility to manage fluctuating levels of demand. I am confident that our Maisons are well positioned to meet strong demand, notably driven by a significant resumption of Chinese travel. Richemont is fortunate to own such a unique portfolio of Maisons with excellent long-term prospects.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 12 May 2023

Financial review

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.

Following the 24 August 2022 announcement of an agreement, subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling stake in YOOX NET-A-PORTER ('YNAP'), the results of YNAP for the year ended 31 March 2023 are presented as 'discontinued operations'. Prior-year comparatives are re-presented accordingly.

Unless otherwise stated, all comments below relate to the results of the continuing operations. The results of Watchfinder & Co. ('Watchfinder') are now reported within the 'Other' business area.

Sales

For the year ended 31 March 2023, Richemont reported strong performance with sales from continuing operations increasing by 19% at actual exchange rates and by 14% at constant exchange rates to € 19 953 million.

Compared to the year ended 31 March 2022, sales grew in all regions, distribution channels and business areas, both at actual and constant exchange rates.

At actual exchange rates, Asia Pacific sales grew by 6%, partly benefitting from a rebound in sales in mainland China, Hong Kong and Macau in the final quarter of the financial year, following the removal of travel and health restrictions. Elsewhere in the region, South Korea and Southeast Asia delivered significant sales increases throughout the year. Sales growth in the Americas, which represents the Group's second largest sales region, reached 27% for the year against strong comparatives (+89% in the prior year). In Europe, the overall 30 % sales growth reflected robust demand in most markets, with the performance of France, Italy and Switzerland particularly noteworthy. Japan reported the strongest regional performance for the year with sales up by 45%, driven by solid domestic sales and the progressive return of inbound tourism. Sales in Middle East & Africa rose by 24%.

The Group's directly-operated stores drove growth, with sales up by 22% at actual exchange rates compared to the prior year, underpinned by double-digit growth across all regions and all business areas. Online retail sales, now excluding sales made by YNAP, increased by 12% while wholesale sales were 14% higher over the year.

At actual exchange rates, all business areas delivered double-digit sales growth compared to the prior year. Sales at the Jewellery Maisons rose by 21%, reflecting growth across all channels and regions. The 13% increase in sales of the Specialist Watchmakers was supported by growth in all regions with the exception of Asia Pacific. The 'Other' business area enjoyed a 19% sales progression, sustained by all regions.

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

Gross profit

Compared to the prior year, gross profit increased by 23% to € 13 716 million and the corresponding gross margin rose to 68.7% of sales.

This 200 basis point gross margin improvement was mainly driven by a combination of price increases, a more favourable geographical sales mix and a further client-driven shift towards retail. All these positive factors more than offset increases in raw materials cost and inflationary pressures experienced throughout the supply chain.

Operating profit

Increases in sales and gross profit combined with well-controlled costs led to the operating profit from continuing operations rising by 34% to an all-time high of € 5 031 million. As a result, operating margin improved by 280 basis points to 25.2% of sales.

Overall, operating expenses grew by 17% over the prior year, below the 19% sales increase.

Higher retail sales and the selective expansion and qualitative improvements of the Group's retail network contributed to a 19% increase in selling and distribution expenses. As a percentage of sales, these expenses were in line with the prior year at 23.5%.

Communication expenses rose by 17% compared to the prior year, and amounted to 9.7% of sales.

Expenses related to the fulfilment of online retail orders grew by 19% whilst administrative expenses increased by 20%. Other expenses included one-time items of € 66 million, the main item being a € 55 million charge related to the impairment of goodwill at Watchfinder, which has been negatively impacted by the global reduction of resale values for pre-owned watches.

Profit for the year

Profit for the year from continuing operations increased by 60% over the prior year to € 3 911 million. The € 1 462 million increase in profit for the year included a € 527 million improvement in net finance costs which amounted to € 314 million. The reduction in net finance costs was mostly due to non-cash fair value losses 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 and money market funds, overall amounting to € 54 million, compared to € 538 million in the prior year. Net interest expense amounted to € 7 million, a € 46 million reduction over the prior year, while foreign exchange non-cash losses on monetary items amounted to € 240 million, a € 43 million increase over the prior year.

The loss for the year from discontinued operations amounted to € 3 610 million, representing YNAP's operating result and the € 3.4 billion non-cash charge on the transfer of YNAP net assets to 'held for sale' at 31 March 2023.

As a result, profit for the year amounted to € 301 million.

Earnings per share reached € 0.543 on a diluted basis. Excluding YNAP, diluted earnings per share (1 'A' share/10 'B' shares) from continuing operations were € 6.778 .

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for the year ended 31 March 2023 was € 3 807 million (2022: € 2 132 million). Basic HEPS for the year were € 6.691 (2022: € 3.762), diluted HEPS for the year were € 6.601 (2022: € 3.712). Further details regarding earnings per share and HEPS, including an itemised reconciliation, can be found in note 28 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operating activities, including YNAP, amounted to € 4 491 million compared to € 4 638 million in the prior year. The 3% reduction reflected increased operating profits from continuing operations, more than offset by higher investments in working capital.

Net investments in property, plant and equipment amounted to € 838 million, a 14% increase over the prior year. Capital expenditure during the period focussed on expansion and qualitative improvements to the Group Maisons' retail network, as well as targeted manufacturing and technology investments.

During the year, the Group contributed € 330 million to its associate, Kering Eyewear, maintaining its percentage ownership at 30%.

The 2022 dividend of CHF 2.25 per share (1 'A' share/10 'B' shares) and the exceptional dividend of CHF 1.00 per share (1 'A' share/ 10 'B' shares) were paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2022. The total dividend cash outflow in the period amounted to € 1 851 million.

Proceeds from the exercise of share options by executives and other hedging activities during the period amounted to a net cash inflow of € 198 million. No treasury shares nor shareholder warrants were repurchased during the year.

Balance sheet

At 31 March 2023, the assets and liabilities of YNAP were classified as 'Assets of disposal group held for sale' and 'Liabilities of disposal group held for sale', respectively. The remainder of the balance sheet reflected only the assets and liabilities of continuing operations. The prior year has not been restated.

Inventories amounted to € 7 096 million, a 16% increase excluding YNAP, and inventory rotation represented 16.6 months of cost of sales (2022: 15.1 months).

The Group's net cash position rose by 25% to € 6 549 million at 31 March 2023. Net cash 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 2023, gross cash amounted to € 12 504 million.

Shareholders' equity represented 47% of total equity and liabilities compared to 50% in the prior year.

Sale of a controlling interest in YNAP

During the period, the Group reached an agreement with FARFETCH and Alabbar, which is subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling interest in YNAP. In the initial stage, FARFETCH and Alabbar will acquire 47.5% and 3.2%, respectively, of YNAP's share capital, making YNAP a neutral platform with no controlling shareholder. Upon completion of the sale, Richemont will receive FARFETCH Class A ordinary shares expected to represent 12-13% of the issued share capital of FARFETCH. Richemont will also receive US$ 250 million (expected to be settled in FARFETCH Class A ordinary shares) on the fifth anniversary of completion of the initial stage of the transaction. Alabbar, Richemont and YNAP's long-standing partner in the Middle East, will acquire a 3.2% interest in YNAP in exchange for its shares in the joint venture with YNAP in the Gulf Cooperation Council region. The initial stage of the transaction is currently expected to complete before the end of calendar year 2023.

The potential second and final stage of the transaction provides for FARFETCH to increase its ownership of YNAP share capital to 100% through a put and call option mechanism.

YNAP's performance

YNAP's performance is shown under 'Results from discontinued operations'. In a globally challenging environment for digital distribution pure players, YNAP delivered sales growth of 4% at actual exchange rates.

NET-A-PORTER and MR PORTER led growth with a high single-digit sales increase in the UK and the US while the good performance of YOOX in Europe and the US was not able to fully offset the suspension of commercial activities in Russia.

Proposed dividend

Considering the Group's strong annual performance, significant cash flow generation and robust net cash position, the Board has proposed a dividend of CHF 2.50 per 'A' share/10 'B' shares and an additional special dividend of CHF 1.00 per 'A' share/10 'B' shares.

The dividend 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 2.500	CHF 0.875	CHF 1.625
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 6 September 2023.

The last day to trade Richemont 'A' shares on Swiss Stock Exchange (SIX) and the Johannesburg Stock Exchange (JSE) cum-dividend will be Tuesday 19 September 2023. Both will trade ex-dividend from Wednesday 20 September 2023.

The dividends on the Richemont 'A' shares traded on SIX will be paid on Friday 22 September 2023 and are payable in Swiss francs. The dividends in respect of the Richemont 'A' shares traded on the JSE will be payable on Thursday 28 September and are payable in Rand. Further details regarding the latter dividend payment may be found in a separate announcement dated Friday 12 May 2023 on SENS, the JSE news service.

Review of operations

Sales by region

in €m	2023	2022 re-presented*	Movement at: Constant exchange rates**	Actual exchange rates
Europe	**4 371**	3 351	+31%	+30%
Asia Pacific	**7 937**	7 487	+1%	+6%
Americas	**4 467**	3 528	+14%	+27%
Japan	**1 616**	1 118	+56%	+45%
Middle East & Africa	**1 562**	1 264	+13%	+24%
	19 953	16 748	+14%	+19%

* Prior-year comparatives have been re-presented as YNAP results are presented as 'discontinued operations'.

** 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 2022.

The following comments on Group sales refer to year-on-year movements at constant exchange rates. Contributions to Group sales relate to sales at actual exchange rates. Unless otherwise stated, all comments below relate to sales of continuing operations.

Europe

For the year ended 31 March 2023, Europe delivered a 31% year-on-year sales increase, the second highest regional growth rate for the Group. This robust growth was fuelled by strong local demand and an increase in tourism from the US and the Middle East, complemented by a favourable exchange rate. Sales performances in France, Italy and Switzerland were of particular note. All business areas delivered solid sales increases compared to the prior year.

Overall, the region contributed 22% of Group sales, compared to 20% in the prior year.

Asia Pacific

Sales in the Group's largest sales region, Asia Pacific grew by 1% compared to the prior year, an improvement compared to the 7% decline in the first nine months of the financial year. A strong rebound in sales in mainland China, Hong Kong and Macau during the final quarter of the year, following the removal of health-related restrictions, contributed to the recovery in the region. This positive performance also reflects significant double-digit sales growth in South Korea and Southeast Asia, most notably in Australia, Singapore and Thailand, throughout the year.

The region contributed 40% of Group sales, compared to 45% in the prior year.

Americas

The Americas reported sales growth of 14% compared to the prior year. Moderated growth rates in the second half of the year partly reflected increased purchases abroad by American-resident clients driven by the strength of the US dollar. All business areas delivered double-digit sales growth for the year, with the highest rate of progression reported by the 'Other' business area.

The contribution of the region to Group sales increased to 22% from 21% in the prior year. The region now stands just ahead of Europe as the Group's second largest sales region.

Japan

With a 56% year-on-year sales progression, Japan posted the strongest regional sales growth rate, underpinned by strong domestic demand, the progressive return of international tourism from mid-October, and lower comparatives due to temporary boutique closures due to Covid-related restrictions in the prior year.

Japan represented 8% of overall sales, compared to 7% in the prior year.

Middle East & Africa

Sales in the Middle East & Africa region grew by 13% compared to the prior year, driven by solid domestic and inbound tourist spending, notably in Dubai and Qatar.

The region contributed 8% of Group sales compared to 7% in the prior year.

Sales by distribution channel

in €m	2023	2022 re-presented*	Movement at: Constant exchange rates**	Actual exchange rates
Retail	**13 497**	11 057	+17%	+22%
Online retail	**1 294**	1 152	+6%	+12%
Wholesale and royalty income	**5 162**	4 539	+8%	+14%
	19 953	16 748	+14%	+19%

* Prior-year comparatives have been re-presented as YNAP results are presented as 'discontinued operations'.

** 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 2022.

The following comments on Group sales refer to year-on-year movements at constant exchange rates. Contributions to Group sales relate to sales at actual rates. Unless otherwise stated, all comments below relate to sales of continuing operations.

Retail

The Retail distribution channel incorporates sales from the Group's directly-operated stores.

Retail generated the strongest channel performance with a 17% sales growth compared to the prior year. Retail sales grew significantly across all business areas and regions, most notably in Europe and Japan, led by the Jewellery Maisons and Specialist Watchmakers.

Retail continued to be the largest contributor to Group sales with 1 286 directly-operated boutiques accounting for 68% of Group sales compared to 66% a year ago.

Online retail

Following the reclassification of YNAP sales to discontinued operations, 'Online retail' now comprises online retail sales directly generated by the Group's Maisons and Watchfinder.

Online retail sales grew by 6% year-on-year as the Group's Maisons continued to expand their digital presence, with highest growth rates at the Specialist Watchmakers. In terms of regions, online retail sales were led by the Americas and Japan which delivered double-digit growth compared to the prior year, as did Middle East & Africa. Overall, they contributed 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 8% sales progression over the prior year was driven by most business areas and by all regions with the exception of Asia Pacific.

For the year under review, the wholesale channel contributed 26% to Group sales compared to 27% in the prior year.

Sales and operating results by segment

Jewellery Maisons

in €m	2023	2022	Change
Sales	**13 427**	11 083	+21%
Operating result	**4 684**	3 799	+23%
Operating margin	**34.9%**	34.3%	+60 bps

The Group's three Jewellery Maisons - Buccellati, Cartier and Van Cleef & Arpels - achieved a combined 21% increase in sales compared to the prior year (+86% compared to the year ended March 2020), with double-digit growth in jewellery and watches. All iconic collections outperformed, from *Opera Tulle* and *Macri* at Buccellati, *Trinity*, *Panthère* and *Santos* at Cartier to *Alhambra*, *Perlée* and *Fauna* at Van Cleef & Arpels. This strong performance was also broad-based across all Jewellery Maisons, price points, regions and distribution channels. Growth was the strongest in the Jewellery Maisons' directly-operated store network which, together with online retail, contributed 83% of the business area's sales.

Higher sales, increased utilisation of manufacturing facilities and ongoing cost discipline, notwithstanding the continued investment in distribution, manufacturing and communication to support strong growth, drove a 23% year-on-year increase in operating result to € 4 684 million. Operating margin improved by 60 basis points to 34.9%.

Significant store developments during the year included the new flagship boutiques for Cartier in Sydney, Van Cleef & Arpels in San Francisco and Chengdu, the reopening of Cartier flagship boutiques in Paris 13 Paix, New York Fifth Avenue and Seoul as well as the extension of the Buccellati Roma flagship boutique and new Buccellati stores in Singapore Marina Bay Sands, Nanjing Deji Plaza and Shenzhen Bay Mix.

Specialist Watchmakers

in €m	2023	2022	Change
Sales	**3 875**	3 435	+13%
Operating result	**738**	593	+24%
Operating margin	**19.0%**	17.3%	+170 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 13% compared to the prior year (+36% compared to the year ended March 2020).

The strong performance was driven by double-digit increases at many Maisons. Retail and online retail sales led the growth and, together, contributed 56% of the Specialist Watchmakers sales; a 500 basis point increase highlighting the progress of the direct-to-client strategy of the division. This evolution was supported by selective store investments which notably included flagship openings by Piaget in Canton Road Hong Kong, Panerai in Zurich, IWC in Taikoo Hui Shanghai, Maison Vacheron 1755 in Shanghai, Jaeger-LeCoultre in Beverly Hills, and a Zurich salon for A. Lange & Söhne. Growth was achieved across all regions excluding Asia Pacific, with commendable results in the Americas, Europe and Japan.

Iconic collections continued to outperform, including *Lange 1* for A. Lange & Söhne, *Riviera* for Baume & Mercier, *Pilot's watches* for IWC, *Reverso* for Jaeger-LeCoultre, *Luminor* for Panerai, *Polo* for Piaget, *Excalibur* for Roger Dubuis and *Overseas* for Vacheron Constantin. Maisons successfully showcased their novelties during Watches and Wonders Geneva 2023.

The combination of double-digit sales growth and continued cost discipline – with continued investments into brand equity – resulted in an operating result of € 738 million. Operating margin gained 170 basis points, increasing to 19.0%.

Other

in €m	2023	2022 re-presented*	Change
Sales	**2 651**	2 230	+19%
Operating result	**59**	(46)	+228%
Operating margin	**2.2%**	-2.1%	+430 bps

* Prior-year comparatives have been re-presented following the reclassification of Watchfinder & Co. to the 'Other' business area.

'Other' includes the Group's Fashion & Accessories Maisons, the Group's watch component manufacturing and real estate activities, amongst others.

Sales grew by 19% compared to the prior year (+37% compared to the year ended March 2020), fuelled by a solid performance by Fashion & Accessories Maisons, while Watchfinder sales were negatively impacted by lower demand from their UK domestic clientele and a subdued pre-owned watch market. Overall, revenue growth came from all channels and regions, and performance in the Americas and the Middle East & Africa was particularly noteworthy.

Alaïa's performance illustrates the increased desirability of Richemont's Fashion & Accessories Maisons, supported by highly acclaimed new collections and extensive high profile press coverage. Montblanc is also benefitting from improvement in travel retail footfall as well as demand for its *Meisterstück* writing instruments collection and new *Extreme* leather goods collection. Chloé furthered its growth momentum with the continuous roll out of new aesthetics across its product offering. Delvaux, with *Brillant* and *Tempête* leather lines, and Peter Millar, with the *Crown Sport* clothing and G/FORE footwear lines, continued to deliver solid results.

Store developments included new stores for Alaïa in New York and Shanghai, for Delvaux in Dubai Mall and Tokyo Omotesando as well as G/FORE and Peter Millar openings in Scottsdale, Arizona. The retail network benefitted from a number of renovations, including the Delvaux store in Paris St Honoré and Montblanc flagship store in Paris Champs Elysées.

Operating result amounted to € 59 million, with notably € 94 million (3.9% on sales) for the F&A Maisons due to higher sales, improved pricing power and financial discipline.

Corporate costs

in €m	2023	2022	Change
Corporate costs	**(427)**	(566)	-25%
Central support services	**(302)**	(309)	-2%
Other unallocated expenses, net	**(125)**	(257)	-51%

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 2% of Group sales and included € 65 million net one-time unallocated charges comprised of a € 55 million charge in relation to impairment of intangible assets at Watchfinder (FY22: € 203 million net one-time unallocated charges).

The Group's consolidated financial statements of income, cash flows and financial position are presented in the Appendix. Richemont's audited consolidated financial statements for the year may be found on the Group's website at www.richemont.com/en/home/investors/results-reports-presentations.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Appendix

(April-June) €m	Q1-23 re-presented	Q1-22 re-presented	Movement at: Constant exchange rates	 Actual exchange rates
By region				
Europe	**1 031**	656	+57%	+57%
Asia Pacific	**1 695**	1 856	-16%	-9%
Americas	**1 142**	782	+29%	+46%
Japan	**401**	221	+90%	+81%
Middle East & Africa	**385**	326	+7%	+18%
By distribution channel				
Retail	**3 051**	2 421	+18%	+26%
Online retail	**300**	253	+10%	+19%
Wholesale and royalty income	**1 303**	1 167	+4%	+12%
By business area				
Jewellery Maisons	**3 015**	2 515	+12%	+20%
Specialist Watchmakers	**1 002**	849	+10%	+18%
Other	**637**	477	+25%	+34%
Total	**4 654**	**3 841**	+13%	+21%

(July-September) €m	Q2-23	Q2-22 re-presented	Movement at: Constant exchange rates	 Actual exchange rates
By region				
Europe	**1 150**	849	+36%	+35%
Asia Pacific	**2 060**	1 780	+6%	+16%
Americas	**1 061**	795	+14%	+33%
Japan	**406**	264	+64%	+54%
Middle East & Africa	**345**	258	+18%	+34%
By distribution channel				
Retail	**3 394**	2 555	+24%	+33%
Online retail	**308**	260	+8%	+18%
Wholesale and royalty income	**1 320**	1 131	+8%	+17%
By business area				
Jewellery Maisons	**3 329**	2 582	+21%	+29%
Specialist Watchmakers	**1 041**	830	+16%	+25%
Other	**652**	534	+13%	+22%
Total	**5 022**	**3 946**	+19%	+27%

(October-December) €m	Q3-23	Q3-22 re-presented	Movement at: Constant exchange rates	 Actual exchange rates
By region				
Europe	**1 277**	1 089	+19%	+17%
Asia Pacific	**1 901**	2 035	-9%	-7%
Americas	**1 320**	1 137	+3%	+16%
Japan	**477**	366	+43%	+30%
Middle East & Africa	**428**	356	+10%	+20%
By distribution channel				
Retail	**3 718**	3 400	+6%	+9%
Online retail	**391**	350	+6%	+12%
Wholesale and royalty income	**1 294**	1 233	+1%	+5%
By business area				
Jewellery Maisons	**3 722**	3 343	+8%	+11%
Specialist Watchmakers	**952**	977	-5%	-3%
Other	**729**	663	+6%	+10%
Total	**5 403**	**4 983**	+5%	+8%

(January-March) €m	Q4-23	Q4-22 re-presented	Movement at: Constant exchange rates	Actual exchange rates
By region				
Europe	**913**	757	+21%	+21%
Asia Pacific	**2 281**	1 816	+25%	+26%
Americas	**944**	814	+12%	+16%
Japan	**332**	267	+36%	+24%
Middle East & Africa	**404**	324	+20%	+25%
By distribution channel				
Retail	**3 334**	2 681	+24%	+24%
Online retail	**295**	289	+1%	+2%
Wholesale and royalty income	**1 245**	1 008	+22%	+24%
By business area				
Jewellery Maisons	**3 361**	2 643	+27%	+27%
Specialist Watchmakers	**880**	779	+13%	+13%
Other	**633**	556	+13%	+14%
Total	**4 874**	**3 978**	+22%	+23%

(April-September) €m	H1-23	H1-22 re-presented	Movement at: Constant exchange rates	Actual exchange rates
By region				
Europe	**2 181**	1 505	+45%	+45%
Asia Pacific	**3 755**	3 636	-5%	+3%
Americas	**2 203**	1 577	+22%	+40%
Japan	**807**	485	+76%	+66%
Middle East & Africa	**730**	584	+12%	+25%
By distribution channel				
Retail	**6 445**	4 976	+21%	+30%
Online retail	**608**	513	+9%	+19%
Wholesale and royalty income	**2 623**	2 298	+6%	+14%
By business area				
Jewellery Maisons	**6 344**	5 097	+16%	+24%
Specialist Watchmakers	**2 043**	1 679	+13%	+22%
Other	**1 289**	1 011	+19%	+27%
Total	**9 676**	**7 787**	+16%	+24%

(October-March) €m	H2-23	H2-22 re-presented	Movement at: Constant exchange rates	Actual exchange rates
By region				
Europe	**2 190**	**1 846**	+20%	+19%
Asia Pacific	**4 182**	**3 851**	+7%	+9%
Americas	**2 264**	**1 951**	+7%	+16%
Japan	**809**	**633**	+40%	+28%
Middle East & Africa	**832**	**680**	+14%	+22%
By distribution channel				
Retail	**7 052**	**6 081**	+14%	+16%
Online retail	**686**	**639**	+4%	+7%
Wholesale and royalty income	**2 539**	**2 241**	+11%	+13%
By business area				
Jewellery Maisons	**7 083**	**5 986**	+16%	+18%
Specialist Watchmakers	**1 832**	**1 756**	+3%	+4%
Other	**1 362**	**1 219**	+9%	+12%
Total	**10 277**	**8 961**	+13%	+15%

(April-March) €m	FY23	FY22 re-presented	Movement at: Constant exchange rates	Actual exchange rates
By region				
Europe	**4 371**	3 351	+31%	+30%
Asia Pacific	**7 937**	7 487	+1%	+6%
Americas	**4 467**	3 528	+14%	+27%
Japan	**1 616**	1 118	+56%	+45%
Middle East & Africa	**1 562**	1 264	+13%	+24%
By distribution channel				
Retail	**13 497**	11 057	+17%	+22%
Online retail	**1 294**	1 152	+6%	+12%
Wholesale and royalty income	**5 162**	4 539	+8%	+14%
By business area				
Jewellery Maisons	**13 427**	11 083	+16%	+21%
Specialist Watchmakers	**3 875**	3 435	+8%	+13%
Other	**2 651**	2 230	+13%	+19%
Total	**19 953**	16 748	+14%	+19%

Consolidated income statement for the year ended 31 March

	2023 €m	2022 re-presented €m
Revenue	**19 953**	16 748
Cost of sales	**(6 237)**	(5 572)
Gross profit	**13 716**	11 176
Selling and distribution expenses	**(4 683)**	(3 930)
Communication expenses	**(1 940)**	(1 655)
Fulfilment expenses	**(257)**	(216)
Administrative expenses	**(1 702)**	(1 423)
Other operating expenses	**(103)**	(199)
Operating profit	**5 031**	3 753
Finance costs	**(597)**	(956)
Finance income	**283**	115
Share of post-tax results of equity-accounted investments	**41**	31
Profit before taxation	**4 758**	2 943
Taxation	**(847)**	(494)
Profit for the year from continuing operations	**3 911**	2 449
Loss for the year from discontinued operations	**(3 610)**	(370)
Profit for the year	**301**	2 079
Profit attributable to:		
Owners of the parent company	**313**	2 074
– continuing operations	**3 909**	2 434
– discontinued operations	**(3 596)**	(360)
Non-controlling interests	**(12)**	5
	301	2 079
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	**0.550**	3.660
Diluted	**0.543**	3.611
From continuing operations		
Basic	**6.870**	4.295
Diluted	**6.778**	4.237

Consolidated statement of cash flows for the year ended 31 March

	2023 €m	2022 re-presented €m
Cash flows from operating activities		
Operating profit from continuing operations	**5 031**	3 753
Operating loss from discontinued operations	**(3 639)**	(363)
Adjustment for non-cash items	**5 092**	1 703
Changes in working capital	**(1 167)**	81
Cash flow generated from operations	**5 317**	5 174
Interest received	**210**	102
Interest paid	**(304)**	(210)
Dividends from equity-accounted investments	**2**	6
Taxation paid	**(734)**	(434)
Net cash generated from operating activities	**4 491**	4 638
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(49)**	(195)
Proceeds from disposal of subsidiary undertakings, net of cash	**1**	1
Contribution to equity-accounted investments	**(330)**	(104)
Proceeds from disposal of equity-accounted investments	**–**	63
Acquisition of property, plant and equipment	**(857)**	(754)
Proceeds from disposal of property, plant and equipment	**19**	18
Payments capitalised as right of use assets	**(3)**	(4)
Acquisition of intangible assets	**(124)**	(117)
Proceeds from disposal of investment property	**–**	86
Investment in money market and externally managed funds	**(15 239)**	(13 698)
Proceeds from disposal of money market and externally managed funds	**14 553**	12 654
Acquisition of other non-current assets and investments	**(57)**	(252)
Proceeds from disposal of other non-current assets and investments	**13**	24
Net cash used in investing activities	**(2 073)**	(2 278)
Cash flows from financing activities		
Proceeds from borrowings	**4**	1
Repayment of borrowings	**(6)**	(16)
Dividends paid	**(1 851)**	(1 041)
Proceeds from sale of treasury shares	**198**	123
Acquisition of warrants on own equity	**–**	(131)
Contribution from non-controlling interests in a subsidiary	**25**	15
Acquisition of non-controlling interests in a subsidiary	**–**	(86)
Lease payments — principal	**(688)**	(632)
Net cash used in financing activities	**(2 318)**	(1 767)
Net change in cash and cash equivalents	**100**	593
Cash and cash equivalents at the beginning of the year	**4 568**	3 780
Exchange gains/(losses) on cash and cash equivalents	**(32)**	195
Cash and cash equivalents at the end of the year	**4 636**	4 568

Consolidated balance sheet at 31 March

	2023 €m	2022 re-presented €m
Assets		
Non-current assets		
Property, plant and equipment	**3 343**	3 122
Goodwill	**610**	3 538
Other intangible assets	**497**	2 342
Right of use assets	**3 565**	3 468
Investment property	**34**	–
Equity-accounted investments	**599**	252
Deferred income tax assets	**752**	754
Financial assets held at fair value through profit or loss	**289**	325
Financial assets held at fair value through other comprehensive income	**301**	280
Other non-current assets	**529**	521
	10 519	14 602
Current assets		
Inventories	**7 096**	7 099
Trade receivables and other current assets	**1 708**	1 662
Derivative financial instruments	**103**	55
Financial assets held at fair value through profit or loss	**7 401**	6 632
Assets and disposal group held for sale	**3 124**	59
Cash at bank and on hand	**10 936**	9 877
	30 368	25 384
Total assets	**40 887**	39 986
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(305)**	(478)
Hedge and share option reserves	**212**	148
Cumulative translation adjustment reserve	**4 093**	3 728
Retained earnings	**14 625**	16 082
	18 959	19 814
Non-controlling interests	**60**	49
Total equity	**19 019**	19 863
Liabilities		
Non-current liabilities		
Borrowings	**5 954**	5 948
Lease liabilities	**3 239**	3 101
Deferred income tax liabilities	**129**	325
Employee benefit obligations	**65**	61
Provisions	**90**	74
Other long-term financial liabilities	**83**	107
	9 560	9 616
Current liabilities		
Trade payables and other current liabilities	**2 960**	3 351
Current income tax liabilities	**861**	724
Borrowings	**1**	1
Lease liabilities	**644**	647
Derivative financial instruments	**7**	150
Provisions	**201**	325
Liabilities of disposal group held for sale	**1 801**	–
Bank overdraft	**5 833**	5 309
	12 308	10 507
Total liabilities	**21 868**	20 123
Total equity and liabilities	**40 887**	39 986

Presentation

The results will be presented via an audio webcast on 12 May 2023, starting at 09:30 (CEST). The direct link is available from 07:30 (CEST) at www.richemont.com. The presentation may be viewed using a mobile device or from a browser.

- Live telephone connection (pre-registration required):
  - https://ccevent.eu/richemont2023.html
- An archive of the video webcast will be available at 15:00 (CEST) the same day:
  - www.richemont.com/en/home/investors/results-reports-presentations/
- A transcript of the webcast will be available on 13 May 2023:
  - www.richemont.com/en/home/investors/results-reports-presentations/

Statutory information

The Richemont 2023 Annual Report will be published on 31 May 2023 and will be available for download from the Group's website at www.richemont.com/en/home/investors/results-reports-presentations/. Copies may be obtained from the Company's registered office or by contacting the Company via the website at www.richemont.com/en/home/investors/investor-and-analyst-contacts/

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Richemont 'A' shares issued by Compagnie Financière Richemont SA are listed and traded on the SIX Swiss Exchange, Richemont's primary listing (Reuters 'CFR.S' / Bloomberg 'CFR:SW' / ISIN CH0210483332). They are included in the Swiss Market Index ('SMI') of leading stocks and the MSCI Switzerland IMI ESG Leaders Index. The 'A' shares are also traded on the Johannesburg Stock Exchange, Richemont's secondary listing ('CFRJ.J' / Bloomberg 'CFR:SJ' / ISIN CH0210483332).

About Richemont

At Richemont, we craft the future. Our unique portfolio includes prestigious Maisons distinguished by their craftsmanship and creativity. Richemont's ambition is to nurture its Maisons and businesses and enable them to grow and prosper in a responsible, sustainable manner over the long term.

Richemont operates in three business areas: **Jewellery Maisons** with Buccellati, Cartier and Van Cleef & Arpels; **Specialist Watchmakers** with A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; and **Other**, primarily Fashion & Accessories Maisons with Alaïa, AZ Factory, Chloé, Delvaux, dunhill, Montblanc, Peter Millar including G/FORE, Purdey, Serapian as well as Watchfinder & Co. In addition, Richemont operates NET-A-PORTER, MR PORTER, THE OUTNET, YOOX and the OFS division. Find out more at https://www.richemont.com/.

Disclaimer

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Richemont's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition. Reduced travel resulting from economic conditions, retail store closure orders of civil authorities, travel restrictions, travel concerns and other circumstances, including disease epidemics and other health-related concerns, could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores. International conflicts or wars, including resulting sanctions and restrictions on importation and exportation of finished products and/or raw materials, whether self-imposed or imposed by international countries, non-state entities or others, may also impact these forward-looking statements. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. 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 of, or to revise, any forward-looking statements.