Chairman’s address
2022 AGM

Ladies and gentlemen, dear shareholders,

On behalf of the directors of Compagnie Financière Richemont SA, it is my pleasure to welcome you to our 34th Annual General Meeting. I am Johann Rupert, Chairman of Compagnie Financière Richemont SA. Before proceeding to the agenda of our 34th Annual General Meeting, I would like to say I am pleased to welcome you in person, on behalf of the Board, and to thank you for your attendance.

I would also like to thank all my colleagues at Richemont, both on my behalf and on behalf of the Directors of Compagnie Financière Richemont SA, for the strong performance they have delivered with dedication, solidarity and discipline.

For the year under review, Richemont reported another strong set of results. As a result, your Board of Directors proposed to pay an increased ordinary dividend of 2.25 Swiss francs per ‘A’ share / 10 ‘B’ shares as well as an additional special dividend of 1.00 Swiss francs per ‘A’ share/10 ‘B’ shares.

Richemont saw a significant step change in sales and operating profit, which reached 19.2 billion euros and 3.4 billion euros, respectively. With the operating profit more than doubling, operating margin improved to 17.7% or above 19% without one-time items. This significant increase coupled with a strict working capital management led to cash flow from operating activities increasing to 4.6 billion Euros. Profit for the year rose by 61% to 2.1 billion euros and net cash by 55% to 5.25 billion euros at the end of March 2022.

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In the start of our current financial year, the business continued to perform steadily, with sales up by 12% at constant exchange rates and 20% at actual exchange rates for the three-month period ended 30 June 2022. Sales growth was driven by all channels and business areas, with a particular mention for retail, now the largest distribution channel of the Group and fastest growing.

Our Jewellery Maisons, Cartier, Van Cleef & Arpels and Buccellati, have continued to deliver an outstanding performance, further building on the appeal and timelessness of their collections. Our Specialist Watchmakers division, composed of eight highly distinctive watch Maisons, is in very good shape: the market is clean, there is a strong demand, and we have no discounts anymore. Three of them are now approaching a billion euros or so in sales. After fixing the watch businesses and Online Distributors, our focus is now on our Fashion & Accessories Maisons, which until recently had lagged our other Maisons. I am very pleased to say that our Fashion & Accessories Maisons are starting to grow significantly, driven by renewed creativity.

Regarding the Online Distributors, shareholders will recall our stated ambition to turn as many as possible of our fixed costs into variable costs. We have just signed an agreement for Farfetch and Alabbar to acquire a 47.5% and 3.2% stake, respectively, in YOOX NET-A-PORTER ("YNAP") and will receive in exchange shares in Farfetch to further align interests. Subject to the usual regulatory approvals, this transaction will turn YNAP into a neutral platform with no controlling shareholder. That is what I pleaded for, in 2015, at an FT conference. We did not want to own the online business ourselves. We always wanted a neutral platform owned by many. Now, we can move towards a hybrid model that will significantly enhance YNAP’s prospects. Farfetch's technology will also enable Richemont Maisons to benefit from the best ‘route to market’ and realise their Luxury New Retail vision. I am very happy that our Maisons are enthusiastic because that was the goal from the beginning, to enable the Maisons to use the Farfetch technology. Even though we say that it is a ‘route to market’, it is also a ‘market to us’ because it enables our clients, he or she, to interact more fluently with the Maisons. We have already seen a much higher conversion rate when clients come to the boutiques because they are well informed, they have studied the product, know if it is available and where it is available. In the future, we will be able, because of the hybrid model, to get the products to the right place at the right time. Adjusting YNAP’s valuation to reflect today’s markets leads to a non-cash write down of approximately 2.7 billion euros depending on several variables, one of them being the Farfetch share price and the U.S. dollar/euro foreign exchange rate at the reporting date. We wanted you to vote with this information in mind.

Before turning to the evolution of governance, allow me to pay tribute to the late Me Jean-Paul Aeschiman, who sadly passed away last June. He served with great distinction as Richemont’s Deputy Chairman for 22 years, from the Company's foundation in 1988 till 2010. He was a great personal mentor to me, made an enormous contribution to the development of the Group, and will be sorely missed. He was the one who advised to have a collegial and open board where all directors serve the interest of <u>all</u> shareholders.

In terms of governance, two long-standing Non-executive Directors, Mr Jan Rupert and Mr Ruggero Magnoni, have stepped down from the Board of Directors. I really want to thank Ruggero and Jan for their invaluable contributions over so many years. They depart with our best and warm wishes, and my sadness. As a result, the size of the Board has been reduced to 16.

At this shareholders' meeting, you are asked to vote on a number of unusual items, which arise from proposals put forward by the fund manager Bluebell Capital. We have always had civil and polite discussions with all shareholders, and I hope today's meeting will take place in that vein.

The first proposal relates to the nomination by Bluebell of Mr Francesco Trapani, as representative of all holders of the Company's 'A' shares, and his election to the Company's Board. Bluebell is also requesting that Article 22 of the Company's articles of incorporation, which relates to the composition of the Board, be modified such that the minimal number of Board members be increased from three to six, and that the Article 22 be further amended such that each Board member be categorised as a representative of either the 'A' or the 'B' shares, and that the number of representatives of the 'A' and 'B' shall be equal. Now, in 1988 when we decided to start Richemont, we had four listed pyramid holding companies. To avoid any conflicts of interest and to do away with the holding company discounts, we asked for an EGM and asked our shareholders to swap the pyramids for multiple voting shares. Over 90% of the shares were present at the meeting and the shareholders voted 100% for the change while the family did not vote. That company was then listed in 1988. Any shareholder who bought shares since 1988 knew about this structure. There is no doubt about the legality. Now, let's look at the morality. Since 1988, 34 years now, the only purpose of CF Rupert, which holds the 'B' shares, has been a conduit for dividends. The accounts are available for anybody who wants to see them. We have not taken fees. We did not buy property and lease it to the public company.

We did not buy operating companies, dress them up and then sell them to the public company for stock or shares. It is a pure dividend receiving vehicle, apart from the fact that of course we have to pay withholding tax and wait for a long time to get it back. Therefore, there can be no morality issue either.

I wrote to you last month on these matters on behalf of the Board recommending that shareholders vote against these proposals. It is not necessary to repeat the details, but further comment is appropriate since these resolutions touch on the governance of the Company, a matter of the highest importance to the Board and to me, as founder and also largest shareholder.

At the heart of the matter rests a fundamentally different approach to the role and functioning of the Board. Bluebell envisages a regime where ‘A’ and ‘B’ shareholders are separately represented, as if they had unaligned interests. It is worth noting that of the 25 Swiss companies, with ‘A’ and ‘B’ shares, only five have a nominated ‘A’ shareholder. The big 20 do not have a nominated representative of one class of shares. It was designed mainly for private companies. It is not our articles; it is Swiss Law. This vision of Board members reflecting conflicting shareholder factions is alien to our approach and philosophy. We have always prided ourselves on our collegiality, with all directors representing the interests of <u>all</u> shareholders.

This conception of company stewardship has been at the core of Richemont's value creation and success over the past decades. And so has the Group's capital structure, which has allowed Richemont to plan for the medium and long term, and to create value for shareholders and our communities, while being protected from speculators' short-term considerations and demands.

We bought Van Cleef & Arpels for about 300-305 million. It was losing 60 million, while today -we don’t break things up- I would be surprised if the operating profit or the cash contribution would be shy of nine figures. For the first three or four years, not only shareholders but board members kept on asking me, when is Van Cleef & Arpels going to turn profitable? I don’t need to mention analysts. We said: when it is ready. Our philosophy is to buy something, nurture it, grow it and let it grow at the rate which is sustainable.

These voting arrangements are well known in the luxury sector with all the successful luxury companies in the world being either private or with a strong family hold. The Board strongly believes that changing this structure would be prejudicial to the Group's prospects.

However, Swiss law does allow for separate ‘A’ shareholder representation, and when required by one shareholder we need to accommodate; a request not made since Richemont’s foundation 34 years ago. The Board nominated Ms Wendy Luhabe to this role to represent all the non-executive directors, in preference to Mr Francesco Trapani. We believe Ms Luhabe to be highly qualified while Mr Trapani, as we have explained, lacks the requisite independence to perform this role.

The performance data show the current structure has stood the test of time. A 14% annualised total shareholder return since Richemont’s IPO in 1988 is a very pleasing level of performance and compares very favourably with European and Swiss equities.

The Group has shown strategic foresight and taken brave actions, in the way it has dealt with the massive oversupply of watches faced a few years back, developments of the Chinese market, growing online consumption and more globally the patient nurturing of its Maisons, building, rather than buying, goodwill.

Our ability to 'suffer', favouring the long-term view over short-term gains, has, we believe, supported long-term value creation, and all along in a responsible manner. It is not that we are led by 'ESG', we have had ESG for decades, we are led by the right things to do. ESG is not a selling tool, it is a 'qualifier'. I am happy to see Richemont being rated among the best in that respect, even if, there as well, more progress needs to be made.

I also believe that it is more than just a company owned by shareholders. We also care for our colleagues. We did not lay anybody off during Covid. We also care for our communities. That is why it was so important for us to fix the watch businesses. We woke up one day with the Hong Kong SAR freedom and democracy protest and found out that our market was totally over supplied. We realised that maybe we had the wrong incentives: our KPIs were aligned on a 'sell in' basis and people got paid for 'selling in'. It took hundreds of millions of euros to buy back watches. We disassembled jewellery watches, we re-routed to other parts of the world and then we decided on a new strategy where our colleagues were incentivised to sell in less than what was being sold out. We cleaned up the market and, today, discounts have disappeared and there are waiting lists. It took vision and leadership by our whole watch division. We also had the online business and then we had Covid. My real only job in life, apart from product committees, is to back Burkhart Grund, our CFO, when all my executives want to spend money and build new boutiques and enter new leases. I want to thank Burkhart and all Heads of all our Maisons to have gone through this whole period with increased cash.

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It is customary for Richemont to engage with its shareholders ahead of the AGM, and this year has been no exception, except that this year I also joined some of these discussions. I must say that I have valued these exchanges and am deeply grateful for the formidable support expressed by long term and loyal shareholders. Well, they did express it, let's see whether they voted according to their expressed wishes.

I have nonetheless also heard some concerns and want to assure you that we are listening. The Board of Directors has evolved considerably since 2012 when we started engaging on governance matters with shareholders. We started a few years ago and more changes will happen next year and thereafter to further address age, tenure, and representation of our Maisons' clientele with a greater presence of female directors, and especially from the geographic regions where we are underrepresented. We will also look to strengthen our skills in soft goods.

A question relating to succession has often arisen, with the implied concern as to whether my son Anton would sell the family stake to unknown parties who would still retain double-voting rights. Firstly, I want to repeat that Richemont is not for sale. Secondly, we 'opted in' when the Swiss Stock Exchange asked us some 30 years ago. I think it was Jacobs Suchard who, when bought by Philip Morris, did not extend the premium to the public shareholders; the family got more. Then the Swiss Stock Exchange asked the companies on the exchange and we 'opted in'. We are not selling. My son does not get director's fees. He doesn't want to become an executive

In closing, I would like to thank you for your support and reiterate my confidence in the Group's long-term prospects. Richemont is in fine shape, equipped to face a potentially difficult couple of years with a solid balance sheet. We went and borrowed the euros; it has still got a tenure of 11.4 years at 1.38%. We have got strong Maisons, committed teams and a clear strategy. The reason why our balance sheet is strong is not by accident. It is deliberate. I do not know what is going to happen in the United States with the fracture between the different parties; in Europe, with the war in the Ukraine, the gas being turned off. I do not think the markets appreciate what the turmoil the industry is going to be put in, if the gas is turned off. Huge companies have direct gas lines into, for instance, Germany. I am not sure whether people appreciate. We talk about heating. We should think about the employers. In May, our competitors were saying that China was going to recover in the third quarter. That was in the week leading up to our announcement and I thought about it. My role is to not look after institutional shareholders: they are big enough and smart enough to look after themselves. I always envisage the children or grandchildren of the people that my father sold shares to, when he had no money, who are still shareholders. My role is to make sure that they are treated fairly and that they get the information timeously, at the same time as everyone. We said we do not think China is going to open up until March of next year. I spoke to people in the shipping business, and I spoke to people on the ground. The majority of people didn't know where the containers were. If you took a picture of the shipping outside major ports, there was a log jet so I could not see how we could unclog those pipes in a few months. Well, the result is our share price dropped by 14%, for telling the truth. Then, the next Monday, the Chinese Minister of Finance said the same thing. Now, we are in September, and it is common knowledge; Chengdu has just shut down. We will tell you bad news when we know it: that is our style.

Let us now turn to the formal business of the meeting.