

RICHEMONT

Condensed Consolidated Interim Financial Statements
30 September 2022

Unaudited

Condensed consolidated balance sheet

	Notes	30 September 2022 €m	31 March 2022 represented €m
Assets			
Non-current assets			
Property, plant and equipment		3 139	3 122
Goodwill		677	3 538
Other intangible assets		515	2 342
Right of use assets		3 498	3 468
Equity-accounted investments		621	252
Deferred income tax assets		822	754
Financial assets held at fair value through profit or loss	18	302	325
Financial assets held at fair value through other comprehensive income	18	232	280
Other non-current assets		543	521
		10 349	14 602
Current assets			
Inventories		7 027	7 099
Trade receivables and other current assets		1 815	1 662
Derivative financial instruments	18	56	55
Financial assets held at fair value through profit or loss	18	6 763	6 632
Assets of disposal group held for sale	5	3 860	59
Cash at bank and on hand		9 762	9 877
		29 283	25 384
Total assets		39 632	39 986
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital		334	334
Treasury shares		(362)	(478)
Hedge and share option reserves		150	149
Cumulative translation adjustment reserve		4 653	3 728
Retained earnings		13 444	16 081
		18 219	19 814
Non-controlling interests		54	49
Total equity		18 273	19 863
Liabilities			
Non-current liabilities			
Borrowings		5 954	5 948
Lease liabilities		3 170	3 101
Deferred income tax liabilities		188	325
Employee benefits obligations		62	61
Provisions		74	74
Other long-term financial liabilities		105	107
		9 553	9 616
Current liabilities			
Trade payables and other current liabilities		2 535	3 351
Current income tax liabilities		759	724
Borrowings		1	1
Lease liabilities		626	647
Derivative financial instruments	18	160	150
Provisions		213	325
Liabilities of disposal groups held for sale	5	1 705	–
Bank overdrafts		5 807	5 309
		11 806	10 507
Total liabilities		21 359	20 123
Total equity and liabilities		39 632	39 986

Condensed consolidated statement of comprehensive income

		Six months to 30 September 2022	Six months to 30 September 2021 represented
	Notes	€m	€m
Revenue	6	9 676	7 787
Cost of sales		(3 009)	(2 527)
Gross profit		6 667	5 260
Selling and distribution expenses		(2 203)	(1 734)
Communication expenses		(804)	(603)
Fulfilment expenses		(117)	(88)
Administrative expenses		(786)	(634)
Other operating expenses	7	(34)	(33)
Operating profit		2 723	2 168
Finance costs	8	(372)	(435)
Finance income	8	170	53
Share of post-tax results of equity-accounted investments		38	13
Profit before taxation		2 559	1 799
Taxation	9	(454)	(296)
Profit for the period from continuing operations		2 105	1 503
Loss for the period from discontinued operations	5	(2 871)	(254)
(Loss)/profit for the period		(766)	1 249
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		(63)	(76)
		(63)	(76)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the period		927	303
Cash flow hedging			
– reclassification to profit or loss, net of tax		2	2
Share of other comprehensive income of equity-accounted investments		2	1
		931	306
Other comprehensive income, net of tax		868	230
Total comprehensive income		102	1 479
(Loss)/profit attributable to:			
Owners of the parent company		(760)	1 232
Non-controlling interests		(6)	17
		(766)	1 249
Total comprehensive income/(loss) attributable to:			
Owners of the parent company		106	1 461
– continuing operations		2 968	1 718
– discontinued operations		(2 862)	(257)
Non-controlling interests		(4)	18
		102	1 479
Earnings per 'A' share/10 'B' shares attributable to owners of the parent company during the period (expressed in € per share)			
From profit for the year			
Basic	10	(1.337)	2.176
Diluted	10	(1.337)	2.145
From continuing operations			
Basic	10	3.708	2.623
Diluted	10	3.665	2.585

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent company								
	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
Balance at 1 April 2021 - as reported		334	(490)	419	2 626	14 885	17 774	110	17 884
Impact of re-presentation of equity	3	–	(129)	(313)	–	442	–	–	–
Balance at 1 April 2021 - represented		334	(619)	106	2 626	15 327	17 774	110	17 884
Comprehensive income									
Profit for the period		–	–	–	–	1 232	1 232	17	1 249
Other comprehensive loss		–	–	2	302	(75)	229	1	230
		–	–	2	302	1 157	1 461	18	1 479
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares		–	94	–	–	(10)	84	–	84
Acquisition of warrants on own equity		–	–	–	–	(39)	(39)	–	(39)
Employee share-based compensation		–	–	31	–	–	31	–	31
Tax on share option plan		–	–	1	–	–	1	–	1
Reclassification to retained earnings		–	–	(31)	–	31	–	–	–
Changes in non-controlling interests		–	–	–	–	–	–	(55)	(55)
Dividends paid	13	–	–	–	–	(1 041)	(1 041)	–	(1 041)
		–	94	1	–	(1 059)	(964)	(55)	(1 019)
Balance at 30 September 2021		334	(525)	109	2 928	15 425	18 271	73	18 344
Balance at 1 April 2022		334	(478)	149	3 728	16 081	19 814	49	19 863
Comprehensive income									
Profit 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 option plan		–	–	(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

Condensed consolidated statement of cash flows

		Six months to 30 September 2022	Six months to 30 September 2021 represented
	Notes	€m	€m
Cash flows from operating activities			
Operating profit from continuing operations		2 723	2 168
Operating loss from discontinued operations	5	(2 863)	(219)
Adjustment for non-cash items	11	3 518	767
Changes in working capital	11	(1 335)	(663)
Cash flow generated from operations		2 043	2 053
Interest received		70	50
Interest paid		(110)	(84)
Dividends from equity-accounted investments		2	3
Taxation paid		(465)	(241)
Net cash generated from operating activities		1 540	1 781
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	14	(45)	(190)
Acquisition of equity-accounted investments		(330)	(104)
Acquisition of property, plant and equipment		(324)	(216)
Proceeds from disposal of property, plant and equipment		10	1
Acquisition of intangible assets		(53)	(56)
Payments capitalised as right of use assets		–	(4)
Proceeds from disposal of investment property		–	86
Investment in money market and externally managed funds		(6 629)	(7 496)
Proceeds from disposal of money market and externally managed funds		6 790	7 272
Acquisition of other non-current assets and investments		(27)	(222)
Proceeds from disposal of other non-current assets and investments		10	15
Net cash used in investing activities		(598)	(914)
Cash flows from financing activities			
Proceeds from borrowings		2	–
Repayment of borrowings		(1)	(8)
Dividends paid	13	(1 851)	(1 041)
Proceeds from sale of treasury shares		116	83
Acquisition of warrants on own equity		–	(39)
Contribution received from non-controlling interests		9	–
Acquisition of non-controlling interests in a subsidiary		–	(55)
Lease payments – principal		(348)	(315)
Net cash (used in)/generated by financing activities		(2 073)	(1 375)
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		4 568	3 780
Exchange gains/(losses) on cash and cash equivalents		247	64
Cash and cash equivalents at the end of the period	12	3 684	3 336

Notes to the condensed consolidated interim financial statements

1. General information

Compagnie Financière Richemont SA ('the Company') and its subsidiaries (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 industry, including Buccellati, Cartier, Van Cleef & Arpels, A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis, Vacheron Constantin, Watchfinder, YOOX NET-A-PORTER ('YNAP'), Alaïa, AZ Factory, Chloé, Delvaux, dunhill, Montblanc, Peter Millar, Purdey and Serapian.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are listed and traded on SIX Swiss Exchange and are included in the Swiss Market Index ('SMI') of leading stocks. Depository Receipts in respect of Richemont shares are traded on the Johannesburg Stock Exchange operated by JSE Limited. Corporate bonds issued by a subsidiary of the Company are listed on the Luxembourg Stock Exchange.

These unaudited condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 10 November 2022.

2. Basis of preparation

The condensed consolidated interim financial statements for the six-months ended 30 September 2022 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 2022, 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 ('Alabar') to sell its controlling shareholding in YNAP. Following completion of anti-trust procedures, anticipated to take between 12 and 18 months, YNAP will no longer be consolidated as a subsidiary undertaking. In accordance with IFRS 5, the assets and liabilities of YNAP are reclassified as Held for Sale and its results for the year are presented as Discontinued Operations. Prior year comparatives in the Statement of comprehensive income have been restated accordingly. 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 2022.

In addition, following the announcement of the expected sale of YNAP described above, the Group has identified the following matter involving significant accounting estimates and assumptions:

Measurement of assets and liabilities of disposal group held for sale

In accordance with IFRS 5, the Group has classified the assets and liabilities of YNAP as Held for Sale on its balance sheet at 30 September 2022. Measurement of the net assets of the disposal group is based on the terms of the signed agreement. The purchase price will be primarily settled in a fixed number of listed shares. In order to re-measure the net assets, the share price on 30 September 2022 and foreign exchange rates on that date were used, together with the estimated fair value of the shareholding which the Group will retain in YNAP; however, the final recoverable amount of these net assets will be determined only on the completion date.

3. Accounting policies

The accounting policies adopted are consistent with those described in the consolidated financial statements for the year ended 31 March 2022, with the exception of the following:

Treasury shares

Sales of treasury shares denominated in CHF are translated to EUR on consolidation using the historic exchange rate. Previously, movements in the treasury share reserve were translated at the average rate for the period. From 1 April 2022, disposals of treasury shares are translated at the exchange rate initially used when that share was acquired. This improves the information provided to the user of financial statements with respect to the closing value of the treasury shares reserve. As this is applied retrospectively, prior year comparatives have been re-presented accordingly. The treasury share reserve at the beginning of the comparative period is increased by € 129 million and retained earnings is increased by € 129 million accordingly. There is no impact on opening or closing total equity, nor on net profit or earnings per share.

Share-based payments reserve

The cumulative expense charged to the share-based payments reserve for Restricted Share Units ('RSU') is reclassified to retained earnings upon vesting. For stock options, the cumulative expense is reclassified to retained earnings when the options are exercised. Prior to 1 April 2022, cumulative expenses remained in the share-based payments reserve. Following this reclassification, the share-based payment reserve reflects only those RSU and stock options for which the Group retains a future obligation to deliver an 'A' share. As this change in policy is applied retrospectively, prior year comparatives have been re-presented accordingly. The share-based payment reserve at the beginning of the comparative period is decreased by € 313 million and retained earnings is increased by € 313 million accordingly. There is no impact on opening or closing total equity, nor on net profit or earnings per share.

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, Serapien, Watchfinder, investment property companies and other manufacturing entities. None of these segments meets the quantitative thresholds for determining reportable segments.

Revenue by business area is as follows:

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Jewellery Maisons	6 344	5 097
Specialist Watchmakers	2 043	1 679
Other	1 289	1 011
	9 676	7 787

Following the reclassification of the results of YNAP as discontinued operations (note 5), Online Distributors, which previously comprised YNAP and Watchfinder, is no longer presented separately.

Watchfinder is included within Other operating segments as it does not meet the threshold for separate disclosure. Prior year comparatives have been re-presented accordingly. 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.

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.

Comparatives have been represented throughout this note for consistency with current year presentation, with respect to the reclassification of Watchfinder to Other (as described above) and the reclassification of the results of YNAP to discontinued operations (note 5). Additionally, specific costs previously included within Other have been reclassified to Unallocated corporate costs to better reflect the underlying nature of these expenses. The impact on the prior period is to increase the operating profit of the Other segments by € 12 million and to increase Unallocated corporate costs by the same amount.

Notes to the condensed consolidated interim financial statements continued

4. Segment information continued

(a) Information on reportable segments continued

The results by business area are as follows:

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Operating result		
Jewellery Maisons	2 354	1 930
Specialist Watchmakers	506	376
Other	56	42
	2 916	2 348
Impact of valuation adjustments from acquisitions	(12)	(15)
Corporate costs	(181)	(165)
Operating profit	2 723	2 168
Finance costs	(372)	(435)
Finance income	170	53
Share of post-tax results of equity-accounted investments	38	13
Profit before taxation	2 559	1 799
Taxation	(454)	(296)
Profit for the period from continuing operations	2 105	1 503

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	319	272
Specialist Watchmakers	131	123
Other	108	99
Unallocated	99	96
	657	590

In the six-month period ended 30 September 2022, impairment charges were included within unallocated corporate costs of € 1 million (2021: none).

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 2022	At 31 March 2022 represented
	€m	€m
Segment assets		
Jewellery Maisons	4 585	4 025
Specialist Watchmakers	2 016	1 764
Online Distributors	–	1 091
Other	1 423	1 063
	8 024	7 943
Eliminations	–	(111)
	8 024	7 832
Total segment assets	8 024	7 832
Property, plant and equipment	3 139	3 122
Goodwill	677	3 538
Other intangible assets	515	2 342
Right of use assets	3 498	3 468
Equity-accounted investments	621	252
Deferred income tax assets	822	754
Financial assets at fair value through profit or loss	7 065	6 957
Financial assets at fair value through other comprehensive income	232	280
Other non-current assets	543	521
Other receivables	818	929
Derivative financial instruments	56	55
Cash at bank and on hand	9 762	9 877
Assets of disposal groups held for sale	3 860	59
Total assets	39 632	39 986

In the above table, YNAP segment assets are included in Online Distributors in the comparative period, and in assets of disposal groups held for sale at 30 September 2022.

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

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	202	162
Specialist Watchmakers	37	32
Other	34	21
Unallocated	61	20
	334	235

Notes to the condensed consolidated interim financial statements continued

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 2022	Six months to 30 September 2021 represented
	€m	€m
Europe	2 181	1 505
France	509	257
United Kingdom	393	305
Italy	292	176
Switzerland	283	194
Other Europe	704	573
Middle East & Africa	730	584
United Arab Emirates	382	279
Other Middle East & Africa	348	305
Asia	4 562	4 121
China, including Hong Kong SAR and Macau SAR	2 332	2 723
– of which mainland China	1 928	2 171
– of which Hong Kong SAR and Macau SAR	404	552
Japan	807	485
South Korea	555	452
Other Asia	868	461
Americas	2 203	1 577
United States	1 903	1 387
Other Americas	300	190
	9 676	7 787

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 2022	At 31 March 2022
	€m	€m
Italy	928	4 287
United Kingdom	562	1 852
Switzerland	2 098	1 989
United States	1 465	1 289
France	1 200	1 176
Rest of the world	2 570	2 464
	8 823	13 057

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 2022	Six months to 30 September 2021 represented
	€m	€m
Jewellery	4 661	3 777
Watches	3 589	2 921
Clothing	403	274
Leather goods and accessories	467	362
Writing instruments	233	191
Other	323	262
	9 676	7 787

5. Assets held for sale

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 \$ 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 longstanding 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 within the next 18 months following completion of anti-trust procedures. 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. For segmental reporting, YNAP was an operating segment aggregated within Online Distributors.

The results of the discontinued operations included in profit for the year are set out below. The comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

	Six months to 30 September 2022	Six months to 30 September 2021
	€m	€m
Revenue	1 241	1 120
Expenses	(1 409)	(1 339)
Loss on write-down of net assets to recoverable amount	(2 695)	–
Operating loss	(2 863)	(219)
Finance costs	(15)	(3)
Finance income	1	–
Loss before taxation	(2 877)	(222)
Taxation	6	(32)
Loss for the period from discontinued operations	(2 871)	(254)

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 € 2 695 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 2022 was US\$ 7.45 (€ 7.60) per share.

Notes to the condensed consolidated interim financial statements continued

5. Assets held for sale 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 2022	Six months to 30 September 2021
	€m	€m
Currency translation adjustments	6	(4)
Cumulative income recognised in Other Comprehensive Income	6	(4)

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

	Six months to 30 September 2022	Six months to 30 September 2021
	€m	€m
Net cash used in operating activities	(90)	(154)
Net cash used in investing activities	(33)	(34)
Net cash used in financing activities	(14)	(19)
	(137)	(207)

The major classes of assets and liabilities of the disposal group at 31 March are as follows:

	At 30 September 2022	At 31 March 2022
	€m	€m
Property, plant & equipment	173	24
Goodwill	181	–
Other intangible assets	1 711	–
Right of use assets	197	–
Investment property	36	35
Deferred tax assets	41	–
Other non-current assets	2	–
Inventories	1 139	–
Trade and other receivables	172	–
Cash & cash equivalents	208	–
	3 860	59
Provisions	(66)	–
Deferred tax liabilities	(182)	–
Current tax liabilities	(48)	–
Lease liabilities	(207)	–
Trade and other payables	(723)	–
Bank overdrafts	(479)	–
	(1 705)	–

6. Revenue

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Revenue from contracts with customers	9 646	7 764
Royalty income	30	23
	9 676	7 787

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

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

	Asia	Europe	Japan	Americas	Middle East and Africa	Total
Six months to 30 September 2021 represented	€m	€m	€m	€m	€m	€m
Jewellery Maisons	2 370	862	343	1 069	453	5 097
Specialist Watchmakers	1 023	287	78	198	93	1 679
Other	243	356	64	310	38	1 011
	3 636	1 505	485	1 577	584	7 787

7. Other operating income/(expenses)

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Royalty expenses	(2)	(2)
Investment property rental income	1	1
Investment property costs	(2)	(3)
Gain on sale of investment property	–	24
Amortisation of intangible assets and inventory adjustments recognised on acquisition	(15)	(18)
Other (expenses)/income	(16)	(35)
	(34)	(33)

Notes to the condensed consolidated interim financial statements continued

8. Finance costs and income

	Six months to 30 September 2022	Six months to 30 September 2021 represented
	€m	€m
Finance costs:		
Interest expense:		
– bank borrowings	(35)	(14)
– corporate bond	(47)	(47)
– other financial expenses	(11)	(17)
– lease liabilities	(35)	(30)
Net foreign exchange losses on monetary items	–	(55)
Mark-to-market adjustment in respect of hedging activities	(81)	(21)
Net loss on financial instruments at fair value through profit or loss	(163)	(251)
Finance costs	(372)	(435)
Finance income:		
Interest income:		
– from financial assets at amortised cost (including bank and other deposits)	56	33
– from financial assets held at fair value through profit or loss	18	17
– other financial income	1	3
Net foreign exchange gains on monetary items	95	–
Finance income	170	53
Net finance (costs)/income	(202)	(382)

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 2022 was 18.0% (2021 represented: 16.6%).

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 2022	Six months to 30 September 2021 represented
Profit from continuing operations attributable to owners of the parent company (€ millions)	2 107	1 485
Loss from discontinued operations attributable to owners of the parent company (€ millions)	(2 867)	(253)
Total (loss)/profit attributable to owners of the parent company (€ millions)	(760)	1 232
Weighted average number of shares in issue (millions)	568.3	566.2
Basic earnings per share from continuing operations	3.708	2.623
Basic earnings per share from discontinued operations	(5.045)	(0.447)
Total basic earnings per 'A' share/10 'B' shares	(1.337)	2.176

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 2022, all instruments are dilutive and so none are excluded from the calculation of diluted earnings per share from continuing operations (2021: all instruments were dilutive). For the calculation of loss per share from discontinued operations and total loss per share for the period, none of the Group's potential shares are considered dilutive.

	Six months to 30 September 2022	Six months to 30 September 2021 represented
Profit from continuing operations attributable to owners of the parent company (€ millions)	2 107	1 485
Loss from discontinued operations attributable to owners of the parent company (€ millions)	(2 867)	(253)
Total (loss)/profit attributable to the owners of the parent company (€ millions)	(760)	1 232
Weighted average number of shares in issue (millions)	568.3	566.2
Adjustment for dilutive potential ordinary shares (millions)	6.6	8.3
Weighted average number of shares for diluted earnings per 'A' share/10 'B' shares (millions)	574.9	574.5
Diluted earnings per share from continuing operations	3.665	2.585
Diluted earnings per share from discontinued operations	(5.045)	(0.447)
Total diluted earnings per 'A' share/10 'B' shares	(1.337)	2.145

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 2022 €m	Six months to 30 September 2021 €m
Profit attributable to owners of the parent company	(760)	1 232
(Gain)/loss on disposal of non-current assets	(6)	3
Impairment of non-current assets	1	-
Loss on transfer of assets to held for sale	2 695	-
Headline earnings	1 930	1 235
	2022 millions	2021 millions
Weighted average number of shares:		
– Basic	568.3	566.2
– Diluted	574.9	574.5
	€ per share	€ per share
Headline earnings per 'A' share/10 'B' shares:		
– Basic	3.396	2.181
– Diluted	3.357	2.150

Notes to the condensed consolidated interim financial statements

continued

11. Cash flow from operating activities

	Six months to 30 September 2022	Six months to 30 September 2021
	€m	€m
Depreciation of property, plant and equipment	272	243
Depreciation of right of use assets	373	342
Depreciation of investment property	–	2
Amortisation of other intangible assets	145	169
Loss on disposal of property, plant and equipment	(6)	2
Loss on disposal of intangible assets	–	1
Profit on disposal of investment property	–	(24)
Profit on lease remeasurement	(8)	(6)
Increase in non-current provisions	5	7
Loss on write-down of net assets transferred to Held for Sale	2 695	–
Other non-cash items	42	31
Adjustments for non-cash items	3 518	767
Increase in inventories	(702)	(333)
Increase in trade receivables	(258)	(184)
Increase in other current assets	(27)	(7)
Decrease in current liabilities	(267)	(138)
Increase/(decrease) in other long-term liabilities	(3)	3
Cash outflow on derivative financial instruments	(78)	(4)
Changes in working capital	(1 335)	(663)

12. Cash and cash equivalents

	At 30 September 2022	At 30 September 2021
	€m	€m
Cash at bank and on hand	9 762	8 265
Bank overdrafts	(5 807)	(4 929)
Cash at bank and on hand within Assets of disposal groups held for sale (note 5)	208	–
Bank overdrafts within Liabilities of disposal groups held for sale (note 5)	(479)	–
	3 684	3 336

13. Dividends

On 7 September 2022 shareholders approved a dividend of CHF 2.25 per 'A' share and CHF 0.225 per 'B' share (2021: CHF 2.00 and CHF 0.20 respectively), as well as an exceptional dividend of CHF 1.00 per 'A' share and CHF 0.10 per 'B' share (2021: no exceptional dividend).

14. Contingent consideration

During the period, payments amounting to € 41 million were made to settle obligations related to contingent consideration for business combinations in prior periods. At 30 September 2022, the Group has a remaining provision for contingent consideration of € 3 million (31 March 2022: € 41 million). The only other movements in this balance during the year were exchange rate movements and the unwinding of the discount rate.

15. Financial commitments and contingent liabilities

At 30 September 2022, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which 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 € 477 million (31 March 2022: € 330 million). Commitments to purchase items of plant, property and equipment amounted to € 264 million (31 March 2022: € 221 million).

16. Related-party transactions

During the period, the Group contributed € 330 million to its associate, Kering Eyewear, with no change in its percentage ownership, which remains at 30%. Otherwise 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 2023 annual consolidated financial statements.

17. Share-based payments

Equity-settled share option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. Awards under the share option plan vest over periods of three to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. No new awards are made under this plan.

Restricted share units

A further long-term share-based compensation plan is operated by the Group under which executives are awarded RSUs. Awards under this plan vest over periods of three to five years from the date of grant. On vesting, the executive will receive a share in the Company. Awards granted to senior executives are also subject to performance conditions which may reduce the number of shares vesting (Performance Share Units, or 'PSUs'). Executives are not entitled to dividends during the vesting period.

Awards during the period

Awards of 738 245 RSU and 279 431 PSU were made during the period (2021: 665 850 RSU and 247 302 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 2022, the award date value of PSU in September 2021 of CHF 93.45 was revalued at CHF 101.46.

Notes to the condensed consolidated interim financial statements

continued

18. 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 2022.

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				
	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
30 September 2022									
Financial assets measured at fair value									
Derivative financial instruments	17	–	–	–	17	–	–	17	17
Listed investments	–	232	–	–	232	232	–	–	232
Unlisted investments	285	–	–	–	285	–	280	5	285
Non-current assets held at fair value	302	232	–	–	534	–	–	–	534
Investments in externally managed funds	6 380	–	–	–	6 380	6 380	–	–	6 380
Investments in money market funds	383	–	–	–	383	–	383	–	383
Derivative financial instruments	56	–	–	–	56	–	56	–	56
Current assets held at fair value	6 819	–	–	–	6 819	–	–	–	6 819
	7 121	232	–	–	7 353	–	–	–	7 353
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	15	–	15	–	–	–	15
Non-current lease deposits	–	–	155	–	155	–	–	–	155
Trade and other receivables	–	–	1 415	–	1 415	–	–	–	1 415
Cash and cash equivalents	–	–	9 762	–	9 762	–	–	–	9 762
	–	–	11 347	–	11 347	–	–	–	11 347
Financial liabilities measured at fair value									
Derivatives	(160)	–	–	–	(160)	–	(160)	–	(160)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(5 955)	(5 955)	(5 027)	–	–	(5 027)
Lease liabilities	–	–	–	(3 796)	(3 796)	–	–	–	(3 796)
Other non-current financial liabilities	–	–	–	(105)	(105)	–	–	–	(105)
Trade and other payables	–	–	–	(2 278)	(2 278)	–	–	–	(2 278)
Bank overdrafts	–	–	–	(5 807)	(5 807)	–	–	–	(5 807)
	–	–	–	(17 941)	(17 941)	–	–	–	(17 941)

Unlisted investments at 30 September 2022 include an investment in a convertible note issued by Farfetch Limited. Non-current derivative financial instruments relates to the Farfetch China option.

18. Financial instruments: Fair values and risk management continued

	Carrying amount				Fair value				
	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
31 March 2022									
Financial assets measured at fair value									
Derivative financial instruments	47	–	–	–	47	–	–	47	47
Listed investments	–	280	–	–	280	280	–	–	280
Unlisted investments	278	–	–	–	278	–	273	5	278
Non-current assets held at fair value	325	280	–	–	605	–	–	–	605
Investments in externally managed funds	6 449	–	–	–	6 449	6 449	–	–	6 449
Investments in money market funds	183	–	–	–	183	–	183	–	183
Derivative financial instruments	55	–	–	–	55	–	55	–	55
Current assets held at fair value	6 687	–	–	–	6 687	–	–	–	6 687
	7 012	280	–	–	7 292	–	–	–	7 292
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	8	–	8	–	–	–	8
Non-current lease deposits	–	–	178	–	178	–	–	–	178
Trade and other receivables	–	–	1 168	–	1 168	–	–	–	1 168
Cash and cash equivalents	–	–	9 877	–	9 877	–	–	–	9 877
	–	–	11 231	–	11 231	–	–	–	11 231
Financial liabilities measured at fair value									
Derivatives	(150)	–	–	–	(150)	–	(150)	–	(150)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(5 949)	(5 949)	(5 998)	–	–	(5 998)
Lease liabilities	–	–	–	(3 748)	(3 748)	–	–	–	(3 748)
Other non-current financial liabilities	–	–	–	(107)	(107)	–	–	–	(107)
Trade and other payables	–	–	–	(3 100)	(3 100)	–	–	–	(3 100)
Bank overdrafts	–	–	–	(5 309)	(5 309)	–	–	–	(5 309)
	–	–	–	(18 213)	(18 213)	–	–	–	(18 213)

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 176 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\$ 7.45 (31 March 2022: US\$ 15.12), the risk-free rate of 4.0% (31 March 2022: 2.0%) and the expected volatility of the underlying equity instrument of 76.8% (31 March 2022: 73.4%). The value of the underlying bond is determined using a discounted cash flow model with a credit spread of 4.7% (31 March 2022: 2.1%). 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.

Notes to the condensed consolidated interim financial statements continued

18. 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\$ 7.45 (31 March 2022: US\$ 15.12), the risk-free rate of 4.2% (31 March 2022: 2.4%) and the expected volatility of the underlying equity instrument of 76.8% (31 March 2022: 73.4%). The strike price of the option is derived from the value of the underlying investment in Farfetch China, which is determined using recent transactions in the shares of the entity with third parties. As the option is convertible in the future into Farfetch Limited shares, its valuation is also closely correlated 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 2021	10
Exchange adjustments	12
Additions	197
Disposal	(4)
Unrealised losses recognised in net finance costs	(163)
31 March 2022	52
Exchange adjustments	6
Unrealised losses recognised in net finance costs	(36)
At 30 September 2022	22

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 recent transactions with third parties, supported by an analysis of trading multiples of listed peer companies and business plans. A plus/(minus) 1% change in the fair value of this investment would lead to a (minus)/plus 0.7% change in the fair value of the option (€ 0.1 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.

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 2022	Six months to 30 September 2021
Average		
United States dollar	1.04	1.19
Chinese renminbi	6.96	7.70
Japanese yen	139	131
Swiss franc	1.00	1.09
	30 September 2022	31 March 2022
Closing		
United States dollar	0.98	1.16
Chinese renminbi	6.97	7.48
Japanese yen	142	129
Swiss franc	0.96	1.08