RICHEMONT

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INTRODUCTION

Alessandra Girolami:
Thank you, Sandra, and good morning, everyone. Thank you for joining us for Richemont's half year results presentation for the period ended 30 September 2026. Here with us today are Johann Rupert, Chairman, Anton Rupert, co-deputy Chairman, Nicolas Bos, CEO, Burkhart Grund, CFO and James Fraser, Investor Relations Executive.

HIGHLIGHTS

As usual, the company announcement and results presentation can be downloaded from richemont.com and the replay of the webcast will be available on our website today by 2:00pm Geneva time. Before we begin, please take note of the forward-looking statements in our ad hoc announcement and on slide two of the presentation.

Turning now to the presentation, Burkhart will begin by discussing key highlights and Group sales. I will then provide further detail on the performance of our Maisons. Finally, Burkhart will take you through the financials and offer some concluding remarks. This presentation will then be followed by a Q&A session. Burkhart, over to you.

SALES

Burkhart Grund:
Thank you, Alessandra, and good morning to everyone. Thank you for joining us today.

In the first half, Richemont delivered strong results against a volatile geopolitical and macroeconomic environment.

Let's start with a few key numbers. Sales for the period reached €12.3 billion, up by 16%, or by 17% at constant exchange rates. Operating profit came in at €3.1 billion, 33% higher than the prior-year period, or 38% higher at constant exchange rates. Excluding €229 million positive one-time items, operating profit was €2.9 billion. Profit for the period stood at €2.5 billion, up by 39% compared to the prior-year period. Finally, the Group generated €2.5 billion of cash from its operating activities, which further enhanced its strong net cash position, now at €7.7 billion.

Let's turn to some of the highlights, starting with sales. In the first half, Group sales grew by 17% at constant exchange rates, with broad-based strength across business areas and regions. This included a remarkable 19% growth at the Jewellery Maisons, a robust double-digit rise at Specialist Watchmakers, and a solid high single-digit performance at the 'Other' business area, which includes Fashion & Accessories Maisons. In addition, most regions posted double-digit growth, led by Japan, the Americas and Asia Pacific. Impacted by the ongoing conflict in the region, sales in Middle East & Africa experienced a modest decline.

Overall, after a particularly strong Q1 that saw sales rise by 20% at constant exchange rates, the Group maintained its strong momentum in Q2, with sales up by 13%. This growth was achieved against a notably elevated comparative of +14% in the prior-year period.

Moving to our financial performance, operating profit reached €3.1 billion. This included €229 million of positive tariff-related one-time items accounted for in gross margin. Excluding this, operating profit stood at €2.9 billion, up from €2.4 billion in the prior-year period.

Operating profit growth was largely fuelled by the sales contribution that I have just described. Against a context marked by high raw material prices, the Group's Maisons maintained their consistent and measured pricing approach. In parallel, they continued to invest in selective footprint expansion and impactful communication, leading to a sustained, yet disciplined, rise in operating costs.

This performance further fortified the Group's financial health, with a resulting net cash position of €7.7 billion for H1. This was achieved while funding an increased dividend of €2.7 billion in September, up from €1.9 billion a year earlier.

Let me finish these highlights with a reminder that, regardless of the context, we continue to cultivate the Maisons' long-term prospects by fuelling creativity, investing in manufacturing, and nurturing craftsmanship.

Starting with creativity, our Maisons launched key product novelties that resonate with their cultural heritage. To name but a few, this was the case for Cartier's Roadster or Love Color novelties, Van Cleef & Arpels' Fascinating Egypt High Jewellery collection, Piaget's Polo Signature line or Montblanc's Romeo & Juliet writing instruments line. In fashion, the second phase of our AZ Academy Program called A Bunch of Designers saw the debut of six young talents showcasing their collections in Paris.

In parallel, we continued to invest into manufacturing, namely into Jewellery capacities and capabilities in France or the further build-out of the Group's leather goods centre of excellence in Florence.

Underlying all this, remains our lasting commitment to craftsmanship, which is central to the Group's identity and differentiation. A good illustration of this is the pink enamel Alhambra line by Van Cleef & Arpels that leverages a 17th century crafting technique. Another example is the Homo Faber exhibition, that was held in Venice in the month of September, celebrating artisanship, human talent and creativity, open to a wide audience.

Let me now walk you through the Group sales performance in more detail, first by region and then by distribution channel. Unless otherwise stated, all comments refer to year-on-year changes at constant exchange rates.

All regions, except Middle East & Africa, saw their sales rise by double digits. This was the case for both the first half and the second quarter against elevated comparatives.

Sales in Europe were up by 13%, underpinned by a rise in both local demand and tourist spend from all main nationalities. Growth accelerated in the second quarter with sales up by 15%, after +11% in the first quarter.

All business areas posted higher sales in the period, with both the Jewellery Maisons and Specialist Watchmakers up by double digits. Sales were up across all major markets, with particularly robust performances in France and the United Kingdom. All distribution channels

recorded growth, led by strength in retail. The region represented 23% of Group sales, slightly below the prior-year period. In Asia Pacific, sales were up by 16% in the first half. This included Q2 up by 10% against a double-digit comparative in the prior-year period. Sales in China, Hong Kong and Macau combined grew by 7% in the first half, with a modest increase in sales in the second quarter despite persistent softness in the mainland. Most other countries in the region grew by double digits, with exceptional performances in the South Korean and Taiwanese markets.

Overall, sales at the Jewellery Maisons and the 'Other' business area increased by double digits, while Specialist Watchmakers' sales were stable. By channel, growth was led by double-digit rises in both retail and online retail, whilst the wholesale channel was flat. Overall, the region contributed 33% to Group sales, up from 32% in the prior-year period.

Sales in the Americas grew by 23%, led by continuously supportive local demand. With Q2 up by 19%, the region posted its eleventh consecutive quarter of double-digit growth, against a strong +20% comparative in the prior-year period. Sales were up across all markets, distribution channels and business areas, with notable outperformance from the Specialist Watchmakers. The Americas contributed 26% to Group sales, slightly above the prior-year period.

Sales in Japan were up by 30% in the first half, fuelled by strength in both domestic clientele and tourist spend. After a particularly strong first quarter that saw sales rise by 36%, momentum continued in the second quarter, with a 23% growth on top of a +10% comparative in the prior-year period. Sales grew by double digits across all business areas, led by the Jewellery Maisons. Japan represented 10% of overall sales, consistent with the prior-year period.

Turning to Middle East & Africa. In the period under review, sales in the Middle East & Africa region modestly declined, down by 2% in a context of resilient local demand but a sharp reduction in tourist spend. This particularly affected sales in the United Arab Emirates market, the decline of which was only partly offset by growth elsewhere, notably in Saudi Arabia. As geopolitical tensions escalated throughout the summer, sales fell by 7% in the second quarter against a particularly high +22% comparative in the prior-year period.

In the first half, Specialist Watchmakers Maisons recorded double-digit growth, whilst sales were down at both Jewellery Maisons and 'Other'. Wholesale sales grew by double digits, led by the Jewellery Maisons and Specialist Watchmakers. The contribution of the region to Group sales was 8% in the first half, down from 9% in the prior-year period.

In conclusion, in the first half, almost all regions contributed to the Group's year-on-year sales growth of €1.7 billion. By value, the largest contributors were the Americas and Asia Pacific, each adding circa €0.6 billion to Group sales.

Let us now turn to sales by distribution channel, with growth expressed at constant exchange rates. Sales grew across all channels in the first half, with particular strength in direct-to-client sales.

Let me start with retail, that accounted for 72% of Group sales. Retail sales increased by 20%, reflecting double-digit growth across all business areas, with a notable performance at the

Jewellery Maisons. Sales were also up by double digits across most regions, led by Japan and the Americas.

Online retail contributed 6% to Group sales, consistent with the prior-year period. Sales grew by 17%, reflecting growth across all regions, except for Middle East & Africa, led by strength in Japan and the Americas. Online retail sales at the Jewellery Maisons and the 'Other' business area grew by double digits, while sales at the Specialist Watchmakers were stable. Overall, this led to direct-to-client sales – i.e. combining sales in directly operated stores and online retail – to represent 78% of the Group, a two-percentage point increase compared to the prior-year period.

Lastly, sales through the wholesale channel grew, albeit at a slower pace than in the retail and online retail channels, mostly reflecting a different regional mix. With 7% growth, wholesale contributed 22% to Group sales, down from 24% previously.

With this, I now hand over to Alessandra who will take you through the highlights by business area. Over to you Alessandra.

BUSINESS AREAS

Alessandra Girolami:
Thank you, Burkhart. I will now review the business areas, with all comparisons at actual rates unless otherwise specified.

Let me start with the Jewellery Maisons, which include Buccellati, Cartier, Van Cleef & Arpels and Vhernier. Sales reached €9.1 billion, an increase of 18% in the first half. At constant exchange rates, sales were up by 19%. Q2 saw continued momentum with a 14% rise against a particularly elevated comparative of +17% in the prior-year period. All Maisons and regions experienced double-digit growth, except for Middle East & Africa. Sales were up across all distribution channels, led by retail. The operating result of the Jewellery Maisons reached €3.2 billion, up from €2.5 billion in the prior-year period.

In a volatile macroeconomic context marked by further rising raw material costs, the Jewellery Maisons maintained their measured pricing approach to deliver lasting value to their clients. In parallel, they continued to invest with discipline into their store network and communication, contributing to further strengthening their brand equity. The rise in operating costs was more than offset by the strong sales leverage. Operating margin stood at 35.3%. Excluding positive one-time items, margin was 33.4%, up by 60 basis points versus the prior-year period.

Let's now look at a few notable developments over the past six months. Both jewellery and watch categories performed strongly, led by sustained demand for timeless collections fuelled by novelties. This was the case for Opera Tulle and Etoilée at Buccellati, Clash, Love, Panthère and Santos at Cartier, Alhambra, Perlée and Fauna at Van Cleef & Arpels. Of note, Cartier launched a new Roadster edition in watches and the Love Color jewellery pieces, while Van Cleef & Arpels enriched its Alhambra line with its Pink Enamel creations in September, as mentioned earlier.

High jewellery sales were up, led by striking collections such as La Serenissima at Buccellati, Le Chœur des Pierres at Cartier, and Fascinating Egypt at Van Cleef & Arpels, supported by exclusive events for the Maison's clients across the world.

A word on Vhernier, which is now celebrating two years as part of the Group. After a very intense set up phase, Vhernier successfully leveraged its reshaped product assortment around core collections such as Abbraccio, Calla and Freccia across an upgraded and expanded boutique network.

Overall, all Jewellery Maisons continued to expand their store footprint. Cartier notably opened boutiques in Orlando and Austin, Van Cleef & Arpels in Madrid, Buccellati in Bangkok and Guangzhou. Vhernier also opened its first boutiques in China - in Shanghai and Beijing - and inaugurated its Old Bond Street boutique in London.

Let us now turn to Specialist Watchmakers. Sales reached 1.7 billion euros, a 9% growth in the first half. At constant exchange rates, sales were up by 10%, accelerating to +12% in the second quarter. All regions, except Asia Pacific, were up by double digits in the first half, led by strength in the Americas and Japan. In Asia Pacific, sales were broadly stable, as continued challenging demand in China was offset by growth elsewhere in the region. Sales grew across all channels, led by a double-digit increase in retail. The operating result rose to €150 million, up from €50 million in the prior-year period. The improved result mostly benefitted from the solid increase in sales, combined with continued cost discipline. Operating margin reached 8.8% of sales. Excluding one-time items, the operating margin stood at 7.7%, up by 450 basis points compared to the prior-year period.

Most Specialist Watchmakers Maisons posted growth, led by Vacheron Constantin, Jaeger-LeCoultre and A. Lange & Söhne. Overall, sales were fuelled by iconic lines and heritage-inspired key novelties. Notable examples of novelties included Vacheron Constantin's Overseas Self-winding Ultra-thin and Jaeger-LeCoultre's Master Control Chronometre line. Several Maisons showcased heritage and craftsmanship through impactful events, including Panerai's immersive exhibition in Florence, or a presence at Homo Faber in Venice for IWC, Vacheron Constantin and Jaeger-LeCoultre.

In parallel, the Specialist Watchmakers continued to actively reshape their store network through selective openings, closings and renovations. A few examples included Jaeger-LeCoultre's new boutique in Singapore Ion Orchard, Vacheron Constantin's newly renovated boutique in Via Montenapoleone in Milan, and Piaget's store relocation to Hong Kong St George. Finally, let me remind you that we completed the disposal of Baume & Mercier to the Damiani Group in July.

Let us now move to the 'Other 'business area, comprising the Group's Fashion & Accessories Maisons, Watchfinder & Co, as well as the Group's component manufacturing and real estate activities. Sales reached €1.4 billion, up by 9% at actual and constant exchange rates in the first half, with continued momentum in the second quarter. Regionally, the Americas, Japan and Asia Pacific were main contributors to growth thanks to their double-digit progression. Sales were up across all distribution channels, with strong growth in retail and online retail. Overall, the 'Other' business area reported an operating loss of €12 million, broadly in line with the prior-year period when excluding positive one-time items. The Operating result at Fashion &

Accessories Maisons modestly improved, underpinned by solid sales growth and cost discipline in a context of sustained investment into the Maisons' long-term success.

Turning to business highlights, the first half saw most Fashion & Accessories Maisons post positive performances, driven by notable product momentum and strong communication campaigns. Of note, Alaïa and Peter Millar continued to deliver double digit growth. Alaïa maintained its strong brand heat and cultural relevance, with impactful collections such as the Winter-Spring 2027 Archetypes. Peter Millar consolidated its golf anchoring whilst further expanding into broader lifestyle positioning. Montblanc posted encouraging sales growth, benefitting from brand elevation, the successful launch of key writing instruments novelties, exclusive experiences showcasing the Maison's craftsmanship in leather goods, and focused communication spend.

Notable store network developments included the opening of Alaïa stores in Bangkok and the Miami Design District, Chloé in Barcelona and Montblanc in Milan Galleria. In parallel, the reshaping of the store network continued, notably with the targeted closing of some dunhill stores in China and key relocations for Delvaux in Hong Kong and Shanghai.

This concludes the review of the first half performance by business area. Burkhart, over to you.

FINANCIALS

Thank you, Alessandra. Let me now walk you through the rest of the P&L, starting with gross profit.

Gross profit for the period rose by 18% to €8.2 billion and represented 66.5% of sales, up by 120 basis points compared to the prior-year period. This result included a €229-million positive tariff-related one-time impact, which is equivalent to 190 basis points of gross margin. If we exclude this, gross margin was down 70 basis points compared to the prior-year period. This 70 basis-point decline reflected a combination of several factors.

The Group continued to face higher production costs, largely due to the impact of higher raw material prices, most notably gold. These were broadly offset by the combined effect of moderate price increases across our Maisons in the past 12 months and positive sales mix. In addition, whilst foreign exchange rate headwinds moderated in the first half, their overall impact remained negative, at 40 basis points, primarily driven by a weaker Japanese yen and South Korean won.

Next, let us look at operating expenses, which increased by 10% at actual and constant exchange rates, as we continued to make strategic investments to nurture our Maisons' growth potential, while remaining disciplined on costs. I will now take you through the expenses by category.

First, Selling & Distribution expenses rose by 9%, or by 10% at constant exchange rates. This evolution included variable cost increases related to the Group's current regional mix, as well as a higher share of direct-to-client sales. In addition, the Group's Maisons pursued their selective network expansion. Selling & Distribution expenses accounted for 24.2% of sales, down by 150 basis points compared to the prior-year period in a context of strong sales growth.

Communication expenses were up by 14% at actual and constant exchange rates. With this investment, the Maisons continued to strengthen their brand equity and reach, through impactful campaigns and exclusive events. Also of note, to a lesser degree, the phasing of some specific events, such as the Homo Faber biennale this year. As a percentage of sales, communication spend represented 8.1%, consistent with the prior-year period.

Administrative and other expenses were up by 8% at actual and constant exchange rates. The increase mainly reflected higher personnel expenses and positive prior-year non-recurring income. Overall, net operating expenses amounted to 41% of Group sales, down by 210 basis points versus the prior-year period, illustrating strong sales leverage on costs.

This resulted in an operating profit of €3.1 billion, representing 25.5% of sales. Excluding the positive one-time items mentioned earlier, operating margin stood at 23.6%, an increase of 140 basis points compared to the prior-year period.

This improvement reflected the positive contribution from strong sales growth in a context of persistently elevated raw material costs, all the while continuing to invest and nurturing our Maisons' growth prospects.

Let us now review the rest of the P&L items below the operating profit line, starting with finance costs. Net finance costs decreased to €44 million for the first half, down from €158 million a year earlier.

This €114-million improvement comprised the following items:
First, a net positive FX-related impact of 21 million euros resulting from a broad offset of a net loss arising from the Group's FX hedging programme, and a net FX gain on monetary items. Secondly, an €85-million positive impact from higher fair value adjustments, mainly related to the Group's investments in money market funds and segregated investment mandates. Finally, a small improvement in net interest expense of 8 million euros compared to the prior-year period.

Moving down the P&L, let's review the profit for the period. Profit for the period stood at €2.5 billion, up by 39% versus the prior-year period. This reflected the higher operating profit and the lower net finance costs that I have just described, partly offset by an increase in the Group's tax charges. The effective tax rate for the period was 19.5%, broadly in line with the prior-year period.

Cash flow generated from operating activities came in at €2.5 billion, up by €0.6 billion compared to the prior-year period. This 35% increase mostly reflected the higher operating profit, partly offset by an increase in working capital needs largely due to cash outflows from the foreign exchange derivatives. Let me add that we saw lower consumption needs from trade working capital, thanks to disciplined inventory management in a context of strong sales growth.

Let us now turn to gross capital expenditure, which amounted to €0.4 billion, in line with the prior-year period, and represented 3.3% of sales. In the first semester, about half of the Group's capex was dedicated to the distribution network, with investments mostly relating to the continued upgrade of the Maisons' internal boutique network, as well as selective expansion.

Notable examples included the Cartier boutique extension on Rodeo Drive in Beverly Hills and the opening of the Van Cleef & Arpels boutique in Madrid.

Manufacturing accounted for over a third of our investments, largely dedicated to the continued expansion of manufacturing capacities, notably for jewellery workshops in France. Other investments included disciplined spend in IT and other projects, making up 16% of capex.

Let us now review free cash flow. At €2 billion, free cash flow was €1 billion higher than in the prior-year period. The increase was primarily driven by a €0.6-billion rise in cash flow from operating activities, driven by the solid results of the Group, combined with the €0.4-billion proceeds from the disposal of the Group's shareholding in Avolta.

Our balance sheet remained strong, with shareholders' equity accounting for 57% of the total. Net cash amounted to €7.7 billion at the end of September, down by €0.8 billion compared to the position at the end of March 2026, but up from €6.5 billion in September 2025.

The increase in net cash versus a year ago was achieved while funding a higher dividend, totalling a €2.7-billion cash outflow in September 2026 versus €1.9 billion the year before. As a reminder, the dividend, approved at the recent AGM and paid in September, reflected an ordinary dividend of 3.3 Swiss francs, plus a 1 Swiss franc special dividend per 1 A share / 10 B shares.

CONCLUSION

Before moving to Q&A, I would like to summarise this first half-year for the Group and share some concluding remarks. The Group delivered strong sales in the first half, with growth across all business areas and most regions, driven by the relevance of the Maisons' positioning, built consistently over time, and the Group's diversified business footprint.

This, combined with disciplined execution, enabled the Group to deliver growth in profits, despite facing ongoing elevated raw material costs, and continuing to invest in the Maisons' appeal and long-term prospects at the same time.

Looking ahead, in an environment that is likely to remain volatile, we will maintain our long-term strategic approach, building on strong product creativity, unparalleled craftsmanship and strong culture, all core drivers of our differentiation. The Executive and Board governance is in place to steward the Group responsibly in the future, and create lasting value for all stakeholders.

I would like to finish by thanking our talented and hard-working teams and valued clients for their dedication and loyalty. This concludes our presentation. Thank you.

QUESTIONS AND ANSWERS

Alessandra Girolami:
We will now open the floor to questions, so please announce your name and company and try to limit yourself to two questions. Thank you.

Operator:
We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the telephone. Our first question comes from Antoine Belge from BNP Paribas. Please go ahead.

Antoine Belge:
Yes, good morning. It is Antoine Belge at BNP Paribas, so I will stick to two questions. First of all, is it possible to come back to the performance of Asia, still up 10% in Q2? Maybe the moving part, I think you said Greater China up modestly, but could you maybe comment on Mainland China versus Hong Kong and Macau? Also in Korea, is it fair to say that there has been still strong numbers, maybe a bit lower than in Q1?

My second question relates to your pricing strategy. It seems that we have not seen that many price increase in Q2 and so far in Q3. First of all, if you could precise what you have done? And also, what would explain the fact that you don't seem to be in urgency to increase prices? Is it because gold prices have come down and FX have moved the right direction? Any information regarding the pricing strategy. Thank you very much.

Johann Rupert:
Can you answer on China, and then I am not sure I understand the pricing. I will ask him again, so you can start.

Nicolas Bos:
Okay. Yes, Nicolas Bos here. Good morning. On Asia Pacific, I think we have seen good growth over the period. It is true that it is still a very differentiated performance by country. When it comes to Greater China, we have seen a stability in sales, slightly down versus last year, 3% down in continental China. That is more than offset by very, very good growth in other areas of Greater China, particularly in Hong Kong and Macau, where we have seen very high double-digit growth. So, we have seen a positive performance with Chinese clients overall in the region, mostly outside of continental China. But we feel that there is overall a positive trend for the clientele. I don't know if that answers your question, but it is still differentiated by country.

Antoine Belge:
Maybe about Japan -- sorry, Korea.

Nicolas Bos:
In Korea, we still see a very, very strong performance, very high double-digit growth. That is quite steady on the period, so we are very, very confident on the market.

Johann Rupert:
Antoine, explain the question about pricing?

Antoine Belge:
Yeah. It seems that you had done that big price increase in September '25. Since then, if I am not mistaken, there has not been much in terms of pricing. So what is the rationale behind that? Is it that now that gold is going down...?

Johann Rupert:
Sorry to interrupt. The rationale has been the same as it has been for the last 20 years. We are selling high-value, small-volume items. We use as many tools as we can to have a universal pricing policy, even taking into effect the various tax differentials. We don't wish our clients to go and travel and move their purchases around.

And then finally, we believe that there is a certain price-value relationship that should be maintained. We did not rape our clients like some of our competitors after COVID disappeared. Clients have got long memories. Plus, we'd like to have residual values that when you go to a Christie's or a Sotheby's and you have a look at the jewellery sales, and normally it is Cartier and Van Cleef that maintains its value. So we have pricing strength. We just don't want to be greedy.

Antoine Belge:
Thank you very much. Makes sense. Thank you.

Operator:
The next question comes from Thomas Chauvet from Citi. Please go ahead.

Chauvet Thomas
Good morning, everyone. I will have two questions, please. The first one on specialist watchmakers that have returned to double-digit growth in Q2. I think that's for the first time in over four years, if I'm not mistaken. Does that reflect signals in your view of structural improvements in the market, or are you seeing perhaps some improvements at some of your specific specialist watchmaker brands that give you confidence for the medium term? And what does this mean for profitability ambitions in this division after returning to a high single-digit percent margin in the first half?

Secondly, on gross margin, the gross margin pressure had been easing in the first half. I'm talking, of course, excluding tariff refunds. Could you give us perhaps more details on that gross margin bridge? Burkhart, you showed on the slide deck, particularly the impact from commodity headwinds and inventory revaluation, and how you're thinking about gross margins from here, not just in the second half, but also beyond, given what you said on pricing, but also lower gold prices? Thank you.

Johann Rupert:
I don't think we've ever given forward guidance on gross margins. We did once, Jan du Plessis, and I nearly killed him, where in the same presentation he bragged about his low tax rate. We don't do that.

Burkhart Grund:
And we will not.

Johann Rupert:
No, we will not. We can't predict that. There are too many variables. It's not just metal prices, etcetera. There are genuinely too many variables. I don't want you to build your models and then blame us later on.

Nicolas Bos:
Yes, Nicolas here. Good morning. On your first question regarding Swiss watchmakers, yes, we're quite happy to see this double-digit growth coming back. As we had the opportunity to discuss before, we see more and more a polarised market, so it's very difficult to identify structural trends when it comes to particularly that category of watchmaking.

As we've seen individual brands performing very, very well over the period, it's been the case for quite some time for Vacheron Constantin, for A. Lange & Söhne, that appeal to different groups or communities of collectors. We've seen very good performance that the Chairman was highlighting earlier of Jaeger-LeCoultre over the period, also coming back very strongly with the Reverso collections and the new Master Control. Good traction at other brands, Panerai, after the relaunch of their historic Luminor collection at Watches and Wonders this year.

Also IWC with the Ingenieur launch doing very well. So it's very much brand by brand, but it's true that the consolidation of these performances provides for double-digit growth for the period, which we hope will continue. And, of course, sales growth coming back goes with improved profitability, but we cannot give any guidance or forecast on the way it's going to evolve in the future.

Burkhart Grund:
Thomas, probably just one word on gold prices. You said gold prices have come down. They have come down from its recent peak of around $5 600 per ounce. But if you look at our income statement, and we have a lagging effect both on the upside and the downside from raw material price movements in our income statement, and more specifically in our gross margin. For us, gold prices in the first half are still up about 40% compared to the first half of last year. So the drop from its recent peak has not materialised in our income statement yet.

Thomas Chauvet:
Thank you.

Operator:
The next question comes from Zuzanna Pusz from UBS. Please go ahead.

Zuzanna Pusz:
Good morning, everyone. Thank you for taking my questions. First of all, congratulations on great results and such a strong outperformance versus the industry to all of the teams. I wanted to just clarify two points. Maybe first of all, regionally.

You saw quite a bit of a deceleration in the Middle East, which I think is understandable given the unfortunate resumption of the conflict. But I was just wondering if there was maybe any events cancelled such as high jewellery events cancelled in the region.

The reason why I am asking is because when I would have imagined the conflict was at its peak in your fiscal Q4, you delivered minus 3%, and now it was a little bit weaker, and I would have

imagined that maybe the impact would have been a bit less than back then. Maybe there was just something one-off also impacting the region. That is my first question.

And then, second one is related to the kind of trends in the business. As Mr. Rupert recommended to us, I try to go to the stores quite often and ask around, and it does seem like you are still seeing quite a few products on waiting lists, especially for Cartier. It does not seem that you are seeing any deceleration in the momentum.

Because the step-down between this quarter and the prior quarter for Jewellery Maison was quite big, I wanted to check if it is fair to assume that throughout the quarter, growth was pretty homogeneous. You were still enjoying double-digit growth at the group level. Thank you.

Nicolas Bos:
Thank you. Good morning. Nicolas here. On your first question on the Middle East, we have seen a very contrasted situation, of course, given the events in the Middle East. Clearly, destinations that were relying on touristic purchases have been hurt the most. And it is true that in Dubai particularly, in important malls where there was a high touristic traffic historically, we have seen a decrease. Where the domestic clientele, particularly in Abu Dhabi and other countries in the region, remains very, very strong.

So, all in all, it has been quite constant, but it is very much the decrease in tourism that has had an impact on the sales. No particular cancellation of events or any activities that I can think of. We maintained activities while we prioritise the security and safety of our teams. But we work very closely with our partners and the authorities there.

On the second question, which was more on trends, I mean, we still see very, very good trends. So, yes, hopefully we have products that are highly sought for and desired, both in historic collection and recent launches. You have noticed, and I appreciate that there are some products in shortage and in high demand.

And as always, with the level of quality and attention to sourcing of our brands, we cannot always deliver the volumes that would be expected by the clients, but I think it is really part of our business. So we really see very, very good traction across the board. And when we are talking about acceleration or deceleration, you know that we are in a world that looks more at long-term trends, so we look at the performance over a longer period.

And typically, when we do the exercise of looking at numbers on a two-year period, you would make the calculation yourself and see that it is quite an extraordinary growth for the quarter and the half year, if we combine it with last year's performance, which was already very, very high. We are talking here about nearly 30% growth over 24 months for companies that have been there for more than a century. So deceleration is not really something that we are talking about, if I may.

Zuzanna Pusz:
Thank you.

Nicolas Bos:
Thank you.

Operator:
The next question comes from Chiara Battistini from JP Morgan. Please go ahead.

Chiara Battistini:
Good morning. Thank you very much for taking my questions. I will stick to two as well. The first one, coming back on the Jewellery Maison performance in Q2, I was wondering if we could have any details on price mix and volume contribution to the performance. And on the volume specifically, how are you thinking about the structural drivers to sustain such healthy volume growth going forward, especially in the following two years or extremely strong performance?

And then following up on that, the second question, there has been a lot of debate in the market and ongoing debate in the market about the over-reliance on certain family lines, both at Van Cleef and the Cartier. Could you please comment on that, how you see that developing over time, and whether anything concerns you at this point? Thank you.

Nicolas Bos:
Thank you very much for your question. Actually, your first question is very, very central to us. And there were some discussions and mentions earlier of the pricing policy and international and fair pricing policy. This has to do a lot with the fact that for us, monitoring or seeing growth in volume is very important, and not only seeing growth in value that would be driven by price increases.

So, I cannot give you the split exactly, but for sure, we've seen over the period for the Jewellery Maison, growth in volume, more clients, more sales in volumes, combining with growth in value, which is very important because that shows the real strength and vitality of the Maison. Sorry, I...

Alessandra Girolami:
The reliance on...

Nicolas Bos:
The reliance on certain categories on your second question. I think it's been a question almost forever. When you have very iconic, successful collections within a brand, of course, that builds dependence. So, it's a great thing to have, and when you don't have it, you're trying to establish it. When you have it, you're seeing that it might be or might become a liability.

What we see at Cartier and Van Cleef typically, but also at Buccellati, and I feel that would be true for quite a number of the watch brands, that we have a very, very important historically successful line, Love, Alhambra, Trinity, Juste un Clou, that are still doing very, very well and continue to do very, very well, both with historical pieces and references and with novelty.

For instance, for Cartier, the last introduction of colour stone set Love Bracelet has been extremely successful with new versions, new editions, that we are bringing some excitement and novelty around the Love collection. So that's very, very strong, but it's true that we monitor also the success of a more recent collection. If I think of the Perlée collection, for instance, at Van Cleef & Arpels, that we discussed a few times in the past, or the Clash collection that is probably the most recent collection in Cartier jewellery.

They are performing at very, very high rate also, so that shows that there is really creativity and vitality that's appreciated beyond the historical lines. And it's true that we look at both, and so far, we don't see a liability as long as we have a combination of success on historic and new collections for this Maison.

Chiara Battistini:
Thank you.

Operator:
The next question comes from Edouard Aubin from Morgan Stanley. Please go ahead.

Edouard Aubin:
Yeah, good morning. So one clarification and then one question. So Nicolas, just on the clarification on what you said in terms of the fact that you're enjoying still strong demand for your iconic lines.

So more specifically on the U.S. market, which is obviously you've done extremely well over the past few years. It's a very important market for you. Any change in terms of trends? I ask the question because, as you might have followed, there's been a bit of a debate in the market about some softness over the past, in the recent months, number one.

And then number two, a question for Mr. Rupert in terms of corporate activity. I'm not going to ask about the deal which has been mentioned in the press recently, but more broadly, how are you thinking about using your strong balance sheet over the next two to three years to make acquisitions? And if you were to do acquisitions in the medium to long-term, are you thinking more about jewellery brands or fashion leather goods brands? Thank you so much.

Nicolas Bos:
Hello, Nicolas. Yes, I will try to answer the first one. Honestly, softness in the United States and in America at large, we do not see. I mean, you see 23% growth in a market where...

Johann Rupert:
It is for other brands that have softened.

Nicolas Bos:
Sorry.

Johann Rupert:
That belies this nonsense that they write about soft goods and hard goods. Some of our competitors have got softness in hard goods. We do not.

Burkhart Grund:
Some have hardness in soft goods.

Johann Rupert:
Yes. Some have also got hard selling. We do not have any of our icons suffering.

Nicolas Bos:
Indeed.

Edouard Aubin:
Thank you. The second question...

Johann Rupert:
In terms of possible acquisitions, we have not made our mind up about anything. Any investment we may make in diamonds will not make any meaningful difference to our balance sheet or profit and loss account.

Alessandra Girolami:
Next question, please.

Operator:
The next question comes from Jon Cox from Kepler Cheuvreux. Please go ahead.

Jon Cox:
Yeah, good morning, congratulations on the numbers. Just to come back a little bit on jewellery, you mentioned some of the Clash and Perlée and some of the new collections. Just wondering what you may have in store for us in terms of innovation down the pipe, or if you feel you can talk about that from a competitive perspective to keep the momentum in jewellery.

Second question, just on watches, I'm just wondering if you think all of the self-help measures that you've been working on over the last 12, 18 months in watches are now pretty much done and dusted. It's really, again, about the profitability improvement we saw in the first half, and provided top line remains okay, we should expect somewhere around a high single-digit margin for the year. Just to tack on -- sorry, just one little technical question. Any more tariff refunds to come through in the second half of the year, or have all the claims been done and dusted? Thank you.

Burkhart Grund:
Jon, let me just start with the last one. That's an easy one. We don't expect any additional tariff refunds in the second half of the year.

Nicolas Bos:
As for the first one, as you mentioned, this is a competitive world, so obviously any new plans, new creations, new innovation that we are going to launch in the foreseeable future, we would not unveil or comment here. I am quite confident to see that we are, as you know, this is an industry, particularly jewellery and watchmaking, that is really working on the long term. What we see, and it was mentioned by the Chairman earlier, what we see in the workshops and the design studios of our brands makes us very, very confident for the future.

Johann Rupert:
We are looking currently at 2029 products.

Nicolas Bos:
They look good.

Johann Rupert:
Yeah. They look good.

Alessandra Girolami:
Next question, please.

Operator:
The next question comes from Filippo Croce from Barclays. Please go ahead.

Viktoria Petrova:
Hello, this is Viktoria Petrova. My colleague kindly gave me his dial-in numbers. I have a clarification question. You talked about mix volume and price. Given your extremely strong performance, your around 30% year CAGR, are you now in a position to talk about growth algorithms the company would be comfortable with longer term in the context of market growth, underlying category growth, or your own initiatives? That would be extremely helpful. Thank you.

Johann Rupert:
It would be helpful, Johann here, for us as well. Take watches for example, in order for a watchmaker to be qualified to work on some of our more technical watches, his seniors and colleagues or her seniors and colleagues will not allow him or her to work on a watch unless they've got between 12 and 16 years' worth of experience.

Now, 16 years ago, we didn't have such a strong demand for these watches, we didn't have, like we do now, that many people wishing to become watchmakers. It's not a deliberate constraint. We're not deliberately holding back for prices and Veblen theories, etcetera. It's simply that we don't have enough qualified personnel. Yesterday, we watched Gianvito Rossi.

Anton Rupert:
Two days ago.

Johann Rupert:
Two days ago, and his daughter and their collaborators. It is the first time I actually saw a watch -- sorry, a shoe being made, and there are over 100 steps, and they are third generation already. It is absolutely astonishing. Even if they want to, they cannot make the quality of shoes that they make in far bigger numbers. They have to train them.

This morning coming here, I said to my son, said to Anton, what might be helpful for us, because I do not think you will ever get it unless we, on an annual basis, take one or two or three analysts and expose them to the cycle of a product, and that they can actually go, I guess, if you rush it, they can observe it in a week or two.

They can go from the design stage to the pre-manufacturing, etcetera, to see how it is made. If you want to, you can contact our colleagues here, because it is not easy to explain to people without them seeing it. Maybe we should take some of the analysts, seeing that you are going to be competing very shortly, all of you, even you, Luca, with AI agents, and I may have your whole knowledge in my new iPhone Duo.

But I will not take the iPhone Duo to show them exactly what is going on from conceptual, from when we conceive until it gets on the shelf. The intuition, the design. So these things are

constrained by how many we can make of a quality that we think is sufficiently high. Therefore, it would be very hard to make predictions on consistent growth.

I can do it, except it is rubbish, and I do not like doing things like that. I can tell you we are going to grow by X, Y, Z, and then guess what? When we cannot, I am going to tell my colleagues, you better make it, in which case we are going to do what some of our competitors do and start using polyvinyl chloride, disguise it as leather. No, we would rather stick to what we do.

Alessandra Girolami:
Next question, please.

Operator:
The next question comes from Gian Marco Werro from ZKB. Please go ahead.

Gian Marco Werro:
Thank you. Good morning, everyone. Congrats on the impressive numbers. I wish to better understand your Jewellery Maison business. You mentioned also especially high jewellery is up. Can you maybe give us a bit more granularity here? For example, was it growing stronger than aspirational jewellery?

On the other side, can you also provide a rough split, for example, on your revenues, high jewellery versus aspirational jewellery, only roughly, like one-third to two-thirds? That would be very helpful. Thank you.

Johann Rupert:
We do not make aspirational jewellery. I think it is highly insulting. We make welcome jewellery. We do not make aspirational products. We make welcoming products. And it is basically the same as it has always been, the split.

Gian Marco Werro:
Okay.

Johann Rupert:
We don't fine-tune it or...

Nicolas Bos:
It's a, if I may -- it's not subcategories of any kind...

Johann Rupert:
Correct.

Nicolas Bos:
It's a continuity, I think. When you are Buccellati or Cartier or Van Cleef, you have the same level of craftsmanship, the same level of attention to detail, the same quality of stones. If it's a smaller size piece with less stones, it's going to be more affordable or affordable to maybe more people. If it's a large volume complex piece with exceptional stones, it's going to be far more expensive and maybe affordable to less people.

That defines pretty much the price. There is no category, and you have kind of a continuity between an Alhambra pendant at Van Cleef & Arpels and the most expensive piece of high jewellery. For the clients that buy it has exactly the same value. I think clients save sometimes for two, five years to buy what others might consider aspirational or affordable.

For them, it is really a milestone in their purchases or celebration of important moments. We do not see really a difference there. We mentioned it before, really the performance and the growth that we have seen is quite across the board in terms of price point and collections for the Jewellery Maisons. It is really a growth that is consistent overall.

Gian Marco Werro:
Okay. Thank you.

Operator:
The next question comes from Jean Danjou from ODDO BHF. Please, go ahead.

Jean Danjou:
Good morning. I have two questions. The first one, precisely coming back to the jewellery previous question. You mentioned in the past that in jewellery, the price segment below 5 000 was seeing less volume growth than the other products more expensive.

Have you seen an improvement on that front in Q2? The second question is, I will try. I am not sure you are going to answer, but is it fair to assume you are not going to move prices on jewellery till the end of the year? Thank you.

Burkhart Grund:
Just on the first point, we see volume growth, as Nicolas has said, across the board, across the price points. On the second question, I think we've been very clear about it. We will not make any comments on future pricing decisions that our Maisons take.

Jean Danjou:
Thank you.

Johann Rupert:
With the caveat that we continuously adjust prices to have a retail price maintenance across currencies. Those are not big. I mean, if the yen suddenly strengthens or drops, or renminbi, or the dollar, euro, then we will make adjustments to keep our retail price maintenance, crudely put, not to have smuggling by clients.

The clients will fly. People are so smart today. You've got apps. Our Chinese clients have got apps that if they walk into a shop, will automatically tell them the currency and the prices at other stores. Our clients are not fools. They're very, very clever. We just want to be fair across the board.

Alessandra Girolami:
Next question, please.

Operator:
The next question comes from Atiyyah Vawda from Avior Capital Markets. Please go ahead.

Atiyyah Vawda:
Hi. Good morning. Thank you for taking my questions. I have two. The first one is on volume growth. Can you give us a sense of how much of that volume growth is driven by customer acquisition, so new customers versus existing customers buying into innovation and new collections?

My second question is on Mainland China. Can you maybe give us some colour on the performance there, particularly Cartier, Van Cleef, in terms of newness versus novelties and maybe the core collections? Especially around Cartier, where we noticed there has been store closures, what are your plans there? Thank you.

Nicolas Bos:
Nicolas here. Very difficult to give you some details on the volume growth. It is very much across different clienteles, so some historical returning clients and also new clients. On the side note, the definition of a new client in our world is very difficult. I remember years ago at Van Cleef & Arpels, trying to establish systems. When you have your IT systems, you have to determine what is a new client, a historical client.

In jewellery, we have historical clients that will be extremely faithful to one brand, but they will buy every 10 years because they do not necessarily buy very often an important piece of jewellery. So what is exactly a new and a historical client? Difficult to define. But it is true that there are some clients that buy more frequently because this is their purchasing pattern.

Some of them that buy once in their lifetime or once every five or 10 years. But we have still seen and we still continue to see newcomers to our stores discovering the brands, and also clients returning. So it is pretty much across the board.

Johann Rupert:
Demographically, our clients are not getting older. Very attractive and growing base amongst younger clients. Secondly, do not assume that when we shut a store, we are retreating from a country. Inside even a city, people move. What used to be a hot district in New York or L.A. or Miami, for instance, or London, over a decade, and especially in growing countries like China, over a 10-year period, that area is not that hot anymore, and a lot of us will then open a boutique in another part of the city.

Alessandra Girolami:
Thank you. Next question, please.

Operator:
The next question comes from Erwan Rambourg from Goldman Sachs. Please, go ahead.

Erwan Rambourg:
Yeah. Hi, good morning. Erwan Rambourg from Goldman Sachs. Thanks a lot for taking my two questions, and congrats on the results. Firstly, I wanted to come back on the Chinese cluster. I think the sector is seeing a sequential slowdown, and so are you. I am wondering what is driving this between the real estate situation, equity markets, youth unemployment. There has been this new tax voted in July.

I am just wondering, what are the reasons to be cautious or optimistic? Put differently, as the investors ask us, what is cyclical or structural? I remember the Chairman once mentioned that China was like having a black-tie dinner on a volcano. What is the situation now? How do you think about the evolution of consumer psychology there?

Secondly, maybe coming back on Japan and your 30% growth there, which is counterintuitively strong. Can you talk about local consumption versus tourism-driven consumption? I say it is counterintuitively strong because I got the sense that inbound flows from China were down year-on-year. I am just wondering if you could talk about the make of that 30%, again, between locals and non-Japanese, whether Chinese or other? Thank you.

Johann Rupert:
When I said China was, Johann here, not going to recover as quickly, and our competitors said, it is back by the end of the year. You guys knocked us down by 17% in a day, and I was not too happy. My colleagues here at head office were quite upset. China will come back. When? We do not know, but it will come back.

There are lots of factors at play. They are too smart. They work too hard. Next year, in Hong Kong, for instance, a lot of very successful IT companies are going to go public. We are talking about real numbers of people that are going to unlock wealth over a period of time. We do not know. I am ultimately bullish on the Chinese. They are shopping in Macau. They are shopping in Hong Kong. It is slightly less expensive in Hong Kong, but we are not going to give you a time horizon.

Erwan Rambourg:
Yes.

Johann Rupert:
Years ago, a predecessor of ours said, the beautiful thing about Richemont, it is like it is flying on five engines. A plane flying, and when one turbulence hits one continent or one area, the other four engines still keep us going forward. I think it was shown this year. Over the last years, three years, five years, we have outperformed our competitors. We must be doing something right.

Nicolas Bos:
On your other question, talking about engines, I think that Japan is a very fine example of historical engine that very often was considered to be possibly at the end of a cycle, and it definitely is showing these days extremely good performance. To the point that you are raising, it is actually good performance, very much driven by domestic Japanese clientele.

Yes, Japan has become a touristic destination, but the impact of touristic purchases, not only Chinese, actually, by the way, there is more and more nationalities that go visit and sometimes shop in Japan. But that impact has been more limited, and the growth there is very much driven by our historical domestic Japanese clientele.

That is typically an engine where Richemont always continued to invest, even when the whole world was saying that Japan was at the end of its cycle, and that is today proving, once again, one of the most tasteful and resisting countries in our world.

Erwan Rambourg:
Thank you.

Operator:
As a reminder, if you wish to register for a question, please press star followed by one. The next question comes from Luca Solca from Bernstein. Please, go ahead.

Luca Solca:
Thank you very much, and good morning. Solca, Luca from Bernstein. Maybe one question on the growth of watches. I remember you saying a few months ago that growth in watches was quite polarised, with the more affordable products and very expensive products doing better. I wonder if, on the back of the higher growth you've experienced, the mid-price segment is also doing better at this point, and where you see demand concentrating.

As Johann Rupert is on the call, I was wondering if he could elaborate on Anton's role in his new position, or newly defined position, and how he would define success in that position, and the role of the family in the business going forward. Thank you very much.

Johann Rupert:
Okay, Luca. I read my old friend Michael Douglas' diary, and in the interview, he and Catherine got highly irritated by the term nepo baby. He said, what is a parent's role other than to wish the best for your child? So I put that out to people who have so much to say, normally under pseudonyms, because they don't know the individual. I persuaded Anton to join me, and the other day I looked at this new term, Chief Future Officer. I thought, what the hell is a Chief Future Officer? Well, Anton is my description of a Chief Future Officer, because our future will be determined by how well the product committee works. Can we keep the ambiance and the nice feeling that I have when I meet with Cartier, with Van Cleef, with all the watches?

They're all friends, and under the guidance of Nicolas. Nicolas is the CEO, but they all get on well. The key is very simple. If I'd listened to you bunch of highly intelligent people, then I would have done a merger five years ago. The total value of those two companies put together, by the way, is roughly the same, except of having 80%, which we have now, we would have had 25% then.

So you need a partnership between the controlling shareholders and the management, and a trust between the two. So that, as we said earlier on, Nico and I looked at each other when they were asking jewellery five years, and he whispered to me, we have seen three, four years from now jewellery already. If you're chasing your tail for your next year's numbers, you don't have that freedom.

The biggest luxury is time, and time to plan, and time to sit with your colleagues. Am I saying I'm going to be there five years' time? Hell no. But that's my choice. If you want me to go so you can sell our business, then please call me. But you've got to tell me to whom you want to sell it. I want to tell you, private equity's role in the whole world of finance over the last 20 years can be investigated about how uncompetitive it's made the West through its short-term thinking.

We as a family, we've never taken more than, I would say, 35%, 40% out in dividends. We've always covered it and left more for the business to grow. I was not the one who got the multiple voting shares installed. It was done at the behest of our institutional shareholders.

We've got a reason for the control structure. Everybody who bought in knew what they were buying. Quite frankly, it's working very well. Luca, please do me a favour. You can ask Claude to do it for you. Ask who did the best over the last year, last three years, last five years, and since inception between the top four companies. Let's look, and then have a look. Therefore, I don't really see a need for a change in how we run this company. Is that a fair answer?

Luca Solca:
It is indeed. Thank you, Johann.

Johann Rupert:
Thank you, Luca. You don't have to worry about you being replaced by an agent. I'll still value your input.

Luca Solca:
Thank you. We're trying to hang in there. We're trying to hang in there.

Johann Rupert:
Grazie, grazie.

Nicolas Bos:
And maybe to end on products, Luca, Nicolas, on your question on watches. It is true that in the last period, we have seen actually very, very good success on the price point for watches that were a bit more challenging, or maybe we did not have the right collections or the right communication.

But typically, the Ingenieur collection at IWC, the new Master Control at Jaeger-LeCoultre, which are neither entry price nor unique high complication, are doing very, very well on that price segment, which is a bit more intermediary. So it really comes back to this idea that it is very much a polarised success.

If you have the right product, the right design, the right communication, there is definitely good performance, even in price segments that were challenged before. So we will continue to support the creative of our colleagues in that matter.

Johann Rupert:
I must also say, Johann here, it taught us and our colleagues quite a bit of humility as well, because really, a few years ago, it was quite easy to sell watches, and we strayed away from the true DNA of the watches. And you were correct, we started noticing our hubris, in fact, and went back, and our colleagues have gone back to their core competencies, and it is notable that they are selling it better, and that the demand is up. Okay, grazie, boys.

Luca Solca:
Thank you.

Alessandra Girolami:
Thank you very much. This will now conclude the call. Do not hesitate to reach out to us, obviously preferably by phone, considering the email outage. Bye for now.

Johann Rupert:
Ciao.

Nicolas Bos:
Thank you.

Burkhart Grund:
Thank you.