# RICHEMONT

Interim Report 2023

# Contents



*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. 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.*

# Financial highlights

- Sales increase of 6% at actual exchange rates (+12% at constant exchange rates) fuelled by almost all regions and distribution channels.
- Growth led by Asia Pacific, with sales up 14% at actual exchange rates (+23% at constant exchange rates), and Jewellery Maisons, with sales up 10% at actual exchange rates (+16% at constant exchange rates).
- Continued outperformance of retail, up 9% at actual exchange rates (+16% at constant exchange rates), representing 69% of Group sales.
- Operating profit from continuing operations down by 2% at actual exchange rates (+15% at constant exchange rates) with a 26.0% operating margin (28.5% at constant exchange rates, a 90 basis-point increase).
- 3% increase in profit for the period from continuing operations to € 2.2 billion; € 0.7 billion loss from discontinued operations primarily resulting from € 0.5 billion non-cash write-down of YNAP net assets.
- Solid net cash position of € 5.8 billion, with increased € 1.7 billion cash flow generated from operating activities.

# Key financial data (unaudited)

| Six months ended 30 September | 2023 | 2022 | change |
|---|---|---|---|
| Sales | **€ 10 221 m** | € 9 676 m | +6% |
| Gross profit | **€ 6 973 m** | € 6 667 m | +5% |
| Gross margin | **68.2%** | 68.9% | -70 bps |
| Operating profit | **€ 2 655 m** | € 2 723 m | -2% |
| Operating margin | **26.0%** | 28.1% | -210 bps |
| Profit for the period from continuing operations | **€ 2 160 m** | € 2 105 m | +3% |
| Loss for the period from discontinued operations | **€ (655) m** | € (2 871) m | |
| Profit/(loss) for the period | **€ 1 505 m** | € (766) m | |
| Earnings per ‘A’ share/10 ‘B’ shares, diluted basis | **€ 2.601** | € (1.337) | |
| Cash flow generated from operating activities | **€ 1 666 m** | € 1 540 m | +€ 126m |
| Net cash position | **€ 5 785 m** | € 4 763 m | |

# Chairman's commentary

## Overview of results

In the first six months of the financial year, Richemont reported a strong underlying performance amid continued economic and geopolitical uncertainties and an unfavourable foreign exchange environment. Sales from continuing operations rose by 12% at constant exchange rates (+6% at actual exchange rates) to € 10.2 billion and operating profit from continuing operations was € 2.7 billion, up 15% at constant exchange rates. The ongoing focus on enhancing the desirability of our Maisons, promoting direct-to-client engagement, nurturing our domestic clienteles and reinforcing the agility and excellence of our operations has strengthened the Group and reinforced its resilience.

Compared to the prior-year period, at actual exchange rates, sales increases were recorded across almost all channels and regions excluding Americas, where sales declined by 4%. Growth was led by Asia Pacific with sales up by 14% following the reopening of China, *Jewellery Maisons* and the retail channel which, together with the online retail channel, contributed 74% of Group sales.

With 10% sales growth overall and ongoing cost discipline delivering a € 2.5 billion operating result and a corresponding 35.5% operating margin, our *Jewellery Maisons*, Buccellati, Cartier and Van Cleef & Arpels, have demonstrated their continued leadership of the industry. We have further invested in their manufacturing capacity and capabilities, distribution and communication to support their strong development.

While demand for iconic collections remained resilient across our watch Maisons, our *Specialist Watchmakers* recorded a 3% year-on-year sales decline to € 2.0 billion. This performance overshadowed the high single-digit sales growth in their directly operated stores, now 57% of the *Specialist Watchmakers'* sales, and the continued outperformance of A. Lange & Söhne and Vacheron Constantin. Impacted by a strong Swiss franc, operating result amounted to € 391 million, generating a 19.7% operating margin.

The Group's '*Other'* business area saw sales decline by 1% while sales at our *Fashion & Accessories Maisons* were broadly in line with the prior-year period, with most Maisons posting higher sales. Of particular note are the retail performance and continued outperformance of Alaïa, Delvaux and Peter Millar, together with the success of Montblanc's redesigned leather collections. Overall, the *'Other'* business area recorded a € 6 million operating loss whilst the *Fashion & Accessories Maisons* generated a € 25 million operating profit.

At Group level, operating profit from continuing operations was also significantly impacted by negative foreign exchange developments, but nonetheless still delivered a 26.0% operating margin. Profit for the period from continuing operations increased to € 2.2 billion, benefiting from lower net finance costs. The € 0.7 billion loss from discontinued operations reflected the combined result of YOOX NET-A-PORTER ('YNAP') for the six-month period and the € 0.5 billion non-cash write-down on the revaluation of YNAP's net assets, classified as 'held for sale', to its fair value. The total net non-cash write-down since we fully acquired NET-A-PORTER in 2010 amounts to € 1.8 billion, based on the application of IFRS which has driven a series of write-up(s)/write-down of the net assets carried value. Importantly, amid the current macro uncertainty, our net cash position remained solid at € 5.8 billion on 30 September 2023 (excluding YNAP's net bank overdraft position of € 0.7 billion, presented as assets and liabilities of disposal group held for sale).

## Strengthening of our operations and portfolio of Fashion & Accessories Maisons

On 28 July 2023, we signed an agreement with Gianvito Rossi to acquire a controlling stake in the eponymous renowned Italian luxury shoemaker. Its exceptional 'Made in Italy' craftsmanship, timeless elegance and untapped potential will strengthen our portfolio of *Fashion & Accessories Maisons.* The transaction is expected to complete in the first half of calendar year 2024.

On 1 September 2023, the Senior Executive Committee was further strengthened with the appointments of Swen Grundmann, who combines the newly-created role of Corporate Affairs Director with Company Secretary, and of Boet Brinkgreve in the newly-created role of CEO of Laboratoire de Haute Parfumerie et Beauté. These appointments reflect the growing importance of regulatory and reputational matters and highlight the Group's ambition to have the Maisons involved in fragrance reach their full potential in this dynamic market by levering internal competences.

## Our Luxury New Retail ('LNR') partners

The relevant regulatory authorities have now unconditionally cleared the acquisition by Farfetch of a 47.5% stake in YNAP in exchange for the issuance of Farfetch Class 'A' ordinary shares to Richemont. In exchange, Richemont will receive circa 58.5 million of Farfetch shares, and, on the fifth anniversary of completion, an additional equivalent of US$ 250 million in Farfetch Class 'A' ordinary shares based on the then-current Farfetch share price. As part of the transaction, Alabbar will also acquire a 3.2% interest in YNAP, leaving Richemont with a 49.3% holding, and realising my long-standing goal of making YNAP a neutral industry-wide online platform.

Completion of the transaction remains subject to certain other conditions.

## Annual General Meeting and Board changes

At the Annual General Meeting ('AGM') in September 2023, two new non-executive directors, Fiona Druckenmiller and Bram Schot, were elected. Fiona brings her combined financial and jewellery expertise and understanding of the American clientele and social and environmental causes, whilst Bram adds premium automotive industry expertise, business acumen and understanding of risk management, supply chain and sustainability issues.

Also at this year's AGM, shareholders re-elected Wendy Luhabe as the 'A' shareholders' representative, with 95% of the 'A' shareholders casting their votes. Wendy was elected to the Board with 94% supportive votes. All directors have been elected by a large majority of 'A' votes represented in addition to the 'B' votes.

## Equity-based shareholder loyalty scheme

In November 2020, we launched a Shareholder Loyalty Scheme to mitigate the reduction of the cash dividend per share for the year ended March 2020, following the Covid outbreak, by enabling long-term shareholders to acquire new Richemont 'A' shares at a potentially beneficial exercise price in November 2023.

I am truly delighted to see that our shareholders will be rewarded for their patience and trust in Richemont, as long as our share price remains above the exercise price of CHF 67 by 20 November 2023, and hope that they take up the offer before the deadline. The conversion of warrants into 'A' shares is not automatic. If warrant holders do not act, warrants will expire worthless. More details can be found on the Richemont website under Shareholder information.

## Sustainability compliance-driven approach

In June, we further progressed on our ESG agenda by publishing Richemont's first ESG report fully prepared in accordance with the Global Reporting Initiative's ('GRI') Standards, with increased GRI disclosures and 40 quantitative indicators independently assured by PwC. We have also extended our Speak Up platform to external stakeholders to enable them to voice their concerns, in line with the UN Guiding Principles for Business and Human Rights and the EU Whistleblower Directive.

I am pleased to report that Richemont received a 11.3 risk rating score for its 'low risk exposure' with a 'strong management' labelling from the ESG rating agency Sustainalytics. This rating positions the Group among the top 4% of more than 15 000 companies rated worldwide.

## Outlook

The period under review started strongly, beyond our expectations. However, growth eased in the second quarter as inflationary pressure, slowing economic growth and geopolitical tensions began to affect customer sentiment, compounded by strong comparatives. Consequently, we have seen a broad-based normalisation of market growth expectations across the industry. The positive news is that a soft-landing scenario seems to be prevailing in major economies with still higher growth expected from China, which should benefit from stimulus measures.

We have further reinforced the breadth and depth of the skillset both on our Senior Executive Committee and the Board. Our Maisons have continued to enhance their desirability and capabilities and increase proximity with their clients. Financial discipline has been maintained, enabling targeted investments and a further strengthening of our operations.

I would like to thank all the teams at Richemont for their contribution to a strong underlying performance in a volatile environment and ask them to remain agile and focused amid today's global uncertainties. Our solid balance sheet enables us to manage for the long term, investing in a discerning manner in talent, research & development, production, distribution and sustainability initiatives. I have every confidence in the long-term prospects of our Group.

**Johann Rupert**
**Chairman**

**Compagnie Financière Richemont SA**

# Financial review

Any long form references to Hong Kong, Macau and Taiwan within this Company Announcement are Hong Kong SAR, China; Macau SAR, China; and Taiwan, China, respectively.

Following the announcement in August 2022 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 six-months ended 30 September 2023, as well as the comparative period, are presented as ‘discontinued operations’.

Unless otherwise stated, all comments below relate to the results of the continuing operations.

## Sales

Sales from continuing operations for the six months ended 30 September 2023 grew by 6% compared to the prior period at actual exchange rates and by 12% at constant exchange rates.

Sales in all regions, with the exception of the Americas, rose compared to the prior period at actual exchange rates. Growth was led by Asia Pacific where sales rose by 14% fuelled by a 23% progression in mainland China, Hong Kong and Macau combined, following the removal of Covid-related restrictions at the start of the year and the related resumption of travel. Sales in the Americas contracted by 4%, particularly impacted by lower wholesale sales and a relatively weak US dollar over the period. With a 3% year-on-year sales increase, growth in Europe remained positive notwithstanding the demanding comparatives (+45%). The 2% growth in Japan, which follows a 66% sales growth in the prior-year period, reflects the continued return of tourism, notably from mainland Chinese, on the back of a weak yen.

Most channels recorded sales growth, with the Group’s directly-operated store network posting the strongest growth rate at 9% and now accounting for 69% of total sales. Although online retail sales, which exclude sales made by YNAP, declined by 7%, direct-to-client sales made up close to three quarters of Group sales. Sales in the wholesale channel grew by 1%, reflecting the positive performance in Asia Pacific.

Growth was led by the Jewellery Maisons, where sales increased by 10% compared to the prior-year period while sales at the Specialist Watchmakers were 3% lower. The ‘Other’ business area, including Watchfinder, declined by 1% while sales at our Fashion & Accessories Maisons were broadly in line with the prior-year period. ‘Discontinued operations’, comprising YNAP, recorded a 13% contraction in sales.

Further details on sales by region, distribution channel and business area are given in the review of operations.

## Gross profit

Compared to the prior year, gross profit from continuing operations increased by 5% to € 6 973 million, corresponding to a gross margin of 68.2% of sales.

This 70 basis point gross margin decrease reflects unfavourable foreign exchange movements, partially offset by the positive impact of targeted price increases and volume leverage, as well as a favourable channel and geographical mix.

## Operating profit

Operating profit for the six months ended 30 September 2023 decreased by 2% compared to the prior-year period to € 2 655 million. In an unsupportive environment, operating margin amounted to 26.0%. Profitability was significantly impacted by negative foreign exchange developments during the period. At constant exchange rates, operating profit grew by 15% to 28.5% of sales.

Operating expenses grew by 9% over the prior-year period, above the 6% sales progression rate. Selling and distribution expenses increased by 9%, amounting to 23.4% of sales in the current period compared to 22.8% a year ago, reflecting higher retail sales, larger retail operations in addition to inflation-driven operating cost increases. Communication expenses grew by 9% to support sales, most notably at the Jewellery Maisons, and represented 8.6% of sales, slightly above the 8.3% in the prior-year period. Increased salary costs, investments in technology and the strength of the Swiss franc compared to the euro contributed to the 16% increase in administrative expenses, which are primarily incurred in Swiss francs.

## Profit for the period

Profit for the period from continuing operations rose by 3% to € 2 160 million. The € 55 million increase in profit for the period reflected a € 150 million reduction in net finance costs to € 52 million (compared to € 202 million in the prior-year period). Net finance costs included foreign exchange losses of € 161 million on monetary items and non-cash fair value losses on the Group’s investments in the Farfetch convertible note and Farfetch China option, offset by gains on the Group’s hedging programme. Net interest income amounted to € 45 million, a € 63 million favourable variance over the prior-year period.

Results from discontinued operations represent the operating results of YNAP for the six-month period, as well as an additional € 527 million non-cash charge on the revaluation of YNAP’s net assets, classified as ‘held for sale’, to its fair value. This charge depends on several variables, mainly the listed share price of Farfetch Limited and the US dollar/euro foreign exchange rate at reporting date. It also takes into account the expected fair value of the shareholding that the Group will retain in YNAP. This charge is therefore subject to change before completion of the transaction.

Earnings per share (1 ‘A’ share/10 ‘B’ shares) amounted to € 2.601 on a diluted basis. Excluding YNAP, diluted earnings per share (1 ‘A’ share/10 ‘B’ shares) from continuing operations were € 3.725.

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the period ended 30 September 2023 was € 2 042 million (2022: € 1 930 million). Basic HEPS for the period were € 3.577 (2022: € 3.396); diluted HEPS for the period were € 3.520 (2022: € 3.357). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 10.3 of the Group's condensed consolidated interim financial statements.

### Cash flow

Cash flow generated from operating activities, including YNAP, increased to € 1 666 million compared to € 1 540 million in the prior-year period. Decreased operating profit was more than offset by lower investments in working capital.

Net investments in property, plant and equipment were 2% lower than in the prior-year period, and mostly focused on the renovation and expansion of the Group's directly operated stores network, together with the strategic expansion of manufacturing facilities in Switzerland and Italy and further investments in technology.

Cash outflows on the acquisition of subsidiaries relate to the acquisition of manufacturing facilities in Italy and France, in support of the Jewellery and Fashion & Accessories Maisons.

The 2023 ordinary dividend of CHF 2.50 per share (1 'A' share/10 'B' shares), and the special dividend of CHF 1.00 per share (1 'A' share/10 'B' shares) were paid to shareholders, net of withholding tax, in September. The overall dividend cash outflow in the period amounted to € 2 072 million.

The Group acquired 0.4 million 'A' shares during the six-month period to hedge executive stock options. The cost of these purchases was offset by proceeds from the exercise of stock options by executives and other activities related to the hedging programme, leading to a net inflow of € 83 million.

### Balance sheet

At 30 September 2023, the assets and liabilities of YNAP are classified as 'Assets of disposal groups held for sale' and 'Liabilities of disposal groups held for sale', respectively. The remainder of the balance sheet reflected only the assets and liabilities of the continuing operations.

Inventories of € 7 717 million, excluding YNAP, were € 621 million higher than at 31 March 2023, leading to a 17.5 months inventory rotation (September 2022: 15.5 months).

The Group's gross cash position at 30 September 2023 reached € 11 753 million while the Group's net cash position stood at € 5 785 million, a decrease of € 764 million compared to the position at 31 March 2023, largely explained by the dividend payment. The Group's net cash position is comprised of cash and cash equivalents, investments in externally managed bonds and money market funds as well as external borrowings, principally the € 5.9 billion euro-denominated corporate bonds.

Shareholders' equity represented 46% of total equity and liabilities in line with 31 March 2023.

### YNAP's performance

YNAP's performance is shown under 'Results from discontinued operations' which saw sales decline by 13% at actual exchange rates and by 10% at constant exchange rates.

# Review of operations

## Sales by region

| in €m | Six months to 30 September 2023 | Six months to 30 September 2022 | Change at Constant exchange rates* | Change at Actual exchange rates | Six months to 30 September 2023 % of sales |
|---|---|---|---|---|---|
| Europe | **2 253** | 2 181 | +5% | +3% | 22% |
| Asia Pacific | **4 262** | 3 755 | +23% | +14% | 42% |
| Americas | **2 118** | 2 203 | +1% | -4% | 21% |
| Japan | **824** | 807 | +13% | +2% | 8% |
| Middle East & Africa | **764** | 730 | +9% | +5% | 7% |
| | **10 221** | 9 676 | +12% | +6% | 100% |

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2023.

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 six-months to 30 September 2023, sales in Europe grew by 5% compared to the prior-year period, sustained by higher domestic demand and tourist spending, largely from American, Middle Eastern and, more recently, Chinese clients. Of particular note is the performance in Switzerland, with high single-digit sales growth over the period. Jewellery Maisons also drove sales growth.

Overall, the region maintained its contribution of 22% of Group sales.

### Asia Pacific

With a 23% year-on-year progression, Asia Pacific generated the strongest regional sales growth rate, driven by a 34% sales increase in mainland China, Hong Kong and Macau combined, following the removal of Covid-related restrictions at the beginning of the year and increasing travel flows across these three markets. This was complemented by double-digit growth in Thailand and Taiwan. This sharp growth was fuelled by all business areas.

With a 42% contribution to Group sales up from 39% in the prior-year period, Asia Pacific remained the Group's largest region in terms of sales.

### Americas

Sales in the Americas grew by 1% compared with the prior-year period, notwithstanding a significant level of purchases abroad by American-resident clients. Increases at the Jewellery Maisons and 'Other' business area offset lower sales by the Specialist Watchmakers.

The contribution of the Americas region to Group sales amounted to 21% compared to 23% in the prior-year period, nearly on par with Europe in terms of Group sales share.

### Japan

Sales in Japan grew by 13%, recording the second strongest regional performance, on the back of demanding comparatives. The strong performance was due to increased tourist spending, notably from mainland Chinese clients, partly favoured by a weak yen. All business areas contributed to this strong performance.

Japan represented 8% of overall sales, in line with the prior-year period.

### Middle East & Africa

Sales in the Middle East & Africa region were 9% higher than the prior-year period, driven by strong domestic and tourist spend, primarily in the United Arab Emirates. All business areas delivered sales growth.

The region represented 7% of Group sales, compared to 8% in the prior-year period.

## Sales by distribution channel

| in €m | Six months to 30 September 2023 | Six months to 30 September 2022 | Change at Constant exchange rates* | Change at Actual exchange rates | Six months to 30 September 2023 % of sales |
|---|---|---|---|---|---|
| Retail | **7 013** | 6 445 | +16% | +9% | 69% |
| Online retail | **566** | 608 | -2% | -7% | 5% |
| Wholesale and royalty income | **2 642** | 2 623 | +5% | +1% | 26% |
| | **10 221** | 9 676 | +12% | +6% | 100% |

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2023.

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.

### Retail

The retail channel incorporates sales from the Group's directly operated stores.

Retail sales again recorded the strongest relative performance, increasing by 16% compared to the prior-year period. This increase reflected growth in all business areas and regions, led by Asia Pacific.

Retail continued to be the largest contributor to Group sales with 1 313 directly operated boutiques generating 69% of Group sales, up from 67% in the prior-year period.

### Online retail

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

Online retail sales declined by 2% as higher sales at the Jewellery Maisons were more than offset by lower sales at the remaining business areas.

The contribution of online retail to Group sales amounted to 5% compared to 6% in the prior-year period.

### Wholesale and royalty income

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

Wholesale sales grew by 5% with double-digit growth for the Jewellery Maisons partially offset by declining sales at the Specialist Watchmakers. In terms of geographies, growth in wholesale sales reflected good performances in Asia Pacific and Japan.

The wholesale channel contributed 26% to Group sales versus 27% a year ago.

## Sales and operating result by business area

### Jewellery Maisons

| in €m | Six months to 30 September 2023 | Six months to 30 September 2022 | Change |
|---|---|---|---|
| Sales | **6 953** | 6 344 | +10% |
| Operating result | **2 468** | 2 354 | +5% |
| Operating margin | **35.5%** | 37.1% | -160 bps |

The Group's three Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels combined, generated a 10% year-on-year increase in sales (+16% at constant exchange rates), supported by growth in most distribution channels and most regions led by Asia Pacific.

The strong performance was broad-based across product categories from silverware at Buccellati to high jewellery at the Group's three Jewellery Maisons. Iconic jewellery collections significantly contributed along with other 'creative' offers such as *Clash* and *Grain de Café* (Cartier), *Fauna* and *Perlée* (Van Cleef & Arpels) and *Opera Tulle* and *Ramage* (Buccellati). In watches, the *Santos* and *Tank* (Cartier) and *Alhambra* (Van Cleef & Arpels) collections were highly sought after.

There were many store renovations over the six-month period, including Cartier in Atlanta and Van Cleef & Arpels in Hawaii. A number of store openings also took place and included a second Buccellati store in Seoul and the relocated Van Cleef & Arpels store at South Coast Plaza. Jewellery production capacity was enhanced with new facilities being built, acquired, or recently completed in Italy, France and Switzerland.

Higher sales and ongoing cost discipline, allowing for higher communication expenses to support sales, led to a 5% increase in operating result to € 2 468 million. Operating margin reached 35.5%. At constant exchange rates, operating profit rose by 20% with an operating margin improved by 120 basis points over the prior-year period.

### Specialist Watchmakers

| in €m | Six months to 30 September 2023 | Six months to 30 September 2022 | Change |
|---|---|---|---|
| Sales | **1 987** | 2 043 | -3% |
| Operating result | **391** | 506 | -23% |
| Operating margin | **19.7%** | 24.8% | -510 bps |

Sales at the Specialist Watchmakers, which comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin, were 3% lower than in the prior-year period (+3% at constant exchange rates). With continued internalisation of external points of sales, sales in directly operated stores rose by high single digits (double digits at constant exchange rates), strongly mitigating contractions in the other channels. As a result, direct-to-client sales increased to 59% of total Specialist Watchmakers' sales.

Performance was varied across the Maisons with a continued outperformance by A. Lange & Söhne and Vacheron Constantin. However, demand for Iconic collections remained resilient, in particular *Riviera* for Baume & Mercier, *Pilot's watches* for IWC, *Reverso* for Jaeger-LeCoultre, *Radiomir* for Panerai, *Polo* for Piaget and *Excalibur* for Roger Dubuis.

Store internalisations continued along with new store openings notably IWC at New York Hudson Yards and Panerai in Seoul, while store renovations included Piaget in Bangkok and Vacheron Constantin on Rodeo Drive, amongst others.

Significantly impacted by a strong Swiss franc, operating result contracted to € 391 million nonetheless generating a 19.7% operating margin. At constant exchange rates, operating profit declined by 1% and operating margin by 100 basis points to 23.0% over the prior-year period.

### Other

| in €m | Six months to 30 September 2023 | Six months to 30 September 2022 | Change |
|---|---|---|---|
| Sales | **1 281** | 1 289 | -1% |
| Operating result | **(6)** | 56 | -111% |
| Operating margin | **(0.5)%** | 4.3% | -480 bps |

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

Sales were 1% lower for the period with muted performance in most regions. Sales at the Fashion & Accessories Maisons were in line with the prior-year period (+5% at constant exchange rates) driven by retail and particularly strong performances at Alaïa, Delvaux and Peter Millar which offset softer performances at some other Maisons.

Worth highlighting are the robust performance of Alaïa's Summer Fall 23 collection by Peter Mulier and Montblanc's leather category with the successfully redesigned collections by Marco Tomasetta, the renewed appeal of dunhill menswear under the recent creative leadership of Simon Holloway following his positive impact at Purdey, and growing demand for the *Mosaico* collection at Serapian.

Store investments included new Delvaux stores in Malaysia and Saudi Arabia, 10 internalised stores at Chloé in South Korea and Montblanc's renovated stores in Düsseldorf and Yorkdale, Canada.

In addition, Watchfinder launched a third-party marketplace in the UK in April, expanding their product offer through carefully selected professional sellers.

Operating loss amounted to € 6 million for the business area while the Fashion & Accessories Maisons generated a € 25 million profit, leading to a 2% operating margin.

## Corporate costs

| in €m | Six months to 30 September 2023 | Six months to 30 September 2022 | Change |
|---|---|---|---|
| Corporate costs | **(188)** | (181) | +4% |
| Central support services | **(148)** | (141) | +5% |
| Other unallocated expenses, net | **(40)** | (40) | n/r |

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 segments. Most corporate costs are incurred in Switzerland. They increased by 4% compared to the prior-year period and represented less than 2% of Group sales.

The Group's consolidated financial statements of comprehensive income, cash flows and financial position as well as an overview of quarterly trading results are presented in the Appendix. Richemont's unaudited consolidated financial statements for the half year are available 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**

# Condensed consolidated balance sheet

| | Notes | 30 September 2023<br>€m | 31 March 2023<br>€m |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | | | |
| Property, plant and equipment | | **3 363** | 3 343 |
| Goodwill | | **662** | 610 |
| Other intangible assets | | **487** | 497 |
| Right of use assets | | **3 666** | 3 565 |
| Investment property | | **34** | 34 |
| Equity-accounted investments | | **626** | 599 |
| Deferred income tax assets | | **844** | 752 |
| Financial assets held at fair value through profit or loss | *17* | **228** | 289 |
| Financial assets held at fair value through other comprehensive income | *17* | **265** | 301 |
| Other non-current assets | | **574** | 529 |
| | | **10 749** | 10 519 |
| Current assets | | | |
| Inventories | | **7 717** | 7 096 |
| Trade receivables and other current assets | | **1 937** | 1 708 |
| Derivative financial instruments | *17* | **108** | 103 |
| Financial assets held at fair value through profit or loss | *17* | **7 807** | 7 401 |
| Assets of disposal group held for sale | *5* | **2 554** | 3 124 |
| Cash at bank and on hand | | **10 012** | 10 936 |
| | | **30 135** | 30 368 |
| Total assets | | **40 884** | 40 887 |
| | | | |
| **Equity and liabilities** | | | |
| Equity attributable to owners of the parent company | | | |
| Share capital | | **334** | 334 |
| Treasury shares | | **(222)** | (305) |
| Hedge and share option reserves | | **227** | 212 |
| Cumulative translation adjustment reserve | | **4 547** | 4 093 |
| Retained earnings | | **14 051** | 14 625 |
| | | **18 937** | 18 959 |
| Non-controlling interests | | **55** | 60 |
| Total equity | | **18 992** | 19 019 |
| | | | |
| **Liabilities** | | | |
| Non-current liabilities | | | |
| Borrowings | | **5 967** | 5 954 |
| Lease liabilities | | **3 316** | 3 239 |
| Deferred income tax liabilities | | **216** | 129 |
| Employee benefits obligations | | **64** | 65 |
| Provisions | | **75** | 90 |
| Other long-term financial liabilities | | **97** | 83 |
| | | **9 735** | 9 560 |
| Current liabilities | | | |
| Trade payables and other current liabilities | | **2 559** | 2 960 |
| Current income tax liabilities | | **733** | 861 |
| Borrowings | | **1** | 1 |
| Lease liabilities | | **688** | 644 |
| Derivative financial instruments | *17* | **70** | 7 |
| Provisions | | **195** | 201 |
| Liabilities of disposal groups held for sale | *5* | **1 845** | 1 801 |
| Bank overdrafts | | **6 066** | 5 833 |
| | | **12 157** | 12 308 |
| Total liabilities | | **21 892** | 21 868 |
| Total equity and liabilities | | **40 884** | 40 887 |

# Condensed consolidated income statement

| | Notes | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|---|
| Revenue | 6 | **10 221** | 9 676 |
| Cost of sales | | **(3 248)** | (3 009) |
| Gross profit | | **6 973** | 6 667 |
| Selling and distribution expenses | | **(2 393)** | (2 203) |
| Communication expenses | | **(877)** | (804) |
| Fulfilment expenses | | **(118)** | (117) |
| Administrative expenses | | **(909)** | (786) |
| Other operating expenses | 7 | **(21)** | (34) |
| Operating profit | | **2 655** | 2 723 |
| Finance costs | 8 | **(395)** | (372) |
| Finance income | 8 | **343** | 170 |
| Share of post-tax results of equity-accounted investments | | **26** | 38 |
| Profit before taxation | | **2 629** | 2 559 |
| Taxation | 9 | **(469)** | (454) |
| Profit for the period from continuing operations | | **2 160** | 2 105 |
| Loss for the period from discontinued operations | 5 | **(655)** | (2 871) |
| Profit/(loss) for the period | | **1 505** | (766) |
| | | | |
| Profit/(loss) attributable to: | | | |
| Owners of the parent company | | **1 509** | (760) |
| – continuing operations | | **2 161** | 2 107 |
| – discontinued operations | | **(652)** | (2 867) |
| Non-controlling interests | | **(4)** | (6) |
| | | **1 505** | (766) |
| Earnings per ‘A’ share/10 ‘B’ shares attributable to owners of the parent company during the period (expressed in € per share) | | | |
| From profit/(loss) for the period | | | |
| Basic | 10 | **2.643** | (1.337) |
| Diluted | 10 | **2.601** | (1.337) |
| From continuing operations | | | |
| Basic | 10 | **3.785** | 3.708 |
| Diluted | 10 | **3.725** | 3.665 |

# Consolidated statement of comprehensive income

| | Notes | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|---|
| Profit/(loss) for the period | | **1 505** | (766) |
| Other comprehensive income: | | | |
| Items that will never be reclassified to profit or loss | | | |
| Fair value changes on financial assets held at fair value through other comprehensive income | | **(43)** | (63) |
| | | **(43)** | (63) |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Currency translation adjustments | | | |
| – movement in the year | | **453** | 927 |
| Cash flow hedging – reclassification to profit or loss | | **2** | 2 |
| Share of other comprehensive income of equity-accounted investments | | **2** | 2 |
| | | **457** | 931 |
| Other comprehensive income, net of tax | | **414** | 868 |
| Total comprehensive income | | **1 919** | 102 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent company | | **1 924** | 106 |
| – continuing operations | | **2 559** | 2 968 |
| – discontinued operations | | **(635)** | (2 862) |
| Non-controlling interests | | **(5)** | (4) |
| | | **1 919** | 102 |

# Condensed consolidated statement of changes in equity

| | 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 2022 | | 334 | (478) | 149 | 3 728 | 16 081 | 19 814 | 49 | 19 863 |
| Comprehensive income | | | | | | | | | |
| Loss for the period | | – | – | – | – | (760) | (760) | (6) | (766) |
| Other comprehensive income | | – | – | 2 | 925 | (61) | 866 | 2 | 868 |
| | | – | – | 2 | 925 | (821) | 106 | (4) | 102 |
| Transactions with owners of the parent company recognised directly in equity | | | | | | | | | |
| Net changes in treasury shares | | – | 116 | – | – | – | 116 | – | 116 |
| Employee share-based compensation | | – | – | 48 | – | – | 48 | – | 48 |
| Tax on share-based compensation | | – | – | (13) | – | – | (13) | – | (13) |
| Reclassification to retained earnings | | – | – | (36) | – | 36 | – | – | – |
| Changes in non-controlling interests | | – | – | – | – | – | – | 9 | 9 |
| Dividends paid | *13* | – | – | – | – | (1 852) | (1 852) | – | (1 852) |
| | | – | 116 | (1) | – | (1 816) | (1 701) | 9 | (1 692) |
| Balance at 30 September 2022 | | 334 | (362) | 150 | 4 653 | 13 444 | 18 219 | 54 | 18 273 |
| **Balance at 1 April 2023** | | **334** | **(305)** | **212** | **4 093** | **14 625** | **18 959** | **60** | **19 019** |
| Comprehensive income | | | | | | | | | |
| Profit for the period | | **–** | **–** | **–** | **–** | **1 509** | **1 509** | **(4)** | **1 505** |
| Other comprehensive income | | **–** | **–** | **2** | **454** | **(41)** | **415** | **(1)** | **414** |
| | | **–** | **–** | **2** | **454** | **1 468** | **1 924** | **(5)** | **1 919** |
| Transactions with owners of the parent company recognised directly in equity | | | | | | | | | |
| Net changes in treasury shares | | **–** | **83** | **–** | **–** | **(3)** | **80** | **–** | **80** |
| Employee share-based compensation | | **–** | **–** | **53** | **–** | **–** | **53** | **–** | **53** |
| Tax on share-based compensation | | **–** | **–** | **(7)** | **–** | **–** | **(7)** | **–** | **(7)** |
| Reclassification to retained earnings | | **–** | **–** | **(33)** | **–** | **33** | **–** | **–** | **–** |
| Dividends paid | *13* | **–** | **–** | **–** | **–** | **(2 072)** | **(2 072)** | **–** | **(2 072)** |
| | | **–** | **83** | **13** | **–** | **(2 042)** | **(1 946)** | **–** | **(1 946)** |
| **Balance at 30 September 2023** | | **334** | **(222)** | **227** | **4 547** | **14 051** | **18 937** | **55** | **18 992** |

# Condensed consolidated statement of cash flows

| | Notes | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating profit from continuing operations | | **2 655** | 2 723 |
| Operating loss from discontinued operations | 5 | **(603)** | (2 863) |
| Adjustment for non-cash items | *11* | **1 273** | 3 518 |
| Changes in working capital | *11* | **(1 091)** | (1 335) |
| Cash flow generated from operations | | **2 234** | 2 043 |
| Interest received | | **191** | 70 |
| Interest paid | | **(193)** | (110) |
| Dividends from equity-accounted investments | | **1** | 2 |
| Taxation paid | | **(567)** | (465) |
| Net cash generated from operating activities | | **1 666** | 1 540 |
| **Cash flows from investing activities** | | | |
| Acquisition of subsidiary undertakings and other businesses, net of cash acquired | *18* | **(29)** | (45) |
| Acquisition of equity-accounted investments | | **–** | (330) |
| Acquisition of property, plant and equipment | | **(309)** | (324) |
| Proceeds from disposal of property, plant and equipment | | **1** | 10 |
| Acquisition of intangible assets | | **(69)** | (53) |
| Payments capitalised as right of use assets | | **(11)** | – |
| Investment in money market and externally managed funds | | **(10 066)** | (6 629) |
| Proceeds from disposal of money market and externally managed funds | | **9 822** | 6 790 |
| Acquisition of other non-current assets and investments | | **(46)** | (27) |
| Proceeds from disposal of other non-current assets and investments | | **6** | 10 |
| Net cash used in investing activities | | **(701)** | (598) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **7** | 2 |
| Repayment of borrowings | | **–** | (1) |
| Dividends paid | *13* | **(2 072)** | (1 851) |
| Acquisition of treasury shares | | **(54)** | – |
| Proceeds from sale of treasury shares | | **137** | 116 |
| Contribution received from non-controlling interests | | **–** | 9 |
| Lease payments – principal | | **(372)** | (348) |
| Net cash used in financing activities | | **(2 354)** | (2 073) |
| **Net change in cash and cash equivalents** | | **(1 389)** | (1 131) |
| Cash and cash equivalents at the beginning of the period | | **4 636** | 4 568 |
| Exchange (losses)/gains on cash and cash equivalents | | **(13)** | 247 |
| **Cash and cash equivalents at the end of the period** | *12* | **3 234** | 3 684 |

# Notes to the condensed consolidated interim financial statements
at 30 September 2023

## 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 incorporated in Switzerland and 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. Prior to April 2023, Depository Receipts ('DRs') in respect of Richemont shares were traded on the Johannesburg Stock Exchange operated by JSE Limited. This programme was terminated in April 2023. On 19 April 2023, the Company's 'A' shares became listed on the Johannesburg Stock Exchange as a secondary listing. Corporate bonds issued by a subsidiary of the Company are listed on the Luxembourg Stock Exchange.

These unaudited condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 9 November 2023.

## 2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with International Accounting Standard ('IAS') 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2023, which were prepared in accordance with International Financial Reporting Standards ('IFRS').

### 2.1. Discontinued operations

On 23 August 2022, the Group announced that it had reached an agreement with Farfetch Limited ('Farfetch') and Symphony Global ('Alabbar') to sell its controlling shareholding in YNAP. Following completion of anti-trust procedures, which are expected to complete before the end of the calendar year 2023, YNAP will no longer be consolidated as a subsidiary undertaking. In accordance with IFRS 5, the assets and liabilities of YNAP are classified as Held for Sale and its results for the year are presented as Discontinued Operations. Further details of this transaction and the implications for the Group's financial statements can be found in note 5.

### 2.2. Critical accounting estimates and judgments

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

## 3. Accounting policies

The accounting policies adopted are consistent with those described in the consolidated financial statements for the year ended 31 March 2023. Changes to IFRSs effective for the financial year ending 31 March 2024 do not have a material impact on the Group. During the period the Group has applied the temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules, as per IAS 12.

### New standards and interpretations not yet adopted

Certain new accounting standards and amendments, issued by the IASB, are not yet effective and have not yet been adopted by the Group. None are expected to have a significant impact on the financial statements of the Group.

## 4. 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 the following business areas for reporting purposes:

- **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.

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 of the Maisons.

Other operating segments include Alaïa, AZ Factory, Chloé, Delvaux, dunhill, Montblanc, Peter Millar, Purdey, Serapian, Watchfinder, investment property companies and other manufacturing entities. None of these segments meets the quantitative thresholds for determining reportable segments.

Further details of the results of YNAP for the period can be found in note 5.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments, clothing and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional platforms 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.

# Notes to the condensed consolidated interim financial statements
at 30 September 2023

## 4. Segment information continued

### (a) Information on reportable segments continued

Performance measurement is based on segment contribution before corporate costs, 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:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Jewellery Maisons | **6 953** | 6 344 |
| Specialist Watchmakers | **1 987** | 2 043 |
| Other | **1 281** | 1 289 |
| | **10 221** | 9 676 |

The results by business area are as follows:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| **Operating result** | | |
| Jewellery Maisons | **2 468** | 2 354 |
| Specialist Watchmakers | **391** | 506 |
| Other | **(6)** | 56 |
| | **2 853** | 2 916 |
| Impact of valuation adjustments from acquisitions | **(10)** | (12) |
| Corporate costs | **(188)** | (181) |
| Operating profit | **2 655** | 2 723 |
| Finance costs | **(395)** | (372) |
| Finance income | **343** | 170 |
| Share of post-tax results of equity-accounted investments | **26** | 38 |
| Profit before taxation | **2 629** | 2 559 |
| Taxation | **(469)** | (454) |
| Profit for the period from continuing operations | **2 160** | 2 105 |

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| **Depreciation and amortisation costs included within the segment operating results** | | |
| Jewellery Maisons | **357** | 319 |
| Specialist Watchmakers | **137** | 131 |
| Other | **109** | 108 |
| Unallocated | **89** | 99 |
| | **692** | 657 |

In the six-month period ended 30 September 2023, impairment charges were included within Jewellery Maisons segment of € 6 million (2022: € 1 million included within unallocated corporate costs).

## 4. Segment information continued

### (a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

| | At 30 September 2023 €m | At 31 March 2023 €m |
|---|---|---|
| **Segment assets** | | |
| Jewellery Maisons | **5 158** | 4 736 |
| Specialist Watchmakers | **2 145** | 2 004 |
| Other | **1 413** | 1 208 |
| | **8 716** | 7 948 |

| | At 30 September 2023 €m | At 31 March 2023 €m |
|---|---|---|
| Total segment assets | **8 716** | 7 948 |
| Non-current assets | **10 749** | 10 519 |
| Current financial assets at fair value through profit or loss | **7 807** | 7 401 |
| Other receivables | **938** | 856 |
| Derivative financial instruments | **108** | 103 |
| Cash at bank and on hand | **10 012** | 10 936 |
| Assets of disposal groups held for sale | **2 554** | 3 124 |
| Total assets | **40 884** | 40 887 |

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Additions to non-current assets: | | |
| Property, plant and equipment, other intangible assets and investment property | | |
| Jewellery Maisons | **186** | 202 |
| Specialist Watchmakers | **63** | 37 |
| Other | **31** | 34 |
| Unallocated | **22** | 61 |
| | **302** | 334 |

## 4. Segment information continued

### (b) Information about geographical areas

Each operating segment operates on a worldwide basis. External revenue presented in the four main geographical areas where the Group's operating segments operate are as follows:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Europe | **2 253** | 2 181 |
| France | **531** | 509 |
| United Kingdom | **369** | 393 |
| Switzerland | **312** | 283 |
| Italy | **309** | 292 |
| Other Europe | **732** | 704 |
| Middle East & Africa | **764** | 730 |
| United Arab Emirates | **477** | 382 |
| Other Middle East & Africa | **287** | 348 |
| Asia | **5 086** | 4 562 |
| China, including Hong Kong SAR and Macau SAR | **2 866** | 2 332 |
| *– of which mainland China* | ***1 975*** | *1 928* |
| *– of which Hong Kong SAR and Macau SAR* | ***891*** | *404* |
| Japan | **824** | 807 |
| South Korea | **526** | 555 |
| Other Asia | **870** | 868 |
| Americas | **2 118** | 2 203 |
| United States | **1 818** | 1 903 |
| Other Americas | **300** | 300 |
| | **10 221** | 9 676 |

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:

| | At 30 September 2023 €m | At 31 March 2023 €m |
|---|---|---|
| Switzerland | **2 090** | 2 051 |
| United States | **1 580** | 1 537 |
| France | **1 393** | 1 307 |
| Italy | **1 076** | 967 |
| United Kingdom | **499** | 491 |
| Rest of the world | **2 603** | 2 674 |
| | **9 241** | 9 027 |

Segment assets are allocated based on the physical location of the asset. In the case of equity-accounted investments, the allocation of the asset is determined by the location of the shareholding.

## 4. Segment information continued

### (c) Information about products

External revenue by product is as follows:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Jewellery | **5 202** | 4 661 |
| Watches | **3 598** | 3 589 |
| Clothing | **379** | 403 |
| Leather goods and accessories | **511** | 467 |
| Writing instruments | **212** | 233 |
| Other | **319** | 323 |
| | **10 221** | 9 676 |

## 5. Assets and disposal group held for sale and discontinued operations

On 24 August 2022, the Group announced that it has entered into a binding agreement, subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling interest in YNAP. Farfetch and Alabbar will acquire a 47.5% and 3.2% stake, respectively, making YNAP a neutral platform with no controlling shareholder.

Upon completion of the sale of 47.5% of YNAP's share capital to Farfetch, Richemont will receive 53.0-58.5 million Farfetch Class 'A' ordinary shares. The Group will also receive US$ 250 million (expected to be settled in Farfetch Class 'A' ordinary shares, using the then current 60-day Volume Weighted Average Price) on the fifth anniversary of completion of the initial stage of the transaction. Alabbar, Richemont and YNAP's long-standing partner in the Gulf States, will also become a shareholder in YNAP, acquiring a 3.2% interest in YNAP in exchange for its shares in the joint venture with YNAP in the Gulf Cooperation Council region. The potential second and final stage of the transaction provides for Farfetch to increase its ownership of YNAP's share capital to 100% through a put and call option mechanism.

Management expects the sale to be completed by the end of the year, following completion of conditions that Richemont and Farfetch are working towards fulfilling. The business meets the criteria of IFRS 5 to be classified as held for sale and, as it is considered to be a separate major line of business, it is reported as a discontinued operation.

The results of the discontinued operations included in profit for the year are set out below.

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Revenue | **1 076** | 1 241 |
| Expenses | **(1 152)** | (1 409) |
| Loss on write-down of net assets to fair value | **(527)** | (2 695) |
| Operating loss | **(603)** | (2 863) |
| Finance costs | **(18)** | (15) |
| Finance income | **3** | 1 |
| Loss before taxation | **(618)** | (2 877) |
| Taxation | **(37)** | 6 |
| Loss for the period from discontinued operations | **(655)** | (2 871) |

The net assets of the disposal group held for sale have been measured at the estimated fair value less cost to sell at the reporting date, resulting in a charge of € 527 million. The fair value is based on the estimated sale proceeds, including both a cash element and listed shares of Farfetch Limited, and also takes into account the expected fair value of the shareholding which the Group will retain in YNAP. The market value of Farfetch Limited shares at 30 September 2023 was US$ 2.09 (€ 1.98) per share.

# Notes to the condensed consolidated interim financial statements
at 30 September 2023

## 5. Assets and disposal group held for sale and discontinued operations continued

The cumulative income or (expense) recognised in Other Comprehensive Income in relation to the disposal group is as follows:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Currency translation adjustments | **15** | 6 |
| Cumulative income recognised in Other Comprehensive Income | **15** | 6 |

Cash flows from/(used in) discontinued operations are as follows:

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Net cash used in operating activities | **(181)** | (90) |
| Net cash used in investing activities | **(45)** | (33) |
| Net cash used in financing activities | **(20)** | (14) |
| | **(246)** | (137) |

The major classes of assets and liabilities of the disposal group are as follows:

| | At 30 September 2023 €m | At 31 March 2023 €m |
|---|---|---|
| Property, plant and equipment | **167** | 162 |
| Other intangible assets | **705** | 1 179 |
| Right of use assets | **169** | 205 |
| Deferred tax assets | **21** | 54 |
| Other non-current assets | **3** | 2 |
| Inventories | **1 150** | 1 082 |
| Trade and other receivables | **169** | 170 |
| Cash and cash equivalents | **170** | 270 |
| | **2 554** | 3 124 |
| Provisions | **(73)** | (66) |
| Deferred tax liabilities | **(174)** | (179) |
| Current tax liabilities | **(4)** | (7) |
| Lease liabilities | **(133)** | (194) |
| Trade and other payables | **(579)** | (616) |
| Other non-current liabilities | **–** | (2) |
| Bank overdrafts | **(882)** | (737) |
| | **(1 845)** | (1 801) |

## 6. Revenue

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Revenue from contracts with customers | **10 186** | 9 646 |
| Royalty income | **35** | 30 |
| | **10 221** | 9 676 |

Analysis of revenue by geographical area and by operating segment is as follows:

| Six months to 30 September 2023 | Asia €m | Europe €m | Americas €m | Japan €m | Middle East & Africa €m | Total €m |
|---|---|---|---|---|---|---|
| Jewellery Maisons | **2 938** | **1 427** | **1 391** | **621** | **576** | **6 953** |
| Specialist Watchmakers | **1 056** | **411** | **258** | **133** | **129** | **1 987** |
| Other | **268** | **415** | **469** | **70** | **59** | **1 281** |
| | **4 262** | **2 253** | **2 118** | **824** | **764** | **10 221** |

| Six months to 30 September 2022 | Asia €m | Europe €m | Americas €m | Japan €m | Middle East & Africa €m | Total €m |
|---|---|---|---|---|---|---|
| Jewellery Maisons | 2 433 | 1 333 | 1 428 | 605 | 545 | 6 344 |
| Specialist Watchmakers | 1 059 | 420 | 311 | 127 | 126 | 2 043 |
| Other | 263 | 428 | 464 | 75 | 59 | 1 289 |
| | 3 755 | 2 181 | 2 203 | 807 | 730 | 9 676 |

## 7. Other operating (expenses)/income

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Royalty expenses | **(3)** | (2) |
| Investment property rental income | **1** | 1 |
| Investment property costs | **–** | (2) |
| Amortisation of intangible assets and inventory adjustments recognised on acquisition | **(13)** | (15) |
| Other (expenses)/income | **(6)** | (16) |
| | **(21)** | (34) |

# Notes to the condensed consolidated interim financial statements
## at 30 September 2023

### 8. Finance costs and income

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Finance costs: | | |
| Interest expense: | | |
| – bank borrowings | **(108)** | (35) |
| – corporate bond | **(47)** | (47) |
| – other financial expenses | **(6)** | (11) |
| – lease liabilities | **(46)** | (35) |
| Net foreign exchange losses on monetary items | **(161)** | – |
| Mark-to-market adjustment in respect of hedging activities | **–** | (81) |
| Net loss on financial instruments at fair value through profit or loss | **(27)** | (163) |
| Finance costs | **(395)** | (372) |
| Finance income: | | |
| Interest income: | | |
| – from financial assets at amortised cost (including bank and other deposits) | **181** | 56 |
| – from financial assets held at fair value through profit or loss | **24** | 18 |
| – other financial income | **1** | 1 |
| Mark-to-market adjustment in respect of hedging activities | **137** | – |
| Net foreign exchange gains on monetary items | **–** | 95 |
| Finance income | **343** | 170 |
| Net finance (costs)/income | **(52)** | (202) |

### 9. Taxation

Income tax expense is recognised based on management's best estimate of the annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, based on circumstances and available information at the reporting date. The effective tax rate for the period ended 30 September 2023 was 18.0% (2022: 18.0%).

### 10. Earnings per share

#### 10.1. 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 period, 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.

| | Six months to 30 September 2023 | Six months to 30 September 2022 |
|---|---|---|
| Profit from continuing operations attributable to owners of the parent company (€ millions) | **2 161** | 2 107 |
| Loss from discontinued operations attributable to owners of the parent company (€ millions) | **(652)** | (2 867) |
| Total (loss)/profit attributable to owners of the parent company (€ millions) | **1 509** | (760) |
| Weighted average number of shares in issue (millions) | **570.9** | 568.3 |
| Basic earnings per share from continuing operations | **3.785** | 3.708 |
| Basic earnings per share from discontinued operations | **(1.142)** | (5.045) |
| Total basic earnings per 'A' share/10 'B' shares | **2.643** | (1.337) |

## 10. Earnings per share continued

### 10.2. 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 market share price of the Company’s shares for the period) 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 period ended 30 September 2023, all instruments are dilutive and so none are excluded from the calculation of diluted earnings per share from continuing operations (2022: all instruments were dilutive). For the calculation of loss per share from discontinued operations and total loss per share for the prior period, none of the Group’s potential shares are considered dilutive.

| | Six months to 30 September 2023 | Six months to 30 September 2022 |
|---|---|---|
| Profit from continuing operations attributable to owners of the parent company (€ millions) | **2 161** | 2 107 |
| Loss from discontinued operations attributable to owners of the parent company (€ millions) | **(652)** | (2 867) |
| Total (loss)/profit attributable to the owners of the parent company (€ millions) | **1 509** | (760) |
| Weighted average number of shares in issue (millions) | **570.9** | 568.3 |
| Adjustment for dilutive potential ordinary shares (millions) | **9.2** | 6.6 |
| Weighted average number of shares for diluted earnings per ‘A’ share/10 ‘B’ shares (millions) | **580.1** | 574.9 |
| Diluted earnings per share from continuing operations | **3.725** | 3.665 |
| Diluted earnings per share from discontinued operations | **(1.142)** | (5.045) |
| Total diluted earnings per ‘A’ share/10 ‘B’ shares | **2.601** | (1.337) |

### 10.3. 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 Johannesburg Stock Exchange listing requirements.

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Profit attributable to owners of the parent company | **1 509** | (760) |
| (Gain)/loss on disposal of non-current assets | **1** | (6) |
| Impairment of non-current assets | **5** | 1 |
| Write-down of assets to held for sale | **527** | 2 695 |
| Headline earnings | **2 042** | 1 930 |

| | 2023 millions | 2022 millions |
|---|---|---|
| Weighted average number of shares: | | |
| – Basic | **570.9** | 568.3 |
| – Diluted | **580.1** | 574.9 |
| | € per share | € per share |
| Headline earnings per ‘A’ share/10 ‘B’ shares: | | |
| – Basic | **3.577** | **3.396** |
| – Diluted | **3.520** | **3.357** |

## 11. Cash flow from operating activities

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Depreciation of property, plant and equipment | **279** | 272 |
| Depreciation of right of use assets | **369** | 373 |
| Amortisation of other intangible assets | **44** | 145 |
| Impairment of right of use assets | **6** | – |
| Loss on disposal of property, plant and equipment | **1** | (6) |
| Profit on lease remeasurement | **(6)** | (8) |
| Increase in non-current provisions | **4** | 5 |
| Decrease in retirement benefit obligations | **(4)** | – |
| Loss on write-down of net assets transferred to held for sale | **527** | 2 695 |
| Other non-cash items | **53** | 42 |
| Adjustments for non-cash items | **1 273** | 3 518 |

| | Six months to 30 September 2023 €m | Six months to 30 September 2022 €m |
|---|---|---|
| Increase in inventories | **(498)** | (702) |
| Increase in trade receivables | **(142)** | (258) |
| (Increase)/decrease in other current assets | **(104)** | 35 |
| Decrease in current liabilities | **(437)** | (267) |
| Increase in assets and liabilities of disposal groups held for sale | **(102)** | (62) |
| Decrease in other long-term liabilities | **(4)** | (3) |
| Cash inflow/(outflow) on derivative financial instruments | **196** | (78) |
| Changes in working capital | **(1 091)** | (1 335) |

## 12. Cash and cash equivalents

| | At 30 September 2023 €m | At 30 September 2022 €m |
|---|---|---|
| Cash at bank and on hand | **10 012** | 9 762 |
| Bank overdrafts | **(6 066)** | (5 807) |
| Cash at bank and on hand within Assets of disposal groups held for sale (note 5) | **170** | 208 |
| Bank overdrafts within Liabilities of disposal groups held for sale (note 5) | **(882)** | (479) |
| | **3 234** | 3 684 |

## 13. Dividends

On 6 September 2023 shareholders approved a dividend of CHF 2.50 per ‘A’ share and CHF 0.25 per ‘B’ share (2022: CHF 2.25 and CHF 0.225, respectively), as well as an exceptional dividend of CHF 1.00 per ‘A’ share and CHF 0.10 per ‘B’ share (2022: CHF 1.00 per ‘A’ share and CHF 0.10 per ‘B’ share).

## 14. Financial commitments and contingent liabilities

At 30 September 2023, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material losses will arise.

The Group's commitments for lease agreements which had not yet commenced at the balance sheet date amounted to € 228 million (31 March 2023: € 288 million). Commitments to purchase items of plant, property and equipment amounted to € 264 million (31 March 2023: € 190 million).

## 15. Related-party transactions

There have been no significant changes in the nature and magnitude of the related-party transactions and relationships during the period.

Full details of related-party transactions will be included in the 2024 annual consolidated financial statements.

## 16. Share-based payments

### Restricted share units ('RSUs')

The Group has a share-based compensation plan under which executives are awarded RSUs. Awards under this plan vest over periods of three to five years from the date of grant. The executive must remain in the Group's employment until vesting. On vesting, the executive will receive 'A' shares 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 'PSUs'). Executives are not entitled to dividends during the vesting period.

### Equity-settled share option plan

Previously, the Group also had a long-term share-based compensation plan whereby executives were 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 five 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. No awards have been made under this plan since the year ended 31 March 2021.

### Awards during the period

Awards of 584 600 RSU and 186 906 PSU were made during the period (2022: 738 245 RSU and 279 431 PSU).

The fair value of 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. Following the AGM in September 2023, the award date values of PSU in April and June 2022 of CHF 115.66 and CHF 104.61, respectively, were revalued at CHF 112.04.

# Notes to the condensed consolidated interim financial statements
## at 30 September 2023

### 17. Financial instruments: Fair values and risk management

The Group's financial risk management objectives and policies are consistent with those described in the consolidated financial statements for the year ended 31 March 2023.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the IFRS fair value hierarchy.

| | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| 30 September 2023 | 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 | **3** | – | – | – | **3** | – | – | **3** | **3** |
| Listed investments | – | **265** | – | – | **265** | **265** | | | **265** |
| Unlisted investments | **225** | – | – | – | **225** | – | **220** | **5** | **225** |
| Non-current assets held at fair value | **228** | **265** | – | – | **493** | | | | |
| Investments in externally managed funds | **6 644** | – | – | – | **6 644** | **6 644** | | | **6 644** |
| Investments in money market funds | **1 163** | – | – | – | **1 163** | | **1 163** | | **1 163** |
| Derivative financial instruments | **108** | – | – | – | **108** | | **108** | | **108** |
| Current assets held at fair value | **7 915** | – | – | – | **7 915** | | | | |
| | **8 143** | **265** | – | – | **8 408** | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Non-current loans and receivables | – | – | **25** | – | **25** | | | | |
| Non-current lease deposits | – | – | **145** | – | **145** | | | | |
| Trade and other receivables | – | – | **1 488** | – | **1 488** | | | | |
| Cash and cash equivalents | – | – | **10 012** | – | **10 012** | | | | |
| | – | – | **11 670** | – | **11 670** | | | | |
| Financial liabilities measured at fair value | | | | | | | | | |
| Derivatives | **(70)** | – | – | – | **(70)** | | **(70)** | | **(70)** |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Fixed rate borrowings | – | – | – | **(5 968)** | **(5 968)** | **(5 065)** | | | **(5 065)** |
| Lease liabilities | – | – | – | **(4 004)** | **(4 004)** | | | | |
| Other non-current financial liabilities | – | – | – | **(98)** | **(98)** | | | | |
| Trade and other payables | – | – | – | **(2 308)** | **(2 308)** | | | | |
| Bank overdrafts | – | – | – | **(6 066)** | **(6 066)** | | | | |
| | – | – | – | **(18 444)** | **(18 444)** | | | | |

Unlisted investments at 30 September 2023 include an investment in a convertible note issued by Farfetch Limited. Non-current derivative financial instruments relates to the Farfetch China option.

## 17. Financial instruments: Fair values and risk management continued

| | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2023** | 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 | 15 | – | – | – | 15 | – | – | 15 | 15 |
| Listed investments | – | 301 | – | – | 301 | 301 | | | 301 |
| Unlisted investments | 274 | – | – | – | 274 | | 269 | 5 | 274 |
| Non-current assets held at fair value | 289 | 301 | – | – | 590 | | | | |
| Investments in externally managed funds | 6 262 | – | – | – | 6 262 | 6 262 | | | 6 262 |
| Investments in money market funds | 1 139 | – | – | – | 1 139 | | 1 139 | | 1 139 |
| Derivative financial instruments | 103 | – | – | – | 103 | | 103 | | 103 |
| Current assets held at fair value | 7 504 | – | – | – | 7 504 | | | | |
| | 7 793 | 301 | – | – | 8 094 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Non-current loans and receivables | – | – | 15 | – | 15 | | | | |
| Non-current lease deposits | – | – | 135 | – | 135 | | | | |
| Trade and other receivables | – | – | 1 234 | – | 1 234 | | | | |
| Cash and cash equivalents | – | – | 10 936 | – | 10 936 | | | | |
| | – | – | 12 320 | – | 12 320 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Derivatives | (7) | – | – | – | (7) | | (7) | | (7) |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Fixed rate borrowings | – | – | – | (5 955) | (5 955) | (5 178) | | | (5 178) |
| Lease liabilities | – | – | – | (3 883) | (3 883) | | | | |
| Other non-current financial liabilities | – | – | – | (83) | (83) | | | | |
| Trade and other payables | – | – | – | (2 693) | (2 693) | | | | |
| Bank overdrafts | – | – | – | (5 833) | (5 833) | | | | |
| | (7) | – | – | (18 447) | (18 447) | | | | |

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 listed investments and investments in externally managed funds made up of listed bonds.

The euro, Swiss franc and US dollar-denominated externally managed funds are mandated to invest in Sovereign, Supranational & Agency ('SSA') bonds. The weighted average rating is AA+ and the weighted average maturity is 222 days.

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; and
- the Farfetch convertible note 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$ 2.09 (31 March 2023: US$ 4.91), the risk-free rate of 4.9% (31 March 2023: 4.9%) and the expected volatility of the underlying equity instrument of 70.5% (31 March 2023: 70.0%). The value of the underlying bond is determined using a discounted cash flow model with a credit spread of 4.8% (31 March 2023: -0.4%). As the note is convertible at any time into Farfetch Limited shares, its valuation is closely correlated to the evolution of the Farfetch Limited share price.

## 17. Financial instruments: Fair values and risk management continued

### Valuation techniques continued

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 average maturity is 60 days. These instruments are included in Level 2.

Level 3 financial instruments consist of the Farfetch China option, together with numerous relatively small investments in unlisted equities. Specific valuation techniques used 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 shares on the date of the valuation of US$ 2.09 (31 March 2023: US$ 4.91), the risk-free rate of 4.9% (31 March 2023: 3.8%) and the expected volatility of the underlying equity instrument of 70.5% (31 March 2023: 70.0%). The strike price of the option is derived from the value of the underlying investment in Farfetch China, which is determined using a discounted cash flow model. This model includes ten years of cash flows, based on the long-term nature of the investment, and assumes sales growth of between 5% and 25% per annum and a terminal growth rate of 2.1%, with operating margins growing steadily over the period. The discount rate used in the valuation is 10.7%. As the option is convertible in the future into Farfetch Limited shares, its valuation is also closely correlated to the evolution of the Farfetch Limited share price.

Movements in Level 3 financial instruments during the period are set out below:

| | €m |
|---|---|
| At 1 April 2022 | 52 |
| Exchange adjustments | 2 |
| Unrealised losses recognised in net finance costs | (34) |
| 31 March 2023 | **20** |
| Exchange adjustments | **–** |
| Unrealised losses recognised in net finance costs | **(12)** |
| At 30 September 2023 | **8** |

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 processes 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 a discounted cash flow model, as described above. A plus/(minus) 5% change in the fair value of this investment would lead to a (minus)/plus 5.5% change in the fair value of the option (€ 0.2 million).

### Hedging activities

Cash flow hedge accounting was applied to a euro-denominated interest rate swap contract, which was used to hedge the Group's corporate bond issue in 2018 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.

## 18. Business combinations

During the period, the Group completed several business combinations, including the following manufacturing entities:

- 33% of the share capital of manufacturing entities specialising in the manufacture of jewellery in France, acquired in April 2023; and
- 85% of a textile manufacturer based in Italy, acquired in September 2023.

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.

The acquisition of Gianvito Rossi, a shoemaking Maison based in Italy, which was announced in July 2023, is not included in the table below, as completion remains subject to certain conditions, including regulatory approvals. The Group expects that the acquisition will be completed before 31 March 2024.

| | Total<br>€m |
|---|---|
| Property, plant and equipment | **5** |
| Right of use assets | **14** |
| Inventories | **9** |
| Cash and cash equivalents | **14** |
| Trade and other receivables | **13** |
| Trade and other payables | **(14)** |
| Borrowings | **(3)** |
| Retirement benefit liability | **(1)** |
| Lease liabilities | **(14)** |
| Non-current liabilities | **(1)** |
| Net assets acquired | **22** |
| | |
| Fair value of net assets acquired | **22** |
| Goodwill | **43** |
| Total consideration | **65** |
| Consideration deferred to future periods | **(23)** |
| Purchase consideration – cash paid | **42** |
| Cash and cash equivalents acquired | **(14)** |
| Payment of amounts deferred in prior periods | **1** |
| Cash outflow on acquisitions | **29** |

The fair value of both these assets and the total purchase consideration is provisional, pending finalisation of valuation work and any purchase price adjustments. Goodwill represents certain intangible assets that do not qualify for separate recognition, including an integrated workforce and technical know-how in terms of design and creation. None of the goodwill is expected to be deductible for tax purposes.

Goodwill of € 28 million recognised during the period is not yet allocated to CGUs, as the related transaction was completed in September 2023 and valuation work is ongoing. The allocation will be completed by 31 March 2024. It is expected that the goodwill will be fully allocated to the 'Other' business area for segmental reporting. The remaining goodwill recognised during the period has been allocated to the Jewellery Maisons.

Non-controlling interests, recognised to the extent that the risks and rewards of ownership remain with the non-controlling interest, are measured as a percentage of the net assets of the acquiree.

Acquisition-related transaction costs of € 0.2 million were expensed in the six-months ended 30 September 2023 as other expenses.

**Deferred consideration**

During the period, deferred consideration of € 23 million was recognised as a result of the acquisitions described above, some of which is contingent on future performance. At 30 September 2023, the Group has a provision for deferred consideration of € 23 million (31 March 2023: € 1 million).

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## at 30 September 2023

### 19. Events after the balance sheet date

On 23 October 2023, it was announced that the European Commission ('EC') had unconditionally cleared the acquisition by Farfetch of a 47.5% stake in 'YNAP' in exchange for the issuance of Farfetch Class 'A' ordinary shares to Richemont. The EC was the last regulatory authority required to provide clearance. Completion remains subject to certain other conditions that Richemont and Farfetch are working towards fulfilling.

# Exchange rates

The results of the Group's subsidiaries which do not report in euros have been translated at the following average rates of exchange against the euro. The balance sheets of those subsidiaries have been translated into euros at the closing rates set out below.

### Exchange rates against the euro

| | Six months to 30 September 2023 | Six months to 30 September 2022 |
|---|---|---|
| Average | | |
| United States dollar | **1.09** | 1.04 |
| Chinese renminbi | **7.76** | 6.96 |
| Japanese yen | **153** | 139 |
| Swiss franc | **0.97** | 1.00 |

| | 30 September 2023 | 31 March 2023 |
|---|---|---|
| Closing | | |
| United States dollar | **1.06** | 1.09 |
| Chinese renminbi | **7.72** | 7.46 |
| Japanese yen | **158** | 144 |
| Swiss franc | **0.97** | 0.99 |

# Statutory information

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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).

The closing price of the Richemont 'A' share on 29 September 2023 was CHF 112.00 and the market capitalisation of the Group's 'A' shares on that date was CHF 58 464 million. Over the preceding six-month period, the highest closing price of the 'A' share was CHF 155.65 (15 May) and the lowest closing price was CHF 109.30 (27 September).

**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 www.richemont.com

ISBN 978-2-9701373-7-5

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