LVMH

TRANSLATION OF THE FRENCH
FINANCIAL DOCUMENTS

FISCAL YEAR ENDED DECEMBER 31, 2022

CONTENTS

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS AS OF DECEMBER 31, 2022 1
FINANCIAL HIGHLIGHTS 2
HIGHLIGHTS 4
SHARE CAPITAL AND VOTING RIGHTS AS OF DECEMBER 31, 2022 4

BUSINESS REVIEW AND COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP **5**

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT 6
WINES AND SPIRITS 10
FASHION AND LEATHER GOODS 11
PERFUMES AND COSMETICS 13
WATCHES AND JEWELRY 15
SELECTIVE RETAILING 16
COMMENTS ON THE CONSOLIDATED BALANCE SHEET 18
COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT 19

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **21**

CONSOLIDATED INCOME STATEMENT 22
CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES 23
CONSOLIDATED BALANCE SHEET 24
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 25
CONSOLIDATED CASH FLOW STATEMENT 26
SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 27

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component figures.

This document is a free translation into English of the original French "Documents financiers - 31 décembre 2022", hereafter referred to as the "Financial Documents". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS AS OF DECEMBER 31, 2022

Board of Directors

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Antoine Arnault

Delphine Arnault

Dominique Aumont
Director representing the employees

Nicolas Bazire

Marie-Véronique Belloeil-Melkin
Director representing the employees

Sophie Chassat(1)

Charles de Croisset(1)
Lead Director

Diego Della Valle

Clara Gaymard(1)

Marie-Josée Kravis(1)

Marie-Laure Sauty de Chalon(1)

Yves-Thibault de Silguy(1)

Natacha Valla(1)

Hubert Védrine(1)

Advisory Board members

Yann Arthus-Bertrand

Lord Powell of Bayswater

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Delphine Arnault
Louis Vuitton Products

Nicolas Bazire
Development and Acquisitions

Pietro Beccari
Christian Dior Couture

Stéphane Bianchi
Watches and Jewelry

Michael Burke
Louis Vuitton & Tiffany

Chantal Gaemperle
Human Resources and Synergies

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Selective Retailing & Beauty

Philippe Schaus
Wines and Spirits

Sidney Toledano
Fashion Group

Jean-Baptiste Voisin
Strategy

General Secretary

Marc-Antoine Jamet

Performance Audit Committee

Clara Gaymard(1)
Chairman

Charles de Croisset(1)

Marie-Laure Sauty de Chalon(1)

Yves-Thibault de Silguy(1)

Governance and Compensation Committee

Marie-Josée Kravis(1)
Chairman

Sophie Chassat(1)

Charles de Croisset(1)

Yves-Thibault de Silguy(1)

Ethics and Sustainable Development Committee

Yves-Thibault de Silguy(1)
Chairman

Delphine Arnault

Marie-Laure Sauty de Chalon(1)

Hubert Védrine(1)

Statutory Auditors

Deloitte & Associés
represented by Guillaume Troussicot and Bénédicte Sabadie

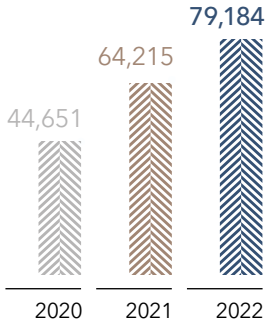
Mazars
represented by Isabelle Sapet and Simon Beillevaire

(1) Independent Director.

FINANCIAL HIGHLIGHTS

Revenue

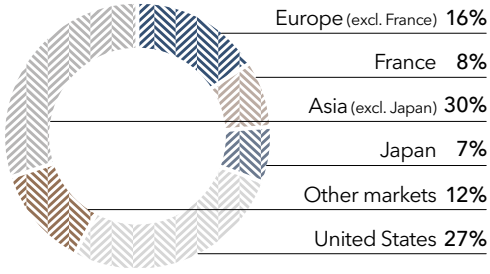
(EUR millions)



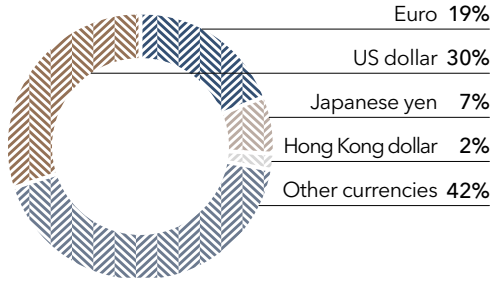
Change in revenue by business group *(EUR millions and percentage)*	2022	2021	2022/2021 Change		2020
			Published	Organic[a]	
Wines and Spirits	7,099	5,974	19%	11%	4,755
Fashion and Leather Goods	38,648	30,896	25%	20%	21,207
Perfumes and Cosmetics	7,722	6,608	17%	10%	5,248
Watches and Jewelry	10,581	8,964	18%	12%	3,356
Selective Retailing	14,852	11,754	26%	17%	10,155
Other activities and eliminations	281	19	-	-	(70)
Total	**79,184**	**64,215**	**23%**	**17%**	**44,651**

(a) On a constant consolidation scope and currency basis. The net impact of exchange rate fluctuations on Group revenue was 6% and the net impact of changes in the scope of consolidation was negligible. The principles used to determine the net impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 9.

Revenue by geographic region of delivery

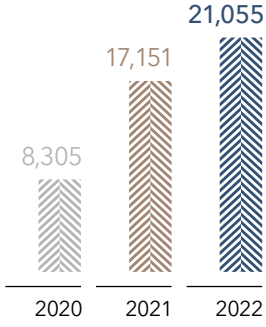


Revenue by invoicing currency



Profit from recurring operations

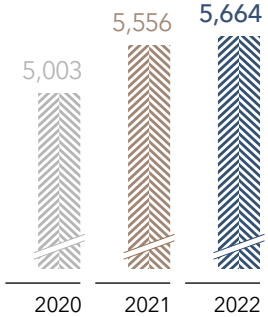
(EUR millions)



Profit from recurring operations by business group *(EUR millions)*	2022	2021	2020
Wines and Spirits	2,155	1,863	1,388
Fashion and Leather Goods	15,709	12,842	7,188
Perfumes and Cosmetics	660	684	80
Watches and Jewelry	2,017	1,679	302
Selective Retailing	788	534	(203)
Other activities and eliminations	(274)	(451)	(450)
Total	**21,055**	**17,151**	**8,305**

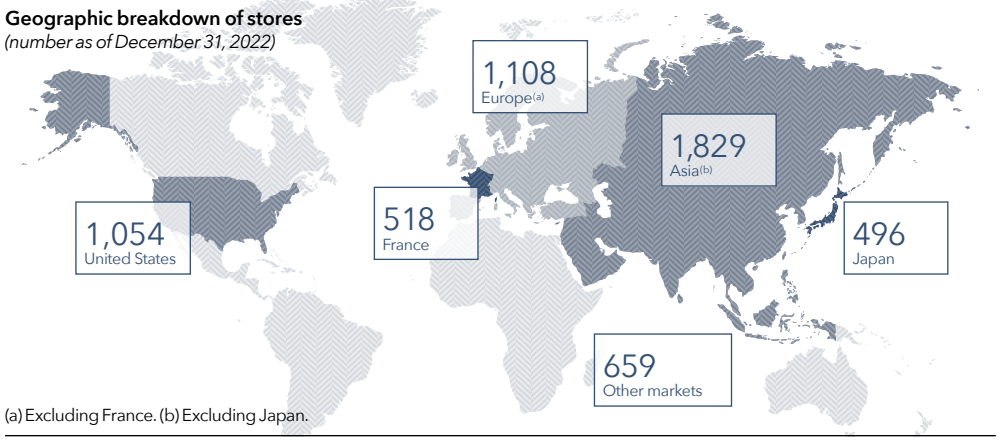
Stores

(number)



Geographic breakdown of stores

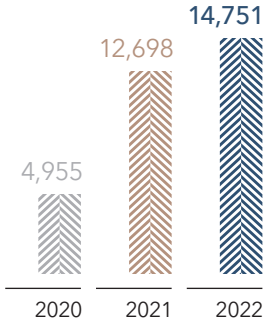
(number as of December 31, 2022)



(a) Excluding France. (b) Excluding Japan.

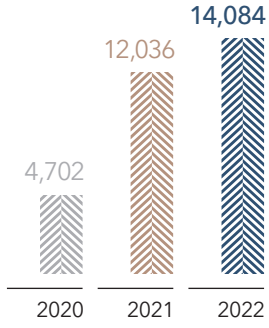
Net profit

(EUR millions)



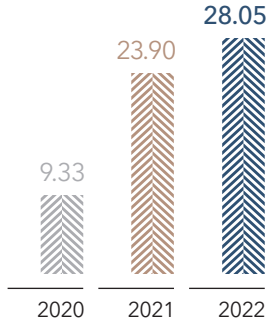
Net profit, Group share

(EUR millions)



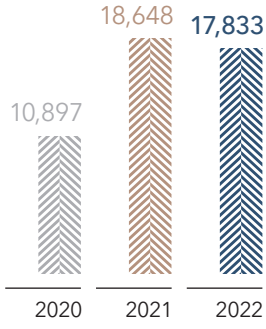
Basic Group share of net earnings per share

(EUR)



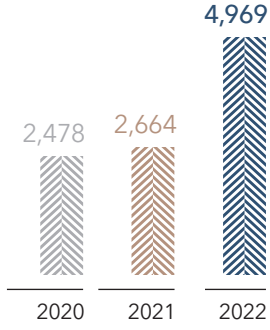
Net cash from operating activities

(EUR millions)



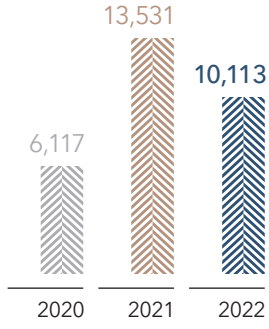
Operating investments

(EUR millions)



Operating free cash flow[(a)]

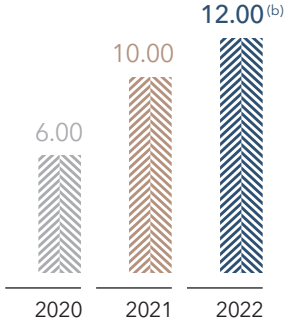
(EUR millions)



(a) See the consolidated cash flow statement on p. 26 for the definition of "Operating free cash flow".

Dividend per share[(a)]

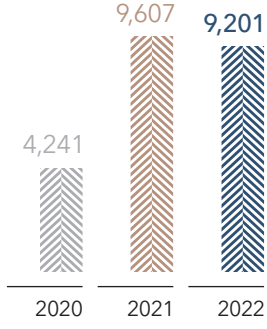
(EUR)



(a) Gross amount paid for the fiscal year, excluding the impact of tax regulations applicable to the recipient.
(b) Amount proposed at the Shareholders' Meeting of April 20, 2023.

Net financial debt[(a)]

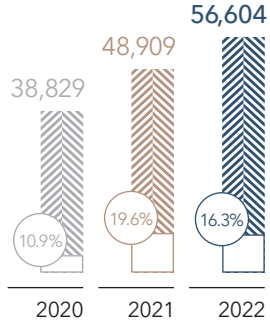
(EUR millions)



(a) Excluding "Lease liabilities" and "Purchase commitments for minority interests' shares". See Note 19.1 to the condensed consolidated financial statements.

Equity and Net financial debt/Equity ratio

(EUR millions and percentage)



HIGHLIGHTS

Highlights of 2022 include:

- A record year despite the geopolitical and economic situation.
- Significant revenue growth for all business groups and market share gains worldwide.
- Strong growth in business in Europe, Japan and the United States.
- Good growth in champagne and cognac, based on a value-creation strategy.
- A remarkable performance by the Fashion and Leather Goods business group, notably Louis Vuitton, Christian Dior, Celine, Fendi, Loro Piana, Loewe and Marc Jacobs, which are gaining market share globally and reaching record levels of revenue and earnings.
- Louis Vuitton revenue surpassed 20 billion euros, for the first time.
- Strong growth in perfumes. The continued global success of Dior's *Sauvage*, once again world leader in 2022.
- Sustained creative momentum for all our Watches and Jewelry Maisons, in particular Tiffany, Bulgari and TAG Heuer.
- A remarkable rebound for Sephora, which confirmed its place as world leader in beauty retail.
- Operating investments of nearly 5 billion euros, mainly dedicated to the expansion of the store network, the development of production facilities and employment.
- Operating free cash flow of more than 10 billion euros.

SHARE CAPITAL AND VOTING RIGHTS AS OF DECEMBER 31, 2022

	Number of shares	Number of voting rights[a]	% of share capital	% of voting rights
Arnault family group	242,483,355	467,981,597	48.18	63.90
Other	260,773,984[b]	264,402,629	51.82[b]	36.10
Total	**503,257,339**	**732,384,226**	**100.00**	**100.00**

(a) Total number of voting rights that may be exercised at Shareholders' Meetings.
(b) Including 2,180,399 treasury shares, i.e. 0.43% of the share capital.

BUSINESS REVIEW AND COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

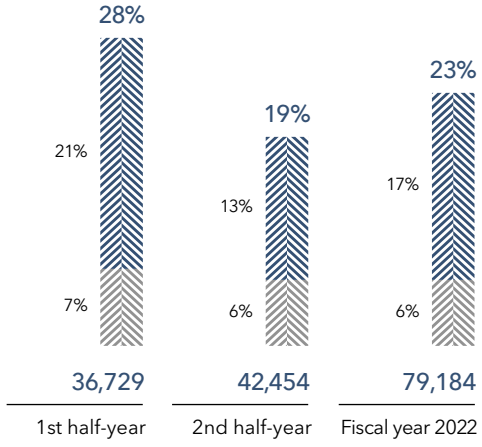
1.	COMMENTS ON THE CONSOLIDATED INCOME STATEMENT	6
2.	WINES AND SPIRITS	10
3.	FASHION AND LEATHER GOODS	11
4.	PERFUMES AND COSMETICS	13
5.	WATCHES AND JEWELRY	15
6.	SELECTIVE RETAILING	16
7.	COMMENTS ON THE CONSOLIDATED BALANCE SHEET	18
8.	COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT	19

1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

1.1 Breakdown of revenue

Change in revenue per half-year period

(EUR millions and as %)



(a) The principles used to determine the impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the impact of changes in the scope of consolidation are described on page 9.
(b) 0% in fiscal year 2022.

Revenue for the 2022 fiscal year was 79,184 million euros, up 23% from the previous fiscal year. Revenue was boosted by the Group's main invoicing currencies strengthening on average against the euro, in particular the US dollar, which appreciated by 11%, and the Chinese renminbi, by 7%.

The following changes to the Group's consolidation scope took place after January 1, 2021: in the Wines and Spirits business group, the consolidation of Armand de Brignac as of May 28, 2021, and the consolidation of Joseph Phelps Vineyards in August 2022; in the Fashion and Leather Goods business group, the consolidation of Off-White in June 2021; in the Perfumes and Cosmetics business group, the consolidation of Officine Universelle Buly as of January 1, 2022; these changes in the scope of consolidation had a negligible effect on the Group's full-year revenue growth.

On a constant consolidation scope and currency basis, revenue increased by 17%.

Revenue by invoicing currency

(as %)	2022	2021	2020
Euro	19	17	19
US dollar	30	28	27
Japanese yen	7	7	7
Hong Kong dollar	2	3	4
Other currencies	42	45	43
Total	**100**	**100**	**100**

The breakdown of revenue by invoicing currency changed as follows with respect to the previous fiscal year: the contributions of the euro and the US dollar rose by 2 points to 19% and 30%, respectively, while those of the Hong Kong dollar and "Other currencies" fell by 1 point and 3 points, respectively, to 2% and 42%. The contribution of the Japanese yen remained stable at 7%.

Revenue by geographic region of delivery

(as %)	2022	2021	2020
France	8	6	8
Europe (excl. France)	16	15	16
United States	27	26	24
Japan	7	7	7
Asia (excl. Japan)	30	35	34
Other markets	12	11	11
Total	**100**	**100**	**100**

By geographic region of delivery, the relative contribution of Asia (excluding Japan) to Group revenue fell by 5 points to 30% as a result of partial lockdowns enacted in 2022, especially in China. The relative contribution of France rose by 2 points to 8%, and those of the United States, Europe (excluding France) and "Other markets" grew by 1 point each to 27%, 16% and 12%, respectively. The relative contribution of Japan remained stable at 7%.

Revenue by business group

(EUR millions)	2022	2021	2020
Wines and Spirits	7,099	5,974	4,755
Fashion and Leather Goods	38,648	30,896	21,207
Perfumes and Cosmetics	7,722	6,608	5,248
Watches and Jewelry	10,581	8,964	3,356
Selective Retailing	14,852	11,754	10,155
Other activities and eliminations	281	19	(70)
Total	**79,184**	**64,215**	**44,651**

By business group, the breakdown of Group revenue changed as follows: the contribution of Fashion and Leather Goods and that of Selective Retailing increased by 1 point each to 49% and 19%, respectively, while the contribution of Watches and Jewelry decreased by 1 point to 13%. The contribution of Wines and Spirits and that of Perfumes and Cosmetics both remained stable at 9% and 10%, respectively.

Revenue for Wines and Spirits increased by 19% based on published figures. Boosted by a positive 7-point exchange rate impact and a positive 1-point impact of changes in scope arising from the consolidation of Armand de Brignac, revenue for this business group was up 11% on a constant consolidation scope and currency basis. Revenue from champagnes and wines was up 24%

based on published figures and 18% on a constant consolidation scope and currency basis. Revenue from cognac and spirits was up 14% based on published figures and 5% on a constant consolidation scope and currency basis. This performance was achieved through a firm price increase policy, in line with the Group's value-enhancing strategy. All regions showed excellent performance, with the exception of the United States, where sales were affected in particular by the supply chain issues observed at the beginning of the year.

Revenue for Fashion and Leather Goods increased by 20% in terms of organic growth and by 25% based on published figures. Europe and Japan delivered an excellent performance, while the United States saw more moderate growth, as did Asia, affected by the public health situation in mainland China. Virtually all the brands achieved outstanding results.

Revenue for Perfumes and Cosmetics increased by 10% in terms of organic growth and by 17% based on published figures. The United States, Japan, Europe and the Middle East were the regions where revenue increased the most.

Revenue for Watches and Jewelry increased by 12% in terms of organic growth and by 18% based on published figures. All the business group's brands performed very well. Europe, Japan and the United States were the most dynamic regions.

Revenue for Selective Retailing increased by 26% on a constant consolidation scope and currency basis, and by 17% based on published figures. Sephora turned in an excellent performance, particularly in Europe and the United States. Asia remained the region most heavily affected by the lack of recovery in international travel and the partial closure of the store network in certain regions.

1.2 Profit from recurring operations

(EUR millions)	**2022**	**2021**	**2020**
Revenue	79,184	64,215	44,651
Cost of sales	(24,988)	(20,355)	(15,871)
Gross margin	54,196	43,860	28,780
Marketing and selling expenses	(28,151)	(22,308)	(16,792)
General and administrative expenses	(5,027)	(4,414)	(3,641)
Income/(loss) from joint ventures and associates	37	13	(42)
Profit from recurring operations	**21,055**	**17,151**	**8,305**
Operating margin *(%)*	**26.6**	**26.7**	**18.6**

The Group's gross margin came to 54,196 million euros, up 24% compared to the previous fiscal year; as a percentage of revenue, the gross margin was 68%, remaining stable with respect to 2021.

Marketing and selling expenses totaled 28,151 million euros, up 26% based on published figures and up 20% on a constant consolidation scope and currency basis. The level of these expenses expressed as a percentage of revenue came to 35.6%, up 0.8 points from the previous fiscal year.

This increase in marketing and selling expenses was mainly due to higher communications investments as well as the development of retail networks. Among these marketing and selling expenses, advertising and promotion costs amounted to 12% of revenue, increasing by 25% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	**2022**	**2021**	**2020**
France	518	522	512
Europe (excl. France)	1,108	1,203	1,175
United States	1,054	1,014	866
Japan	496	477	428
Asia (excl. Japan)	1,829	1,746	1,514
Other markets	659	594	508
Total	**5,664**	**5,556**	**5,003**

General and administrative expenses totaled 5,027 million euros, up 14% based on published figures and up 10% on a constant consolidation scope and currency basis. They amounted to 6.3% of revenue.

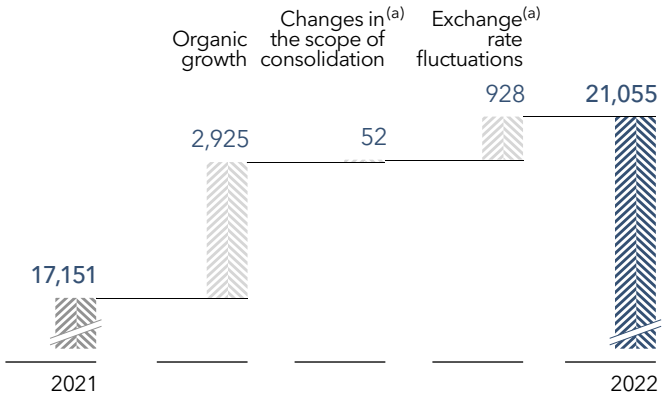
Profit from recurring operations by business group

(EUR millions)	**2022**	**2021**	**2020**
Wines and Spirits	2,155	1,863	1,388
Fashion and Leather Goods	15,709	12,842	7,188
Perfumes and Cosmetics	660	684	80
Watches and Jewelry	2,017	1,679	302
Selective Retailing	788	534	(203)
Other activities and eliminations	(274)	(451)	(450)
Total	**21,055**	**17,151**	**8,305**

The Group's profit from recurring operations was 21,055 million euros, up 23% from the previous fiscal year. The Group's operating margin as a percentage of revenue was 26.6%, remaining stable with respect to the previous fiscal year.

Change in profit from recurring operations

(EUR millions)



(a) The principles used to determine the impact of exchange rate fluctuations on the profit from recurring operations of entities reporting in foreign currencies and the impact of changes in the scope of consolidation are described on page 9.

Overall, exchange rate fluctuations had a positive 928 million euro impact on profit from recurring operations compared to the previous fiscal year. This total comprises the following three items: (i) the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, (ii) the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and (iii) the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the eurozone.

Wines and Spirits

	2022	2021	2020
Revenue *(EUR millions)*	7,099	5,974	4,755
Profit from recurring operations *(EUR millions)*	2,155	1,863	1,388
Operating margin *(%)*	30.4	31.2	29.2

Profit from recurring operations for Wines and Spirits was 2,155 million euros, up 16% relative to 2021. Champagne and wines contributed 981 million euros, while cognacs and spirits accounted for 1,174 million euros. The business group's operating margin as a percentage of revenue came to 30.4%.

Fashion and Leather Goods

	2022	2021	2020
Revenue *(EUR millions)*	38,648	30,896	21,207
Profit from recurring operations *(EUR millions)*	15,709	12,842	7,188
Operating margin *(%)*	40.6	41.6	33.9

Fashion and Leather Goods posted profit from recurring operations of 15,709 million euros, up 22% relative to previous fiscal year. Louis Vuitton and Christian Dior Couture maintained an exceptional level of profitability. All the brands showed improved profit from recurring operations despite the impact of partial store closures in certain regions, particularly in China. The business group's operating margin as a percentage of revenue was 40.6%.

Perfumes and Cosmetics

	2022	2021	2020
Revenue *(EUR millions)*	7,722	6,608	5,248
Profit from recurring operations *(EUR millions)*	660	684	80
Operating margin *(%)*	8.5	10.4	1.5

Profit from recurring operations for Perfumes and Cosmetics was 660 million euros, influenced by a highly selective distribution policy. The business group's operating margin as a percentage of revenue was 8.5%.

Watches and Jewelry

	2022	2021	2020
Revenue *(EUR millions)*	10,581	8,964	3,356
Profit from recurring operations *(EUR millions)*	2,017	1,679	302
Operating margin *(%)*	19.1	18.7	9.0

Profit from recurring operations for Watches and Jewelry was 2,017 million euros, up 20% relative to December 31, 2021. The business group's operating margin as a percentage of revenue was 19.1%.

Selective Retailing

	2022	2021	2020
Revenue *(EUR millions)*	14,852	11,754	10,155
Profit from recurring operations *(EUR millions)*	788	534	(203)
Operating margin *(%)*	5.3	4.5	(2.0)

Profit from recurring operations for Selective Retailing was 788 million euros, up 48% relative to December 31, 2021. The business group's operating margin as a percentage of revenue was 5.3%.

Other activities

The loss from recurring operations of "Other activities and eliminations" was 274 million euros, compared with a loss of 451 million euros as of December 31, 2021. This improvement mainly reflected the impact of hotel reopenings in 2022 compared with 2021. In addition to headquarters expenses, this heading includes the results of the hotel and media divisions, Royal Van Lent yachts, and the Group's real estate activities.

1.3 Other income statement items

(EUR millions)	**2022**	**2021**	**2020**
Profit from recurring operations	21,055	17,151	8,305
Other operating income and expenses	(54)	4	(333)
Operating profit	21,001	17,155	7,972
Net financial income/(expense)	(888)	53	(608)
Income taxes	(5,362)	(4,510)	(2,409)
Net profit before minority interests	**14,751**	**12,698**	**4,955**
Minority interests	(667)	(662)	(253)
Net profit, Group share	**14,084**	**12,036**	**4,702**

"Other operating income and expenses" amounted to a net expense of 54 million euros, compared with net income of 4 million euros in 2021. As of December 31, 2022, this item mainly included depreciation, amortization and impairment charges for brands, goodwill, gains and losses on disposals, and transaction costs relating to acquisitions during the fiscal year.

The Group's operating profit was 21,001 million euros, up 22% from the previous fiscal year.

"Net financial income/(expense)" amounted to a net expense of 888 million euros in fiscal year 2022, compared with net income of 53 million euros in fiscal year 2021. This item comprised the following:

- the aggregate cost of net financial debt, which was a cost of 17 million euros, versus a gain of 41 million euros in fiscal year 2021, representing a negative change of 57 million euros due to the increase in interest rates;
- interest on lease liabilities recognized under IFRS 16, which amounted to an expense of 254 million euros, compared with an expense of 242 million euros a year earlier;
- other financial income and expenses, which amounted to a net expense of 618 million euros, compared to net income of 254 million euros as of end-December 2021. Included in this amount was the expense related to the cost of foreign exchange derivatives, 358 million euros, versus an expense of 206 million euros a year earlier. In addition, fair value adjustments of available for sale financial assets reflected the deterioration in stock markets and amounted to a net expense of 225 million euros, compared to net income of 499 million euros in fiscal year 2021.

The Group's effective tax rate as of December 31, 2022 was 26.7%, up 0.5 points from December 31, 2021.

Profit attributable to minority interests totaled 667 million euros, compared to 662 million euros in the previous fiscal year; this total mainly includes profit attributable to minority interests in Moët Hennessy.

The Group's share of net profit was 14,084 million euros, up 17% relative to December 31, 2021, when it totaled 12,036 million euros. This represented 18% of revenue.

Comments on the determination of the impact of exchange rate fluctuations and changes in the scope of consolidation

The impact of exchange rate fluctuations is determined by translating the financial statements for the fiscal year of entities with a functional currency other than the euro at the prior fiscal year's exchange rates, without any other restatements.

The impact of changes in the scope of consolidation is determined as follows:
- for the fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated during that fiscal year by the acquired entities, as of their initial consolidation;
- for the prior fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated over the months during which the acquired entities were not consolidated in the prior fiscal year;
- for the fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated by the divested entities in the prior fiscal year over the months during which those entities were no longer consolidated in the current fiscal year;
- for the prior fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated in the prior fiscal year by the divested entities.

Profit from recurring operations is restated in accordance with the same principles.

2. WINES AND SPIRITS

	2022	2021	2020
Revenue *(EUR millions)*	**7,099**	**5,974**	**4,755**
Of which: Champagne and wines	*3,474*	*2,793*	*2,119*
Cognac and spirits	*3,625*	*3,181*	*2,636*
Sales volume *(millions of bottles)*			
Champagne	70.9	66.8	52.4
Cognac	94.3	102.6	94.6
Other spirits	23.9	20.8	16.1
Still and sparkling wines	56.5	51.5	41.8
Revenue by geographic region of delivery *(%)*			
France	6	6	5
Europe (excl. France)	18	18	18
United States	37	38	41
Japan	6	5	6
Asia (excl. Japan)	20	21	19
Other markets	13	12	11
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**2,155**	**1,863**	**1,388**
Operating margin *(%)*	**30.4**	**31.2**	**29.2**

Highlights

Turning in another record year, the Wines and Spirits business group reaffirmed its position as a leader in luxury wines and spirits. Amid an extremely volatile environment, this performance reflected three key priorities of the business group's value-enhancing strategy: brand appeal; portfolio diversification, particularly in wines; and balanced geographic expansion. 2022 was also a year marked by the desire to connect more directly with customers by offering them unique experiences at the Maisons, at European department stores and on the island of Hainan in China. Online sales made further gains, while the Private Sales business had an outstanding year, with several exceptional sales of rare casks. Moët Hennessy demonstrated its environmental and social commitment by holding the first World Living Soils Forum in Arles in June, an initiative aimed at accelerating the development and sharing of knowledge to combat the loss of fertile soil.

Driven by strong demand, which led to mounting pressure on supply, champagne sales volumes were up 6%. All regions saw substantial growth, in particular at high-energy events and drinking establishments and fine dining venues. **Moët & Chandon** turned in a record year while taking part in ambitious sustainable development projects for its region, focused in particular on protecting biodiversity. Selected as the official champagne partner for Queen Elizabeth II's Platinum Jubilee celebrations, the Maison presented its *Grand Vintage 2015* and opened its first eponymous champagne bar at Harrods in London. **Dom Pérignon** augmented its appeal with its "Révélations" campaign to mark the launch of *Dom Pérignon 2004 Plénitude 2*, and through the renewal of its collaboration with world-famous star Lady Gaga. For its 250th anniversary, **Veuve Clicquot** turned in stellar results, buoyed by a worldwide marketing campaign, a traveling exhibition and a unique experience aboard the legendary Venice Simplon-Orient-Express luxury train. The Maison also celebrated the 50th anniversary of both its prestige cuvée *La Grande Dame* and its women's entrepreneurship program. **Ruinart** recorded strong growth in all its markets, with the launch of *Dom Ruinart Blanc de Blancs 2010*, named Supreme World Champion for 2022 at the Champagne & Sparkling Wine World Championships. The Maison continued the rollout of its sustainably designed case and its agroforestry winegrowing pilot project. **Krug** confirmed the success of its unique model with the release of *Krug Grande Cuvée 170e Édition* and *Krug Rosé 26e Édition*, and the launch of an immersive musical experience by acclaimed composer Ryuichi Sakamoto, inspired by tastings of 2008 vintages. Jointly owned with Shawn "Jay-Z" Carter, **Armand de Brignac** completed its first full year as part of LVMH, recording solid sales growth in all regions.

The **Estates & Wines** Maisons saw strong demand, especially **Cloudy Bay** (New Zealand) and **Terrazas de los Andes** (Argentina). Among Provence rosé wines, **Château d'Esclans** continued to expand its reach to international markets at a rapid pace, while the launch by **Château Galoupet** of its *2021 Cru Classé* illustrated the success of its revival, with the estate receiving accolades in the press for the superior quality of its wines and its firm commitment to sustainable development. **Ao Yun** became the first Chinese vintage to be sold via wine distribution network La Place de Bordeaux, confirming its excellence and its ability to win over fine wine lovers around the world. Lastly, the acquisition of **Joseph Phelps Vineyards**, one of the most acclaimed wine estates in Napa Valley, California, strengthened and rounded out its portfolio of exceptional wines. **Chandon** further cemented its leadership position in quality sparkling wines, supported by the redesign of its marketing and packaging in 2021. Its all-natural product *Chandon Garden Spritz* continued its worldwide development, with launches in Southern Europe and the Asia-Pacific region.

Given the exceptionally high comparison base in 2020 and 2021, **Hennessy** cognac volumes were down slightly year on year, affected in China by the public health situation and in the United States by supply chain disruptions. The Maison's proactive approach to value creation and firm pricing helped offset these circumstances and achieve a further increase in revenue over the course of the year. The world leader in premium spirits for the fourth consecutive year, Hennessy further strengthened its appeal through initiatives such as the renewal of its partnership with the NBA, several openings of attractive stores, a stunning redesign for *V.S.O.P* packaging and a new marketing campaign for its premium qualities entitled "Paradis is on Earth". The Maison has made its sustainable development activities a central part of its 10-year roadmap through three key priorities: protecting living soils, reducing its carbon footprint by 50% by 2030, and demonstrating its commitment to society.

Glenmorangie and **Ardbeg** whiskies generated record sales, fueled by high-impact marketing campaigns, new packaging at Glenmorangie, launches of innovative products such as *Glenmorangie Azuma Makoto* and *Ardbeg Fermutation*, as well as exceptional sales of rare casks. The San Francisco World Spirits Competition and International Spirits Challenge saw them win 25 gold medals. Ardbeg connected more directly with customers, with its acquisition of a hotel on the Isle of Islay and the launch of an e-commerce platform in the United Kingdom.

Belvedere vodka benefited from enthusiasm among consumers, particularly at high-energy clubs, and turned in a record performance. A new marketing campaign, featuring actor Daniel Craig, conveyed the Maison's vision and boldness.

Woodinville continued its development in the United States and invested in its production capacity to support its future growth. **Volcán de mi Tierra** capitalized on strong growth in the tequila market and continued its move upmarket with the creation of *Volcán X.A*, an ultra-premium blend. **Eminente** rum gained ground in the ultra-premium market.

Outlook

The economic and geopolitical environment remains uncertain in key markets, due in particular to the effects of inflation and developments relating to the public health situation in China. Against this backdrop, the Wines and Spirits business group is going into 2023 with confidence and determination, mindful of the need to maintain a pragmatic, agile approach. Excellence, authenticity, innovation and sustainability remain central to the business group's value-enhancing strategy that helps fuel its growth, as does the diversification of Moët Hennessy's portfolio. Backed by the strength of its highly appealing brands as well as its vibrant, diverse and highly committed staff, the business group remains resolutely optimistic about the medium- and long-term development prospects of its Maisons. In line with Moët Hennessy's overarching focus on crafting experiences, the business group will build stronger ties with customers by taking a selective approach to points of sale, launching bold innovations and collaborations, crafting experiences that are ever more meaningful and unique for enjoying its products, and stepping up its digital presence. More aware than ever of the value of their heritage and their responsibility, all of the Maisons are taking greater steps to act sustainably, protect the environment and reduce their carbon footprint.

3. FASHION AND LEATHER GOODS

	2022	2021	2020
Revenue *(EUR millions)*	**38,648**	**30,896**	**21,207**
Revenue by geographic region of delivery *(%)*			
France	7	5	5
Europe (excl. France)	17	16	18
United States	21	21	19
Japan	9	9	10
Asia (excl. Japan)	36	41	39
Other markets	10	8	9
Total	**100**	**100**	**100**
Type of revenue *(as % of total revenue)*			
Retail	95	94	93
Wholesale	5	6	6
Licenses			1
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**15,709**	**12,842**	**7,188**
Operating margin *(%)*	**40.6**	**41.6**	**33.9**

Highlights

The Fashion and Leather Goods business group delivered an outstanding performance, buoyed by the creative momentum of its Maisons and strong demand from their customers. Powerful brand appeal, continued enhancements to the customer experience and new digital inroads were key growth drivers. The business group continued to proactively develop centers of excellence for craftsmanship.

Louis Vuitton had a terrific year, once again buoyed by its exceptional creativity, the quality of its products, and its strong ties to art and culture. Nicolas Ghesquière broke new ground by presenting his collections at the Musée d'Orsay in Paris, and chose the Salk Institute in San Diego, California, for his 2023 Cruise show. In a tribute to Virgil Abloh, who passed away in 2021, *Louis Dreamhouse*, his final Men's collection, was shown in Paris and Bangkok, while the *Coming of Age* exhibition at the Fondation Louis Vuitton paid homage to the designer's world. Highlighting its commitment to grow its footprint in France and champion excellent craftsmanship, the Maison opened two new workshops, including one for precious leather at Trinity Abbey, a historic monument in Vendôme. Between them, the two workshops will employ 400 leatherworkers. As part of a continued quest for excellence in its retail network, in France, Louis Vuitton relocated its Lille store into the iconic Huitrière, a former Art Deco restaurant listed as a historic monument. A new Louis Vuitton Maison store was inaugurated in Chengdu, China, on a site that typifies the historic architecture of Sichuan, and opened a flagship store in Kobe whose decor is heavily influenced by Japanese art and design. To celebrate the 20th anniversary of its iconic *Tambour* watch, Louis Vuitton unveiled the *Tambour Twenty* collector's edition, modeled by Bradley Cooper, which sold out immediately. Highlighting the Maison's passion for innovation in watchmaking, La Fabrique du Temps Louis Vuitton launched the Louis Vuitton Watch Prize for Independent Creatives, aimed at recognizing and supporting

up-and-coming talent. The *200 Trunks, 200 Visionaries* traveling exhibition was presented at the founder's historic family home in Asnières and then in Singapore, Los Angeles and New York. In December, the *LV Dream* exhibition opened in Paris, paying tribute to the many creative partnerships that have shaped the Maison's history. A store offering exclusive products, a café, and a pastry and chocolate shop offering gourmet creations by Maxime Frédéric, pastry chef at Cheval Blanc Paris, rounded out the experience at this unique location, making it a new cultural and culinary destination in the French capital.

Christian Dior achieved remarkable growth across all its product lines. Following a three-year transformation, the reopening of its 30 Montaigne location at the beginning of the year was a resounding success. With the historic Maison, Haute Couture workshops and salons as well as a restaurant, gardens and much more, this legendary address offers a unique experience of the Dior universe. The Maison's fashion shows were truly unique experiences as well, drawing on a wealth of inspiration season after season. Maria Grazia Chiuri's women's collections combine artistic vision with the finest expertise, as demonstrated by the 2023 Cruise show in Seville, designed as a tribute to Andalusian craftsmanship. The Dior Homme Fall/Winter 2023 Collection by Kim Jones was unveiled in a night-time show against the backdrop of the Pyramids of Giza in Egypt: a spectacular futuristic odyssey and a world first in the history of fashion at this legendary site. The *Dioriviera* summer capsule collection was launched worldwide in stores and pop-up locations at resort destinations. In jewelry, the new *La Rose Dior* collection stars actress Elizabeth Debicki. After opening its first Scandinavian store in Oslo in July, Dior ended the year with a spectacular event at Harrods in London, illuminating and decorating the windows and facades of the iconic department store with a dazzling array of gingerbread creations. The *Christian Dior: Designer of Dreams* exhibition arrived at the Museum of Contemporary Art in Tokyo.

Celine had another record year, continuing to deliver strong growth. Driven by Hedi Slimane's modern and exacting creative vision, high-impact fashion shows and powerful marketing campaigns, the Maison's appeal was reflected across all its product categories. After a fashion show shot in Saint-Tropez for the *Indie Summer* collection, the final part of the year saw the Women's Winter 2023 show at the legendary Wiltern Theater in Los Angeles. Leather goods were buoyed by the iconic *Triomphe* and *16* lines, enriched with new models and promoted by summer capsule collections. Ready-to-wear sales picked up, with footwear and fragrances also enjoying strong momentum.

For **Fendi**, 2022 was marked by the success of collections designed by Kim Jones and Silvia Venturini Fendi, and by strong momentum in all of the Maison's business lines. In September, a New York fashion show celebrated the 25th anniversary of the iconic *Baguette* bag, featuring numerous reinterpretations, including a charm version developed with Tiffany and a collaboration with Marc Jacobs that was an instant hit. Two new workshops were opened: one, for leather goods and accessories, in the Tuscan hills near Florence, and the other, for footwear, in Fermo in the Marche region. These investments, together with the acquisition of a majority stake in knitwear producer Maglificio Matisse, are testament to Fendi's commitment to Italian expert craftsmanship. Selective development of the store network also continued.

New form, new image: it was a milestone year for **Loro Piana**, as demonstrated by the success of its two 2022 collections, its new *Cocooning* lifestyle line made with undyed natural cashmere, and its iconic white-soled shoes. Once again buoyed by its unique expertise and its world-class materials such as vicuña wool, the Maison continued to raise its profile by showcasing this craftsmanship and its capacity for innovation, mainly illustrated in 2022 by the new CashDenim, a blend of cotton and cashmere woven by Japanese artisans on traditional looms.

Loewe, which experienced strong growth, cultivated the art of surprise through collections infused with Jonathan Anderson's bold creativity and highly modern vision. The success of JW Anderson's fashion shows and communication boosted brand awareness and the Maison's appeal. Already very strong in Europe, Loewe strengthened its positioning in the United States, opening new stores in New York and Los Angeles. The Maison continued to develop its leather goods school.

Marc Jacobs confirmed its fresh momentum, with an impressive performance in the United States and remarkably robust online sales. Buoyed by high levels of social media engagement, the Maison saw strong growth in demand for its best-selling bags, particularly its *Tote Bag*.

At **Givenchy**, Matthew Williams held his first menswear show in Paris in June. The Maison opened new directly operated stores in the Middle East and the United States. Sales of the iconic *Shark Lock* boot in particular grew strongly.

Following the excellent response to Nigo's first fashion show in Paris in January, **Kenzo** continued to affirm the creative vision of its new Creative Director, launching a series of monthly mini-capsules and unveiling the complete collection in June.

Berluti was boosted by a focus on its iconic lines, in particular its *Alessandro* and *Andy* shoes and the *Un Jour* leather goods line. Its new "Live Iconic" marketing campaign channeled historic style icons Marcello Mastroianni and Andy Warhol. The *Playoff* sneaker was launched, inspired by the world of 1980s basketball and paying homage to the Maison's very first sneaker. Retail network expansion was mainly focused on Asia, where the Maison opened new stores in Chengdu (China) and Kobe (Japan), and renovated a historic store in Tokyo.

Rimowa achieved record revenue as tourism and business travel picked up, with this performance fueled by the unique quality of its products and the expansion of its network of directly operated stores. The Maison launched a new campaign dubbed "Ingenieurskunst" ("The Art of Engineering"), celebrating German expert craftsmanship and paying tribute to its iconic aluminum suitcase. Rimowa now offers a lifetime guarantee on all its suitcases. A collaboration was launched with startup RTFKT, which specializes in the metaverse, to create an NFT collection and a limited-edition physical suitcase.

Pucci unveiled Camille Miceli's first collections at presentations in Capri and St. Moritz that adopted a bold new format.

Outlook

With the vigilance required by an economic and geopolitical context that remains uncertain, the Fashion and Leather Goods Maisons will continue investing for ever more appealing designs, unique customer experiences and further progress in corporate social responsibility. **Louis Vuitton** will spur momentum over the months ahead by focusing on the quest for perfection and creativity that runs through all its professions. The Maison will continue to anchor its growth in the constant reinvention of its iconic product lines and the quality-driven development of its retail network and its manufacturing sites. It will continue its dialogue with art and artists, as already demonstrated at the beginning of 2023 by a second colorful collaboration with Japanese artist Yayoi Kusama. It will actively pursue its commitment to promoting and passing on excellence in craftsmanship, sales and design professions. **Christian Dior** will aim to maintain its remarkable pace of growth. To this end, the Maison will continue to showcase its timeless modernity and Monsieur Dior's unique values, which continue to inspire its designers, season after season. The months ahead will feature a number of exceptional shows, openings and events worldwide. Driven by its powerful creative vision, **Celine** will continue enhancing its appeal, guided by Hedi Slimane, and will expand its retail network with the opening of several flagship stores and the resumption of direct control over its distribution. All the Maisons will focus on selectively expanding and cultivating excellence in their retail networks.

4. PERFUMES AND COSMETICS

	2022	2021	2020
Revenue *(EUR millions)*	**7,722**	**6,608**	**5,248**
Revenue by geographic region of delivery *(%)*			
France	9	9	9
Europe (excl. France)	20	19	18
United States	19	16	14
Japan	5	4	5
Asia (excl. Japan)	35	42	45
Other markets	12	10	9
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**660**	**684**	**80**
Operating margin *(%)*	**8.5**	**10.3**	**1.5**

Highlights

Retaining its focus on its highly selective distribution strategy, the Perfumes and Cosmetics business group was boosted by the ongoing success of iconic fragrances and the rebound in makeup. Skincare, which had seen rapid growth in China, was hit by the public health situation in the country. Innovation played a key role in the progress made by LVMH's Maisons.

Parfums Christian Dior achieved remarkable growth worldwide. The Maison reinforced its leading positions in Europe and confirmed its strong momentum in its other key markets, in particular the United States, Japan, South Korea, Southeast Asia and the Middle East. All the iconic lines drove this strong performance, backed by a strong social media presence. Fragrances were buoyed by the success of the Maison's core collections: *Sauvage*, which saw very strong growth, confirmed its position as the world's best-selling fragrance across all categories; *J'adore* benefited from the successful global launch of *Parfum d'Eau*; *Miss Dior* continued its ongoing success and *Dior Homme* was boosted by the relaunch of *Dior Homme Sport*. The *Collection Privée* range of exceptional fragrances accentuated its growth and was enriched with the first scents crafted by Francis Kurkdjian, the Maison's new Creative Director of Fragrances, who revisited two historic signatures. Skincare was buoyed by the vitality of the premium category, in particular the *Prestige* range, boosted by the new version of *La Crème*, presented in sustainably designed packaging, as well as rapid growth in the *L'Or de Vie* range and the launch of *La Mousse OFF/ON* foaming cleanser as part of a new range of water lily-infused makeup removers. Growth in makeup was fueled by the success of new lipsticks (refillable *Dior Addict* and transfer-proof *Rouge Dior Forever*) and the solid performance of the new version of its *Forever* liquid foundation. The Maison ramped up the development of its spa business. Online sales grew rapidly through directly operated sites. The Maison adopted an omnichannel marketing approach spanning all traditional and digital channels to place itself among the most visible and appealing beauty brands. In connection with its "Beauty as a Legacy" CSR mission, it stepped up its efforts to promote biodiversity through the cultivation of flowers as a source of environmental regeneration, and ambitiously committed to cutting its greenhouse gas emissions by 46% by 2030.

Guerlain continued its growth, buoyed by a strong performance in fragrances. The *L'Art et la Matière* collection, which embodies the Maison's excellence in high perfumery, was enriched with new fragrances, while the *Aqua Allegoria* collection maintained its strong momentum and equally powerful commitments, with the launch of the *Aqua Allegoria Forte* range of more intense *eau de parfum* scents and a lush new video in the marketing campaign directed by Yann Arthus-Bertrand. Skincare also turned in a strong performance, with the *Abeille Royale* range invigorated by the relaunch of its star product, *Double R Renew & Repair Advanced Serum*. Guerlain's fifteen years of commitment to sustainability through its "In the Name of Beauty" program were recognized with a number of prestigious awards. This commitment is now incarnated by Angelina Jolie to give it even greater resonance worldwide.

Parfums Givenchy saw good momentum among its iconic fragrances: *L'Interdit* confirmed its success, while *Irrésistible* made further headway, driven by its *Eau de Toilette Fraîche* version, and *Gentleman* broke ground with *Réserve Privée*, a bold collaboration with Glenmorangie whisky, bringing together and celebrating two emblems of expert craftsmanship. Makeup saw the relaunch of *Le Rouge Interdit* lipstick. **Benefit** pursued growth through high-impact initiatives. The brow category, in which the brand is the world leader, was boosted by the launch of the *Gimme Brow+ Volumizing Pencil* and the rollout of the innovative *Brow Lamination* service at its *Brow Bars*. Another success was the launch of *Wanderful World*, a comprehensive collection of powder blushes. Its *The Porefessional* range was expanded with an ultra-lightweight version. **Fresh** reaffirmed its expertise in the use of natural ingredients with the launch of *Tea Elixir*, a new serum that boosts skin's resilience to stressors. **Make Up For Ever** saw business driven by an innovation program developed with its collective of makeup artists. Its *HD Skin* undetectable foundation was a major success. The Maison presented its first exhibition of body and face art, showcasing the work of its Academy's most talented students. Growth at **Kenzo Parfums** was driven by the new *L'Absolue* version of its *Flower by Kenzo* flagship line and its marketing campaign. **Maison Francis Kurkdjian** achieved remarkable growth in the United States and Europe, fueled by the success of its *Baccarat Rouge 540* fragrance and the launch of its new *724* scent. The Maison partnered with the Palace of Versailles as part of a patronage project and opened its first store in China. **Acqua di Parma** continued to grow at a brisk pace, driven by the momentum of its *Signatures of the Sun* line, with the launch of *Magnolia Infinita* and the *Zafferano* exclusive limited edition for Harrods. Its new *Colonia C.L.U.B.* fragrance was an instant bestseller. For **Perfumes Loewe**, international expansion through a new point-of-sale concept was the main growth driver. The Maison's first store was opened in China and its e-commerce site is now available in 40 countries. **Fenty Beauty** doubled its revenue in 2022 through its expanded distribution and successful launches. **Fenty Skin** saw strong growth in the body care category. **Officine Universelle Buly** continued its expansion, in particular in Japan, with five new points of sale. In Paris, the Maison's *officines*, or dispensaries, benefited from growing brand awareness. A new version of the website was launched.

Outlook

While remaining vigilant, as called for by the uncertainty of the current environment, the Perfumes and Cosmetics Maisons will continue to invest selectively in their strengths: brand appeal, accelerated innovation and digital initiatives, and a selective approach to retail networks. **Parfums Christian Dior**, building on the brand's excellent momentum, has set ambitious leadership targets that will draw on innovation to enrich its iconic lines, *Sauvage*, *Miss Dior*, *Rouge Dior*, *J'adore*, *La Collection Privée*, *Capture* and *Prestige*, in particular. Reflecting its desire to connect more directly with its customers, the Maison will continue expanding its network of directly operated stores, while increasing the share of digital in its sales and marketing. Lastly, Dior will maintain its commitment to corporate social responsibility through its holistic "Beauty as a Legacy" program. **Guerlain** will see a flurry of exciting developments, with the reinvention of its star product, the *Micro-Lift Concentrate* version of *Orchidée Impériale*, and large-scale initiatives including a collaboration with the prestigious Maison Matisse, founded by the family of the renowned French painter, for the *L'Art et la Matière* collection, as well as the launch of a natural, no-transfer matte foundation in the iconic *Terracotta* range. **Parfums Givenchy** will launch a major initiative in men's fragrances and move its skincare lines further upmarket. While implementing a plan focused on major innovations and boosting its flagship products, **Maison Francis Kurkdjian** will roll out the new store concept it revealed in 2022. **Acqua di Parma** will unveil an exceptional collaboration with designer Samuel Ross.

5. WATCHES AND JEWELRY

	2022	2021	2020
Revenue *(EUR millions)*	**10,581**	**8,964**	**3,356**
Revenue by geographic region of delivery *(%)*			
France	3	2	4
Europe (excl. France)	15	15	20
United States	26	25	8
Japan	11	11	12
Asia (excl. Japan)	32	36	43
Other markets	13	11	13
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**2,017**	**1,679**	**302**
Operating margin *(%)*	**19.1**	**18.7**	**9.0**

Highlights

The Watches and Jewelry business group showed strong momentum in 2022, driven by the powerful appeal of the jewelry Maisons and the creativity of their iconic collections, as well as the expertise and capacity to innovate of the watchmaking Maisons. Emphasis continued to be placed on the selective development of their retail networks, marketing, and brand activation through events and digital engagement.

In a year featuring many initiatives, **Tiffany** turned in an excellent performance and continued to grow its appeal. Its *Lock* jewelry collection, launched in North America in August, was very well received. A number of celebrities – including singer-songwriter Beyoncé, K-pop star Rosé, and model and entrepreneur Hailey Bieber – appeared in campaigns wearing the iconic *T* and *HardWear* collections, building a strong following among Tiffany's customers. Revenue from high jewelry sales doubled, fueled by a flurry of events and the launch of a marketing campaign featuring the Maison's brand ambassador Gal Gadot. This success has positioned Tiffany as a major player in the world of high jewelry. The events celebrating Tiffany's 185th anniversary and its creative heritage joining tradition and modernity culminated in the *Vision & Virtuosity* exhibition at the Saatchi Gallery in London, which completely sold out. The Maison also marked the occasion by illuminating the facades of the legendary Harrods department store in Tiffany Blue. The Maison unveiled several bold innovations and collaborations, including the creation of *NFTiffs x CryptoPunks* pendants and the limited-edition *Daniel Arsham x Lock*, an end-of-year campaign recalling a historic partnership with Andy Warhol. With openings of more than a dozen new or renovated stores featuring its latest retail concept in the fourth quarter, Tiffany demonstrated its commitment to ramping up the redesign of its store network.

Bulgari maintained its solid momentum, particularly in the United States, Europe, the Middle East, and Southeast Asia. Growth was driven by the iconic *Serpenti* collection, high jewelry and high-end watches, in particular the new *Eden: The Garden of Wonders* collection, launched in Paris in June and subsequently presented in Shanghai, Tokyo, San Diego, New York, Bangkok and Dubai, achieving record revenue. The Maison's move further upmarket was reflected in a marketing campaign directed by Paolo Sorrentino, starring brand ambassadors Anne Hathaway, Zendaya, Blackpink's Lisa, and Prianka Chopra. Its many other initiatives included the release of the documentary *Inside the Dream*, which traces the path of a raw emerald all the way to the red carpet at the Venice Film Festival. Bulgari broke new ground in the digital realm with the first NFT contemporary artworks inspired by the *Octo Finissimo Ultra*, which set a new record for the world's thinnest mechanical watch, and *Metamorphosis*, an extraordinary diamond and ruby necklace that can be worn nine different ways, each one a masterpiece. The Bulgari Hotel Paris opened its doors in December 2021 and became one of the French capital's most acclaimed hotels in the space of just a few months.

TAG Heuer had a year brimming with innovation, as evidenced in particular by the creation of its first solar-powered timepiece in the *Aquaracer* collection and the *Carrera Plasma*, an avant-garde fusion of watchmaking and lab-grown diamonds. Another highlight was the release of its latest generation of smartwatches. The *Monaco x Gulf* won the Iconic Watch Prize at the Geneva Watchmaking Grand Prix. The Maison expanded its family of ambassadors and launched a highly eventful series of initiatives built around its partnership with Porsche and the film *The Gray Man*, which stars the Maison's brand ambassador Ryan Gosling.

Hublot had an excellent year, driven by the latest additions to the *Big Bang* collection, the launch of the *Square Bang* collection at the Watches & Wonders trade show, and the solid performance achieved by its store network, which continued to grow around the world. The Maison demonstrated its capacity for innovation, releasing a large number of exceptional pieces and creating NFTs in collaboration with artist Takashi Murakami. Raising its strong profile even further as the Official Timekeeper of the 2022 Soccer World Cup, Hublot launched its third-generation smartwatch *Big Bang e FIFA World Cup Qatar 2022™*, the most powerful yet in its *Big Bang e* watch collection, and unveiled its "Hublot Loves Football" campaign, designed in collaboration with Franco-Lebanese artist Mira Mikati and featuring 15 of the Maison's brand ambassadors, including Kylian Mbappé.

Zenith had a year marked by several headline events, including the launch of the *Defy Skyline* at LVMH Watch Week and the "Master of Chronographs" campaign, which showcased the Maison's heritage and major innovations in the field of mechanical chronographs. Zenith's strategic ambition of connecting directly with its customers was reflected in the opening of 11 new directly operated stores and its expansion into 17 new e-commerce markets. The Maison unveiled its "Zenith Horizon" CSR program and reaffirmed its support for the fight against breast cancer by donating unique timepieces to raise funds for this cause.

Chaumet had an excellent year and raised its profile with several key events, including the *Végétal* exhibition at the Palais des Beaux-Arts in Paris, which attracted a record number of visitors. With a concept extending beyond jewelry and the history of the Maison, this event, featuring 400 works loaned by over 90 museums and other institutions, celebrated nature by exploring 5,000 years of art and design across a range of disciplines, illustrating Chaumet's support for culture and its desire to share its vision of a highly relevant contemporary issue with a wide audience. Another prominent exhibition, *Tiara Dream*, was held in Riyadh. The new *Ondes et Merveilles* (Waves and Wonders) high jewelry collection pays tribute to the sea, a perennial source of inspiration for the Maison. The Maison's iconic collections showed good momentum, in particular the increasingly successful *Bee My Love*. Chaumet continued the targeted expansion of its retail network.

Fred, buoyed by its "Live the Joy" marketing campaign, saw very strong growth. Its main collections achieved record revenue. The Maison's first retrospective exhibition, *Fred: Jewelry Designer Since 1936*, presented at the Palais de Tokyo in Paris, and the launch of its new high jewelry collection *Monsieur Fred Inner Light* were the headline events of 2022. As a Special Olympics partner, Fred lent its support for the 10th edition of the organization's National Summer Games in June, dedicated to the empowerment of people with intellectual disabilities through sports.

Outlook

In 2023, the Watches and Jewelry business group will aim to continue gaining market share and boosting its production chains. Given the challenges that may arise in the months ahead, the Maisons will continue to manage costs and remain selective in their investments. They will continue to prioritize innovation, targeted expansion of their networks of directly operated stores and e-commerce, and their capacity to seize opportunities unlocked by their rapidly expanding digital presence. Their strategies will continue to focus on sustainability and responsibility, particularly in terms of traceability for gems and precious metals. **Tiffany** will add new designs to its unisex *Lock* collection, which it will roll out to all its markets. The Maison will also ramp up the redesign of its retail network. One of the highlights of this program will be the reopening of its landmark New York flagship store following a four-year transformation, which will offer an unparalleled customer experience and a new vision of Tiffany. **Bulgari** will bolster its positions in high-end lines, celebrate the 75th anniversary of its iconic *Serpenti* collection and open two new hotels, including one in Rome. The Maison will start construction on its new jewelry manufacturing facility in Valenza, which, once completed, will double its production capacity at this site, where it has operated since 2017, creating 750 new jobs for jewelry artisans trained at its own academy. The site also aims to become the world's first jewelry manufacturing facility powered entirely by renewable energy, 40% of which will be generated internally. **Chaumet** will continue expanding and renovating its store network, and will launch a number of corporate giving initiatives, in particular its new Echo Culture Award, which will recognize women-led projects that promote access to culture for as many people as possible. **TAG Heuer** will celebrate the 60th anniversary of its *Carrera* collection and continue its slate of events relating to its smartwatches and its partnership with Porsche. In 2023, **Hublot** will begin construction on its new manufacturing facility, built to the highest environmental standards, which will help accommodate the Maison's growth, in particular by significantly boosting its capacity to produce in-house movements and cases made of high-tech materials.

6. SELECTIVE RETAILING

	2022	2021	2020
Revenue *(EUR millions)*	**14,852**	**11,754**	**10,155**
Revenue by geographic region of delivery *(%)*			
France	12	12	13
Europe (excl. France)	9	9	9
United States	44	39	35
Japan	1	-	1
Asia (excl. Japan)	16	24	27
Other markets	18	16	15
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**788**	**534**	**(203)**
Operating margin *(%)*	**5.3**	**4.5**	**(2.0)**

Highlights

The Selective Retailing business group saw solid growth despite the impact of the public health situation in China. The Maisons demonstrated flexibility and agility, focusing their efforts on the markets where recovery was the strongest and stepping up the pace of their digital inroads. Growth at the Maisons was powered by excellence and innovation driving improvements in the customer experience, differentiation and loyalty policies, and the ramp-up of omnichannel strategies.

In 2022, **Sephora** achieved its strongest year ever with record sales and profits. The Maison recorded market share gains in all of its core markets, with especially robust performances in North America, Europe, the Middle East, Latin America and most Southeast Asian countries. Retail sales were strong as traffic improved in all markets except China, due to the public health

situation. E-commerce was also extremely strong. This growth was supported by continued rapid innovation, both in-store and online, but also sustained investment in logistics. In terms of categories, makeup, haircare and fragrances drove growth. Sephora's own brand, *Sephora Collection*, performed well behind impactful new product launches. Sephora continued to expand its store network, especially thanks to its partnership with Kohl's in the United States. Sephora also launched a new "store of the future" concept at Raffles City in Singapore, specifically designed to offer an experiential shopping journey. A new iconic store was opened in the Place Vendôme mall in Doha, Qatar. Sephora also entered the UK, a year after its acquisition of Feelunique, a UK favorite in the online beauty and wellness space. The Maison was also able to finalize the sale of its Russian activities to its local general manager, aimed at providing continuity for local employees. In parallel, Sephora continued to build its brand and reinforce its culture. The Maison organized exciting physical, digital and hybrid events dedicated to its clients, such as "Sephoria: Virtual House of Beauty", featuring multiple virtual rooms to explore and exclusive content from some of Sephora's most-loved brands. True to its commitment to a more diverse and inclusive world, Sephora has continued to support causes it deeply believes in. In the United States, Sephora pursued its Accelerate brand incubator program in particular, aimed at supporting beauty entrepreneurs, with a focus on supporting founders of color to increase their representation in prestige beauty and in Sephora's product assortment. In France, Sephora pursued its partnership with Toutes à l'École, to support the education of girls in Cambodia.

DFS remained hampered during the year by the public health situation in China. Flagship destinations Hong Kong and Macao were particularly hard-hit in 2022 with the suspension of domestic travel and total absence of tourists. Against this backdrop, DFS focused on revitalizing its network, innovating in the digital space and selectively expanding. The Maison celebrated its 50th anniversary at San Francisco International Airport with an event to unveil its renovated stores, and also celebrated the reopening of its airport stores in Vietnam and Singapore and of its *T Galleria* store on the island of Bali. A number of new sites were opened in 2022: DFS won the fashion, watch and jewelry concessions at the domestic terminal of China's Chongqing Jiangbei International Airport – the Maison's first successful bid for a Chinese airport concession. In October, a new *T Galleria* store opened in Queenstown, New Zealand, introducing the "Resort" concept. In Macao, the reopening of the *T Galleria Beauty by DFS* store at the Galaxy resort was followed by the opening of a new *T Galleria* at The Londoner resort. Destinations not affected by the public health situation performed well, including in particular Japan, the Middle East and France, where La Samaritaine Pont-Neuf confirmed its appeal. The Maison continued to focus on employee well-being by implementing health programs and adapting working hours, and offered financial support to those whose families were affected by quarantine measures in Hong Kong in particular. Lastly, DFS maintained its support for local communities through volunteer activities, and launched a partnership with the World Health Organization to combat unequal access to vaccines.

Starboard Cruise Services was boosted by the rebound in the cruise sector after a difficult start to the year and a very gradual recovery. By the end of 2022, the Maison had resumed operations on 82 ships, with an occupancy rate reaching 90%. New contracts were also signed, adding 11 ships to its portfolio.

Le Bon Marché had an excellent year, with revenue exceeding its 2019 level. Parisian customers faithfully returned to the store, which remained open throughout the year, joined by many customers from other parts of France and around the world. Business was buoyed by a busy program of events, reaffirming its unique profile as a trend-setting department store and a cultural venue. The beginning of the year featured the *Su* exhibition by artist Mehmet Uysal, an installation with a powerful message, questioning contemporary climate priorities. Philippe Katerine then made his mark on the store's design with his X exhibition, while May saw the 30th anniversary of the Vieilles Charrues music festival. In the fall, Le Bon Marché celebrated its 170th anniversary, with commemorations including the launch of an unprecedented experience for a department store: an immersive theater performance inspired by Émile Zola's famous novel *Au Bonheur des Dames*, played to a full house. La Grande Épicerie de Paris experienced strong growth.

Outlook

Offering customers the best shopping experience possible across all distribution channels remains the goal shared by all the Maisons. In an uncertain and volatile global environment, **Sephora** is optimistic but cautious for 2023, and will clearly focus on differentiating further and continuing to build "the world's most loved beauty community". Sephora will continue to develop its omnichannel capabilities and will open over 100 new points of sale to win in its key markets of the United States, Canada, the Middle East, France and China. Sephora will continue to drive preference through product differentiation, with its carefully selected assortment of brands and products tailored to each unique customer profile, all while pursuing the Diversity & Inclusion initiatives that bring Sephora's purpose to life. **DFS** should benefit from the upturn in business and the return of travelers to Hong Kong and Macao. Operations will begin at China's Chongqing Jiangbei International Airport in the first quarter, and its new *T Galleria* store is set to open in Brisbane, Australia towards the end of the year. The Maison will also continue to focus on opportunities to grow and diversify its customer base. **Le Bon Marché** will continue to enhance the quality of its exclusive selection and its customer experience, while capitalizing on its innovative approach and unique cultural dimension. The highlight of the beginning of the year will be the *Sangam* exhibition by artist Subodh Gupta. In light of the success of the immersive theater experience that debuted in 2022, further performances will be held in March and April 2023.

7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR millions)	2022	2021	Change
Intangible assets	50,213	50,455	(242)
Property, plant and equipment	23,055	20,193	2,862
Right-of-use assets	14,615	13,705	910
Other non-current assets	7,022	6,657	365
Non-current assets	**94,906**	**91,010**	**3,895**
Inventories	20,319	16,549	3,771
Cash and cash equivalents	7,300	8,021	(721)
Other current assets	12,121	9,731	2,389
Current assets	**39,740**	**34,301**	**5,439**
Assets	**134,646**	**125,311**	**9,335**

(EUR millions)	2022	2021	Change
Equity	56,604	48,909	7,695
Long-term borrowings	10,380	12,165	(1,786)
Non-current lease liabilities	12,776	11,887	889
Other non-current liabilities	23,343	24,361	(1,018)
Equity and non-current liabilities	**103,103**	**97,322**	**5,780**
Short-term borrowings	9,359	8,075	1,284
Current lease liabilities	2,632	2,387	244
Other current liabilities	19,552	17,526	2,026
Current liabilities	**31,543**	**27,989**	**3,554**
Liabilities and equity	**134,646**	**125,311**	**9,334**

LVMH's consolidated balance sheet totaled 134.6 billion euros as of end-December 2022, up 9.3 billion euros from December 31, 2021.

Intangible assets totaled 50.2 billion euros, remaining stable with respect to year-end 2021. The negative 2.2 billion euro impact on goodwill of the revaluation of purchase commitments for minority interests was offset by the positive 1.2 billion euro impact of exchange rate fluctuations on the intangible assets of entities outside the eurozone, and by the positive 0.8 billion impact of changes in the scope of consolidation. The impact of exchange rate fluctuations mainly arose from the US dollar's significant appreciation against the euro between January 1 and December 31. Changes in the scope of consolidation mainly arose from goodwill recorded following the consolidation of Joseph Phelps, Officine Universelle Buly, Feelunique and various investments in manufacturing facilities for the Fashion and Leather Goods business group.

Property, plant and equipment were up 2.9 billion euros and totaled 23.1 billion euros as of the fiscal year-end. This increase resulted from investments, net of depreciation charges, which amounted to 2.2 billion euros (the comments on the cash flow statement provide further information on investments), as well as the reclassification of 0.3 billion euros in investments in joint ventures and associates following the acquisition of a controlling interest in the real estate company that owns the building that houses the Group's headquarters in Paris. Changes in the scope of consolidation for the fiscal year contributed an additional 0.2 billion euro increase.

Right-of-use assets totaled 14.6 billion euros, up 0.9 billion euros from 13.7 billion euros as of year-end 2021. The impact of leases entered into was 0.7 billion euros more than depreciation for the fiscal year, with the remainder of the increase resulting from exchange rate fluctuations. Store leases represented the majority of right-of-use assets, for a total of 11.2 billion euros.

Other non-current assets increased by 0.4 billion euros, amounting to 7.0 billion euros, mainly due to the 0.5 billion euro increase in deferred tax assets, with this change partly offset by the 0.1 billion euro decrease in non-current available for sale financial assets, following changes in market value and the reclassification of shares in newly consolidated companies acquired prior to 2022.

Inventories were up 3.8 billion euros, mainly due to increased business activity during the fiscal year. See also the "Comments on the consolidated cash flow statement" section.

Other current assets increased by 2.4 billion euros, of which 1.1 billion euros resulted from purchases of current available for sale financial assets, net of disposals, during the fiscal year; 0.5 billion euros from the increase in trade accounts receivable; 0.4 billion euros from the increase in tax receivables; and 0.2 billion euros from the increase in the market value of hedging instruments.

Lease liabilities recognized under IFRS 16 were up 1.1 billion euros, including 0.9 billion euros related to the net increase in leases entered into and 0.3 billion euros related to exchange rate fluctuations.

Other non-current liabilities totaled 23.3 billion euros, down 1.0 billion euros from 24.4 billion euros as of year-end 2021. This change included the 1.2 billion euro impact of the decrease in the liability in respect of purchase commitments for minority interests' shares, which amounted to 12.5 billion euros, following changes in the metrics used to measure these commitments. It also included the 0.2 billion euro impact of the decrease in provisions. These impacts were partially offset by the 0.2 billion euro increase in deferred tax liabilities and by the 0.2 billion euro increase in the market value of derivative hedging instruments.

Lastly, other current liabilities increased by 2.0 billion euros, amounting to 19.6 billion euros, following the 1.7 billion euro increase in trade accounts payable and the 0.3 billion euro increase in tax and social security liabilities, both of which were related to the increase in business activity.

Net financial debt and equity

(EUR millions or as %)	2022	2021	Change
Long-term borrowings	10,380	12,165	(1,785)
Short-term borrowings and derivatives	9,673	8,007	1,666
Gross borrowings after derivatives	**20,053**	**20,172**	**(119)**
Cash, cash equivalents and current available for sale financial assets	(10,852)	(10,565)	(287)
Net financial debt	**9,201**	**9,607**	**(406)**
Equity	**56,604**	**48,909**	**7,695**
Net financial debt/Equity ratio	**16.3%**	**19.6%**	**-3.3 pts**

Total equity amounted to 56.6 billion euros as of end-December 2022, up 7.7 billion euros from year-end 2021. Net profit for the fiscal year, after the distribution of dividends, contributed 8.3 billion euros to this increase. It also included a 1.8 billion euro gain recognized in equity, resulting from the 1.3 billion euro impact of exchange rate fluctuations, particularly with regard to the US dollar, as well as the 0.3 billion euro decrease in provisions for pensions and other benefit commitments due to higher interest rates moderated by a decline in the market value of the investments backing these commitments, and the 0.3 billion euro increase in the market value of foreign exchange hedges. Conversely, net purchases of LVMH shares had a negative impact of 1.3 billion euros, mainly due to the share repurchase programs set up during the fiscal year.

As of end-December 2022, net financial debt was equal to 16.3% of total equity, compared to 19.6% as of year-end 2021, down 3.3 points.

Gross borrowings after derivatives totaled 20.1 billion euros as of year-end 2022, down slightly (0.1 billion euros) compared with year-end 2021. This decrease arose from two opposing effects. The first was the repayment of 3.0 billion euros in several bonds maturing during the year (1.8 billion euro bond issued in 2020; 0.8 billion euro bond and 0.4 billion pound sterling bond issued in 2017), and the repayment of 0.3 billion euros in bank borrowings. The second was the 3.1 billion euro increase in euro- and US dollar-denominated commercial paper (ECP and USCP) outstanding. Cash, cash equivalents, and current available for sale financial assets totaled 10.9 billion euros as of year-end 2022, remaining relatively stable with respect to their 10.6 billion euro level as of year-end 2021. Net financial debt thus decreased by 0.4 billion euros during the fiscal year.

As of year-end 2022, the Group's undrawn confirmed credit lines amounted to 11.0 billion euros. This amount exceeded the outstanding portion of its euro- and US dollar-denominated commercial paper (ECP and USCP) programs, which came to 7.2 billion euros as of year-end 2022.

8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	2022	2021	Change
Cash from operations before changes in working capital	**26,770**	**22,621**	**4,149**
Cost of net financial debt: interest paid	(74)	71	(145)
Lease liabilities: interest paid	(240)	(231)	(9)
Tax paid	(5,604)	(4,239)	(1,365)
Change in working capital	(3,019)	426	(3,445)
Net cash from operating activities	**17,833**	**18,648**	**(815)**
Operating investments	(4,969)	(2,664)	(2,305)
Repayment of lease liabilities	(2,751)	(2,453)	(298)
Operating free cash flow (1)	**10,113**	**13,531**	**(3,418)**
Financial investments and purchase and sale of consolidated investments	**(950)**	**(13,315)**	**12,365**
Equity-related transactions	**(8,729)**	**(5,149)**	**(3,581)**
Change in cash before financing activities	**433**	**(4,933)**	**5,366**

Cash from operations before changes in working capital totaled 26,770 million euros for the fiscal year, up 4,149 million euros from 22,621 million euros a year earlier, mainly due to the increase in operating profit.

After tax and interest paid on net financial debt and lease liabilities, and after the change in working capital, net cash from operating activities amounted to 17,833 million euros, compared with 18,648 million euros in fiscal year 2021.

(1) "Operating free cash flow" is defined in the consolidated cash flow statement. In addition to net cash from operating activities, it includes operating investments and repayment of lease liabilities, both of which the Group considers as components of its operating activities.

Interest paid on net financial debt amounted to a net cash outflow of 74 million euros, compared to a net inflow of 71 million euros a year earlier, due to the increase in interest rates over the course of the fiscal year.

Tax paid came to 5,604 million euros, 1,365 million euros more than the 4,239 million euros paid in 2021, in connection with the increase in business activity and profit.

The change in working capital (a requirement of 3,019 million euros) was 3,445 million euros higher than in 2021. The high change in working capital in 2022 primarily arose from the increase in inventories (4,169 million euros) and the increase in trade accounts receivable (394 million euros); these effects were partly offset by the increase in trade accounts payable (1,532 million euros). The Fashion and Leather Goods, Watches and Jewelry, and Wines and Spirits business groups were the main drivers of these increases. All of these changes arose from the surge in business activity during the year and from measures taken to secure access to certain critical supplies.

Operating investments net of disposals resulted in an outflow of 4,969 million euros in 2022, up 2,305 million euros relative to the outflow of 2,664 million euros in 2021. Purchases of property, plant and equipment mainly include investments by the Group's brands – notably Christian Dior, Louis Vuitton, Tiffany and Sephora – in their retail networks. They also included purchases of buildings as well as investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment.

Repayment of lease liabilities totaled 2,751 million euros in 2022, up 298 million euros with respect to the 2,453 million euros recorded as of year-end 2021.

As of year-end 2022, "Operating free cash flow"(1) amounted to a net inflow of 10,113 million euros, down by 3,418 million euros relative to year-end 2021, mainly due to the increase in operating investments, the working capital requirement and tax paid.

During the fiscal year, financial investments accounted for an outflow of 950 million euros, including an outflow of 809 million euros for purchases of consolidated investments, mainly Joseph Phelps Vineyards.

Equity-related transactions generated an outflow of 8,729 million euros. A portion of this amount, 6,025 million euros, arose from dividends paid during the fiscal year by LVMH SE, excluding the amount attributable to treasury shares, as well as tax related to dividends paid between Group companies for 329 million euros and 421 million euros paid to minority interests in consolidated subsidiaries. Other equity-related transactions generated an additional outflow of 1,616 million euros, mainly due to transactions in LVMH shares following the share repurchase program set up during the fiscal year. Lastly, net cash used in purchases of minority interests' shares came to 351 million euros.

The cash surplus generated after all transactions relating to operating activities, investing activities and equity-related transactions thus represented a net inflow of 433 million euros. Financing activities relating to loans and borrowings, as well as current available for sale financial assets, generated an outflow of 1,205 million euros in the fiscal year, mainly due to purchases of current available for sale financial assets. After the positive 55 million euro impact of exchange rate fluctuations on cash balances, the period-end cash balance was down 717 million euros compared to year-end 2021. It totaled 7,100 million euros as of the period-end.

(1) "Operating free cash flow" is defined in the consolidated cash flow statement. In addition to net cash from operating activities, it includes operating investments and repayment of lease liabilities, both of which the Group considers as components of its operating activities.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT 22

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES 23

CONSOLIDATED BALANCE SHEET 24

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 25

CONSOLIDATED CASH FLOW STATEMENT 26

SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 27

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component figures.

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2022	2021	2020
Revenue	24	**79,184**	**64,215**	**44,651**
Cost of sales		(24,988)	(20,355)	(15,871)
Gross margin		**54,196**	**43,860**	**28,780**
Marketing and selling expenses		(28,151)	(22,308)	(16,792)
General and administrative expenses		(5,027)	(4,414)	(3,641)
Income/(Loss) from joint ventures and associates	8	37	13	(42)
Profit from recurring operations	24	**21,055**	**17,151**	**8,305**
Other operating income and expenses	25	(54)	4	(333)
Operating profit		**21,001**	**17,155**	**7,972**
Cost of net financial debt		(17)	41	(35)
Interest on lease liabilities		(254)	(242)	(281)
Other financial income and expenses		(617)	254	(292)
Net financial income/(expense)	26	**(888)**	**53**	**(608)**
Income taxes	27	(5,362)	(4,510)	(2,409)
Net profit before minority interests		**14,751**	**12,698**	**4,955**
Minority interests	18	(667)	(662)	(253)
Net profit, Group share		**14,084**	**12,036**	**4,702**
Basic Group share of net earnings per share *(EUR)*	28	**28.05**	**23.90**	**9.33**
Number of shares on which the calculation is based		502,120,694	503,627,708	503,679,272
Diluted Group share of net earnings per share *(EUR)*	28	**28.03**	**23.89**	**9.32**
Number of shares on which the calculation is based		502,480,100	503,895,592	504,210,133

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	2022	2021	2020
Net profit before minority interests		**14,751**	**12,698**	**4,955**
Translation adjustments		1,303	2,177	(1,650)
Amounts transferred to income statement		(32)	(4)	(11)
Tax impact		(4)	17	(10)
	16.5, 18	**1,267**	**2,190**	**(1,671)**
Change in value of hedges of future foreign currency cash flows[a]		28	281	73
Amounts transferred to income statement		290	(303)	(123)
Tax impact		(73)	127	(112)
		245	**105**	**(162)**
Change in value of the ineffective portion of hedging instruments		(309)	(375)	(209)
Amounts transferred to income statement		340	237	232
Tax impact		(11)	33	(9)
		21	**(105)**	**14**
Gains and losses recognized in equity, transferable to income statement		**1,534**	**2,190**	**(1,819)**
Change in value of vineyard land	6	(72)	52	(3)
Amounts transferred to consolidated reserves		-	-	-
Tax impact		18	(12)	3
		(53)	**40**	**-**
Employee benefit obligations: Change in value resulting from actuarial gains and losses		301	251	(20)
Tax impact		(77)	(58)	6
		223	**193**	**(14)**
Gains and losses recognized in equity, not transferable to income statement		**170**	**233**	**(14)**
Total gains and losses recognized in equity		**1,705**	**2,423**	**(1,833)**
Comprehensive income		**16,456**	**15,121**	**3,122**
Minority interests		(755)	(762)	(162)
Comprehensive income, Group share		**15,701**	**14,359**	**2,960**

(a) As of December. 31, 2021, this amount included 477 million euros relating to foreign exchange hedges implemented in anticipation of the acquisition of Tiffany shares and included in the value of the investment.

CONSOLIDATED BALANCE SHEET

Assets *(EUR millions)*	Notes	**2022**	**2021**	**2020**
Brands and other intangible assets	3	25,432	24,551	17,012
Goodwill	4	24,782	25,904	16,042
Property, plant and equipment	6	23,055	20,193	18,224
Right-of-use assets	7	14,615	13,705	12,521
Investments in joint ventures and associates	8	1,066	1,084	990
Non-current available for sale financial assets	9	1,109	1,363	739
Other non-current assets	10	1,186	1,054	845
Deferred tax		3,661	3,156	2,325
Non-current assets		**94,906**	**91,010**	**68,698**
Inventories and work in progress	11	20,319	16,549	13,016
Trade accounts receivable	12	4,258	3,787	2,756
Income taxes		375	338	392
Other current assets	13	7,488	5,606	3,846
Cash and cash equivalents	15	7,300	8,021	19,963
Current assets		**39,740**	**34,301**	**39,973**
Total assets		**134,646**	**125,311**	**108,671**

Liabilities and equity *(EUR millions)*	Notes	**2022**	**2021**	**2020**
Equity, Group share	16	55,111	47,119	37,412
Minority interests	18	1,493	1,790	1,417
Equity		**56,604**	**48,909**	**38,829**
Long-term borrowings	19	10,380	12,165	14,065
Non-current lease liabilities	7	12,776	11,887	10,665
Non-current provisions and other liabilities	20	3,902	3,980	3,322
Deferred tax		6,952	6,704	5,481
Purchase commitments for minority interests' shares	21	12,489	13,677	10,991
Non-current liabilities		**46,498**	**48,413**	**44,524**
Short-term borrowings	19	9,359	8,075	10,638
Current lease liabilities	7	2,632	2,387	2,163
Trade accounts payable	22	8,788	7,086	5,098
Income taxes		1,211	1,267	721
Current provisions and other liabilities	22	9,553	9,174	6,698
Current liabilities		**31,543**	**27,989**	**25,318**
Total liabilities and equity		**134,646**	**125,311**	**108,671**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commitments		Group share	Minority interests	Total
Notes		16.2	16.2	16.3	16.5							18	
As of December 31, 2019	**505,431,285**	**152**	**2,319**	**(403)**	**862**	**-**	**(107)**	**1,139**	**(220)**	**32,844**	**36,586**	**1,779**	**38,365**
Gains and losses recognized in equity					(1,554)		(176)		(11)		(1,742)	(91)	(1,833)
Net profit										4,702	4,702	253	4,955
Comprehensive income		**-**	**-**	**-**	**(1,554)**	**-**	**(176)**	**-**	**(11)**	**4,702**	**2,960**	**162**	**3,122**
Bonus share plan-related expenses										60	60	3	63
(Acquisition)/disposal of LVMH shares				49						(42)	7	-	7
Exercise of LVMH share subscription options											-	-	-
Retirement of LVMH shares	(673,946)		(94)	94							-	-	-
Capital increase in subsidiaries											-	54	54
Interim and final dividends paid										(2,317)	(2,317)	(376)	(2,693)
Changes in control of consolidated entities										(30)	(30)	7	(23)
Acquisition and disposal of minority interests' shares										(49)	(49)	8	(41)
Purchase commitments for minority interests' shares										193	193	(220)	(27)
As of December 31, 2020	**504,757,339**	**152**	**2,225**	**(260)**	**(692)**	**-**	**(283)**	**1,139**	**(231)**	**35,363**	**37,412**	**1,417**	**38,829**
Gains and losses recognized in equity					2,073		43	29	178		2,323	101	2,423
Net profit										12,036	12,036	662	12,698
Comprehensive income		**-**	**-**	**-**	**2,073**	**-**	**43**	**29**	**178**	**12,036**	**14,359**	**763**	**15,122**
Stock option plan-related expenses										126	126	6	132
(Acquisition)/disposal of LVMH shares				(652)						(92)	(744)	-	(744)
Retirement of LVMH shares											-	-	-
Capital increase in subsidiaries											-	12	12
Interim and final dividends paid										(3,527)	(3,527)	(428)	(3,956)
Changes in control of consolidated entities										(42)	(42)	397	355
Acquisition and disposal of minority interests' shares										(443)	(443)	(211)	(654)
Purchase commitments for minority interests' shares										(22)	(22)	(166)	(188)
As of December 31, 2021	**504,757,339**	**152**	**2,225**	**(912)**	**1,380**	**-**	**(239)**	**1,167**	**(53)**	**43,399**	**47,119**	**1,790**	**48,909**
Gains and losses recognized in equity					1,206		249	(43)	204		1,617	88	1,705
Net profit										14,084	14,084	667	14,752
Comprehensive income		**-**	**-**	**-**	**1,206**	**-**	**249**	**(43)**	**204**	**14,084**	**15,701**	**755**	**16,456**
Bonus share plan-related expenses										127	127	5	132
(Acquisition)/disposal of LVMH shares										(54)	(1,370)	-	(1,370)
Retirement of LVMH shares	(1,500,000)		(936)	936							-	-	-
Capital increase in subsidiaries											-	28	28
Interim and final dividends paid										(6,024)	(6,024)	(382)	(6,406)
Changes in control of consolidated entities										7	7	6	13
Acquisition and disposal of minority interests' shares										(48)	(48)	(138)	(186)
Purchase commitments for minority interests' shares										(399)	(399)	(571)	(970)
As of December 31, 2022	**503,257,339**	**151**	**1,289**	**(1,293)**	**2,586**	**-**	**9**	**1,125**	**151**	**51,092**	**55,111**	**1,493**	**56,604**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2022	2021	2020
I. OPERATING ACTIVITIES				
Operating profit		21,001	17,155	7,972
(Income)/loss and dividends received from joint ventures and associates	8	26	41	64
Net increase in depreciation, amortization and provisions		3,219	3,139	3,478
Depreciation of right-of-use assets	7.1	3,007	2,691	2,572
Other adjustments and computed expenses		(483)	(405)	(89)
Cash from operations before changes in working capital		**26,770**	**22,621**	**13,997**
Cost of net financial debt: interest paid		(74)	71	(58)
Lease liabilities: interest paid		(240)	(231)	(290)
Tax paid		(5,604)	(4,239)	(2,385)
Change in working capital	15.2	(3,019)	426	(367)
Net cash from/(used in) operating activities		**17,833**	**18,648**	**10,897**
II. INVESTING ACTIVITIES				
Operating investments	15.3	(4,969)	(2,664)	(2,478)
Purchase and proceeds from sale of consolidated investments	2	(809)	(13,226)	(536)
Dividends received		7	10	12
Tax paid related to non-current available for sale financial assets and consolidated investments		-	-	-
Purchase and proceeds from sale of non-current available for sale financial assets	9	(149)	(99)	63
Net cash from/(used in) investing activities		**(5,920)**	**(15,979)**	**(2,939)**
III. FINANCING ACTIVITIES				
Interim and final dividends paid	15.4	(6,774)	(4,161)	(2,799)
Purchase and proceeds from sale of minority interests		(351)	(435)	(67)
Other equity-related transactions	15.4	(1,604)	(552)	27
Proceeds from borrowings	19	3,774	251	17,499
Repayment of borrowings	19	(3,891)	(6,413)	(5,024)
Repayment of lease liabilities	7.2	(2,751)	(2,453)	(2,302)
Purchase and proceeds from sale of current available for sale financial assets	14	(1,088)	(1,393)	69
Net cash from/(used in) financing activities		**(12,685)**	**(15,156)**	**7,403**
IV. EFFECT OF EXCHANGE RATE CHANGES		**55**	**498**	**(1,052)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(717)**	**(11,989)**	**14,309**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15.1	**7,817**	**19,806**	**5,497**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15.1	**7,100**	**7,817**	**19,806**
TOTAL TAX PAID		**(5,933)**	**(4,464)**	**(2,501)**

Alternative performance measure

The following table presents the reconciliation between "Net cash from operating activities" and "Operating free cash flow" for the periods presented:

(EUR millions)	2022	2021	2020
Net cash from operating activities	17,833	18,648	10,897
Operating investments	(4,969)	(2,664)	(2,478)
Repayment of lease liabilities	(2,751)	(2,453)	(2,302)
Operating free cash flow[(a)]	**10,113**	**13,531**	**6,117**

(a) Under IFRS 16, fixed lease payments are treated partly as interest payments and partly as principal repayments. For its own operational management purposes, the Group treats all lease payments as components of its "Operating free cash flow", whether the lease payments made are fixed or variable. In addition, for its own operational management purposes, the Group treats operating investments as components of its "Operating free cash flow".

SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.	ACCOUNTING POLICIES	28
2.	CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES	36
3.	BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS	36
4.	GOODWILL	37
5.	IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES	38
6.	PROPERTY, PLANT AND EQUIPMENT	38
7.	LEASES	40
8.	INVESTMENTS IN JOINT VENTURES AND ASSOCIATES	42
9.	NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	42
10.	OTHER NON-CURRENT ASSETS	43
11.	INVENTORIES AND WORK IN PROGRESS	43
12.	TRADE ACCOUNTS RECEIVABLE	44
13.	OTHER CURRENT ASSETS	44
14.	CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	45
15.	CASH AND CHANGE IN CASH	45
16.	EQUITY	46
17.	BONUS SHARE AND SIMILAR PLANS	48
18.	MINORITY INTERESTS	49
19.	BORROWINGS	51
20.	PROVISIONS AND OTHER NON-CURRENT LIABILITIES	53
21.	PURCHASE COMMITMENTS FOR MINORITY INTERESTS' SHARES	54
22.	TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	54
23.	FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT	55
24.	SEGMENT INFORMATION	58
25.	OTHER OPERATING INCOME AND EXPENSES	61
26.	NET FINANCIAL INCOME/(EXPENSE)	62
27.	INCOME TAXES	63
28.	EARNINGS PER SHARE	63
29.	PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS	64
30.	OFF-BALANCE SHEET COMMITMENTS	64
31.	EXCEPTIONAL EVENTS AND LITIGATION	65
32.	RELATED-PARTY TRANSACTIONS	65
33.	SUBSEQUENT EVENTS	65

1. ACCOUNTING POLICIES

1.1 General framework and environment

The consolidated financial statements for fiscal year 2022 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2022. These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2022 were approved by the Board of Directors on January 26, 2023.

The consolidated financial statements presented are "condensed", which means that they only include notes that are significant or facilitate understanding of changes in the Group's business activity and financial position during the fiscal year. They are extracted from the consolidated financial statements approved by the Board of Directors, which include all the notes to the financial statements required under IFRS, as adopted in the European Union.

1.2 Changes in the accounting framework applicable to LVMH

The Group finished analyzing the impact of the IFRIC agenda decision issued in 2021 on accounting for the costs of installing software under a Software as a Service (SaaS) contract. As the impact of this decision on the amounts of software capitalized in the balance sheet as of December 31, 2021 was non-material, equity at the beginning of the period and for comparable periods was not restated as of December 31, 2022.

1.3 Impact of the Russia-Ukraine conflict on the consolidated financial statements

LVMH's operations in Russia have been largely suspended since March 2022, due to the conflict between Russia and Ukraine. As such, LVMH's stores in Russia were closed, with employees continuing to be paid. Assets held by LVMH in Russia and Ukraine primarily relate to fixtures and fittings at stores, and right-of-use assets under store leases. These assets comprise non-material amounts with respect to the Group's total assets.

The consequences of the conflict on LVMH's business activities in 2022 were not material, in terms of the direct impact in the affected countries and the impact of sanctions imposed by the international community on Russia and certain Russian nationals, as well as sanctions imposed by Russia in response. Inventories and right-of-use assets under store leases were reviewed as of December 31, 2022 to take into account the context arising from the crisis, and resulted in the recognition of partial impairment for non-significant amounts.

1.4 Taking into account climate change risks

The Group's current exposure to the consequences of climate change is limited. As such, at this stage, the impact of climate change on the financial statements is not material.

As part of the LIFE 360 program, which puts the Group's environmental strategy into practice, LVMH has launched a plan to transform its value chains.

The implementation of this program is reflected in LVMH's financial statements in the form of operating investments, research and development expenses and corporate philanthropy expenses. In addition, profit from recurring operations in particular will be affected by changes in raw material prices; production, transport and distribution costs; and costs related to the end-of-life phase of its products.

The short-term effects have been incorporated into the Group's strategic plans, which form the basis for conducting impairment tests on intangible assets with indefinite useful lives (see Note 5). The long-term effects of these changes are not quantifiable at this stage.

1.5 First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions include the following:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.6 Presentation of the financial statements

Definitions of "Profit from recurring operations" and "Other operating income and expenses"

The Group's main business is the management and development of its brands and trade names. "Profit from recurring operations" is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

"Other operating income and expenses" comprises income statement items, which – due to their nature, amount or frequency – may not be considered inherent to the Group's recurring operations or its profit from recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation, the impairment of goodwill and the impairment and amortization of brands and trade names. It also includes any significant amounts relating to the impact of certain unusual transactions, such as gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense that may otherwise distort the comparability of profit from recurring operations from one period to the next.

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. In addition:

- dividends received are presented according to the nature of the underlying investments, thus in "Net cash from operating activities" for dividends from joint ventures and associates and in "Net cash from financial investments" for dividends from other unconsolidated entities;
- tax paid is presented according to the nature of the transaction from which it arises, thus in "Net cash from operating activities" for the portion attributable to operating transactions; in "Net cash from financial investments" for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; and in "Net cash from transactions relating to equity" for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

1.7 Use of estimates

For the purpose of preparing the consolidated financial statements, the measurement of certain balance sheet and income statement items requires the use of assumptions, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5); the measurement of leases (see Note 7) and purchase commitments for minority interests' shares (see Notes 1.14 and 21); the determination of the amount of provisions for contingencies and losses, and uncertain tax positions (see Note 20) or for impairment of inventories (see Notes 1.19 and 11); and, if applicable, deferred tax assets (see Note 27). Such assumptions estimates or other forms of judgment made on the basis of the information available or the situation prevailing at the date at which the financial statements are prepared may subsequently prove different from actual events.

1.8 Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. LVMH discloses their net profit, as well as that of entities using the equity method (see Note 8), on a separate line, which forms part of profit from recurring operations.

When an investment in a joint venture or associate accounted for using the equity method involves a payment tied to meeting specific performance targets, known as an earn-out payment, the estimated amount of this payment is included in the initial purchase price recorded in the balance sheet, with an offsetting entry under financial liabilities. Any difference between the initial estimate and the actual payment made is recorded as part of the value of investments in joint ventures and associates, without any impact on the income statement.

The assets, liabilities, income and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the LVMH group's share of operations (see Note 1.28).

The consolidation on an individual or collective basis of companies that are not consolidated (see "Companies not included in the scope of consolidation") would not have a significant impact on the Group's main aggregates.

1.9 Foreign currency translation of the financial statements of entities outside the eurozone

The consolidated financial statements are presented in euros; the financial statements of entities presented in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.10 Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end. Gains and losses resulting from this translation are recognized:

- within "Cost of sales" for commercial transactions;
- within "Net financial income/(expense)" for financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of intra-Group transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless

they relate to long-term intra-Group financing transactions, which can be considered equity-related transactions. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives used to hedge commercial, financial or investment transactions are recognized in the balance sheet at their market value (see Note 1.11) at the balance sheet date. Changes in the value of the effective portions of these derivatives are recognized as follows:

- for hedges that are commercial in nature:
  - within "Cost of sales" for hedges of receivables and payables recognized in the balance sheet at the end of the period,
  - within equity under "Revaluation reserves" for hedges of future cash flows; this amount is transferred to cost of sales upon recognition of the hedged trade receivables and payables;
- for hedges relating to the acquisition of fixed assets: within equity under "Revaluation reserves" for hedges of future cash flows; this amount is transferred to the asset side of the balance sheet, as part of the initial cost of the hedged item when accounting for the latter, and then to the income statement in the event of the disposal or impairment of the hedged item;
- for hedges that are tied to the Group's investment portfolio (hedging the net worth of subsidiaries whose functional currency is not the euro): within equity under "Cumulative translation adjustment"; this amount is transferred to the income statement upon the sale or liquidation (whether partial or total) of the subsidiary whose net worth is hedged;
- for hedges that are financial in nature: within "Net financial income/(expense)", under "Other financial income and expenses".

Changes in the value of these derivatives related to forward points associated with forward contracts, as well as in the time value component of options, are recognized as follows:

- for hedges that are commercial in nature: within equity under "Revaluation reserves". The cost of the forward contracts (forward points) and of the options (premiums) is transferred to "Other financial income and expenses" upon realization of the hedged transaction;
- for hedges that are tied to the Group's investment portfolio or financial in nature: expenses and income arising from discounts or premiums are recognized in "Borrowing costs" on a pro rata basis over the term of the hedging instruments. The difference between the amounts recognized in "Net financial income/(expense)" and the change in the value of forward points is recognized in equity under "Revaluation reserves".

Market value changes of derivatives not designated as hedges are recorded within "Net financial income/(expense)".

See also Note 1.23 for the definition of the concepts of effective and ineffective portions.

1.11 Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value in the balance sheet are as follows:

	Approaches to determining fair value	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets. See Note 1.15.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.19.	Note 11
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.24.	Note 23
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.23.	Note 19
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally based on the market multiples of comparable companies. See Note 1.14.	Note 21
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date. Unquoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.18.	Note 9, Note 14
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.21.	Note 15

No other assets or liabilities have been remeasured at market value at the balance sheet date

1.12 Brands and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the forecast discounted cash flow method, or based on comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands) or stock market multiples observed for related businesses. Other complementary methods may also be employed: the relief from royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified in the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of finite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's overall positioning in its market expressed in terms of volume of activity, international presence and reputation;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with finite useful lives range from 5 to 20 years, depending on their anticipated period of use.

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.17.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision has been made to launch the product.

Intangible assets other than brands and trade names are amortized over the following periods:

- rights attached to sponsorship agreements and media partnerships are amortized over the life of the agreements, depending on how the rights are used;
- development expenditure is amortized over 3 years at most;
- software and websites are amortized over 1 to 5 years.

1.13 Changes in ownership interests in consolidated entities

When the Group takes *de jure* or *de facto* control of a business, its assets, liabilities and contingent liabilities are estimated at their market value as of the date when control is obtained; the difference between the cost of taking control and the Group's share of the market value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs, which are disclosed under "Other operating income and expenses".

The difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.17. Any impairment expense recognized is included within "Other operating income and expenses".

1.14 Purchase commitments for minority interests' shares

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in "Purchase commitments for minority interests' shares", as a liability on its balance sheet;
- the corresponding minority interests are canceled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and canceled minority interests is maintained as an asset on the balance sheet under goodwill, as are subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This recognition method has no effect on the presentation of minority interests within the income statement.

1.15 Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region. Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If the market value falls below the acquisition cost, the resulting impairment is charged to the income statement.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. For leased assets, the depreciation period cannot be longer than that used for the calculation of the lease liability.

The estimated useful lives are as follows:

- buildings including investment property: 20 to 100 years;
- machinery and equipment: 3 to 25 years;
- leasehold improvements: 3 to 10 years;
- producing vineyards: 18 to 25 years.

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.16 Leases

The Group has applied IFRS 16 Leases since January 1, 2019. The initial application was carried out using the "modified retrospective" approach to transition. See Note 1.2 to the 2019 consolidated financial statements for details of this initial application procedure for IFRS 16 and the impact of its initial application on the 2019 financial statements.

When entering into a lease, a liability is recognized in the balance sheet, measured at the discounted present value of future payments of the fixed portion of lease payments and offset against a right-of-use asset depreciated over the lease term. The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, the discount rate. The Group's extensive geographic coverage means it encounters a wide range of different legal conditions when entering into contracts.

The lease term generally used to calculate the liability is the term of the initially negotiated lease, not taking into account any early termination options, except in special circumstances. When leases contain extension options, the term used for the calculation of the liability may include these periods, mainly when the anticipated period of use of the fixed assets, whether under a new or existing lease, is greater than the initial contractual lease term.

The lease term to be used in accounting for lease liabilities when the underlying assets are capitalized even though the obligation to make lease payments covers a period of less than twelve months is consistent with the anticipated period of use of the invested assets. Most often, this involves leases for retail locations that are automatically renewable on an annual basis.

The standard requires that the discount rate be determined for each lease using the incremental borrowing rate of the subsidiary entering into the lease. In practice, given the structure of the Group's financing – virtually all of which is held or guaranteed by LVMH SE – this incremental borrowing rate is generally the total of the risk-free rate for the currency of the lease, with reference to its term, and the Group's credit risk for this same currency and over the same term.

Leasehold rights and property, plant and equipment related to restoration obligations for leased facilities are presented within "Right-of-use assets" and subject to depreciation under the same principles as those described above.

The Group has implemented a dedicated IT solution to gather lease data and run the calculations required by the standard.

Since the application of IFRS 16 had a significant impact on the cash flow statement given the importance of fixed lease payments to the Group's activities, specific indicators are used for internal performance monitoring requirements and financial communication purposes in order to present consistent performance indicators, independently of the fixed or variable nature of lease payments. One such alternative performance measure is "Operating free cash flow", which is calculated by deducting capitalized fixed lease payments in their entirety from cash flow. The reconciliation between "Net cash from operating activities" and "Operating free cash flow" is presented in the cash flow statement.

1.17 Impairment testing of fixed assets

Property, plant and equipment, intangible assets, and all leased fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired (particularly following major changes in the asset's operating conditions), and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within "Other operating income and expenses", allocated on a priority basis to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts for the purposes of a disposal transaction.

Cash flows are forecast at Group level for each business segment, defined as one or several brands or trade names under the responsibility of a dedicated management team; in general, a business segment as defined above corresponds to a Maison within the Group. Smaller-scale cash-generating units, such as a group of stores, may be distinguished within a particular business segment.

The forecast data required for the discounted cash flow method is based on annual budgets and multi-year business plans prepared by the management of the business segments concerned. Detailed forecasts cover a five-year period, which may be extended for brands undergoing strategic repositioning or whose production cycle exceeds five years. An estimated terminal value is added to the value resulting from discounted forecast cash flows, which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. Discount rates are set for each business group with reference to companies engaged in comparable businesses. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed.

1.18 Available for sale financial assets

Available for sale financial assets are classified as current or non-current based on their type.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets (presented in "Other current assets"; see Note 13) include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of day-to-day cash management, which are accounted for as "Cash and cash equivalents" (see Note 1.21).

Available for sale financial assets are measured at their listed value at the fiscal year-end date in the case of quoted investments, and in the case of unquoted investments at their estimated net realizable value, assessed either according to formulas based on market data or based on private quotations at the fiscal year-end date.

Positive or negative changes in value are recognized under "Net financial income/(expense)" (within "Other financial income and expenses") for all shares held in the portfolio during the reported periods.

1.19 Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, including champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated on a pro rata basis, in line with the estimated yield and market value.

Inventories are valued using either the weighted average cost or the FIFO method, depending on the type of business.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, expiration date approaching, etc.) or lack of sales prospects.

1.20 Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables are recorded at amortized cost, which corresponds to their face value. Impairment is recognized for the portion of loans and receivables not covered by credit insurance when such receivables are recorded, in the amount of the losses expected upon maturity.

This reflects the probability of counterparty default and the expected loss rate, measured using historical statistical data, information provided by credit bureaus, or ratings by credit rating agencies, depending on the specific case.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under "Net financial income/(expense)", using the effective interest method.

1.21 Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the fiscal year-end date, with any changes in value recognized as part of "Net financial income/(expense)".

1.22 Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated. See also Notes 1.26 and 20.

If the date at which this obligation is to be discharged is in more than one year, the provision amount is discounted, the effects of which are recognized in "Net financial income/(expense)" using the effective interest method.

1.23 Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of issue premiums and issuance costs, which are charged over time to "Net financial income/(expense)" using the effective interest method.

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/(expense), under "Fair value adjustment of borrowings and interest rate hedges". See Note 1.11 regarding the measurement of hedged borrowings at market value. Interest income and expenses related to hedging instruments are recognized within "Net financial income/(expense)", under "Borrowing costs".

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while any changes in value of the effective hedge portions are taken to equity as part of "Revaluation reserves".

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within "Net financial income/(expense)".

Net financial debt comprises short- and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of non-current available for sale financial assets used to hedge financial debt, current available for sale financial assets, cash and cash equivalents, in addition to the market value at that date of foreign exchange derivatives related to any of the aforementioned items.

1.24 Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange, interest rate and precious metal price risks.

To hedge against commercial, financial and investment foreign exchange risk, the Group uses options, forward contracts, foreign exchange swaps and cross-currency swaps. The time value of options, the forward point component of forward contracts and foreign exchange swaps, as well as the foreign currency basis spread component of cross-currency swaps are systematically excluded from the hedge relation. Consequently, only the intrinsic value of the instruments is considered a hedging instrument. Regarding hedged items (future foreign currency cash flows, commercial or financial liabilities and accounts receivable in foreign currencies, subsidiaries' equity denominated in a functional currency other than the euro), only their change in value in respect of foreign exchange risk is considered a hedged item. As such, aligning the hedging instruments' main features (nominal values, currencies, maturities) with those of the hedged items makes it possible to perfectly offset changes in value.

Derivatives are recognized in the balance sheet at their market value at the balance sheet date. Changes in their value are accounted for as described in Note 1.10 in the case of foreign exchange hedges and as described in Note 1.23 in the case of interest rate hedges.

Market value is based on market data and commonly used valuation models.

Derivatives with maturities in excess of 12 months are disclosed as non-current assets and liabilities.

1.25 Treasury shares

LVMH shares held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 16.3) using the FIFO method, with the exception of shares held under stock option plans, for which the calculation is performed for each plan using the weighted average cost method.

Gains and losses on disposal, net of income taxes, are taken directly to equity.

1.26 Pensions, contribution to medical costs and other employee benefit commitments

When plans related to retirement bonuses, pensions, contributions to medical costs, or other employee benefit commitments entail the payment by the Group of contributions to third-party organizations that assume sole responsibility for subsequently paying such retirement bonuses, pensions or contributions to medical costs, these contributions are expensed in the fiscal year in which they fall due, with no liability recorded on the balance sheet.

When the payment of retirement bonuses, pensions, contributions to medical costs, or other employee benefit commitments is to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment. Changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is partially or fully funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding discount rates, salary increases, inflation, life expectancy and staff turnover.

1.27 Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences as well as the change in uncertain tax positions.

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from the application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet, which are impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries give rise to provisions if distribution is deemed probable.

1.28 Revenue recognition

Definition of revenue

Revenue mainly comprises retail sales within the Group's store network (including e-commerce websites) and wholesale sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are mostly made through retail stores in Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales mainly concern the Wines and Spirits businesses, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third-party customers.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Sales of services, mainly involved in the Group's "Other activities" segment, are recognized as the services are provided.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics companies and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors. Retail sales, and in particular online sales, also result in product returns from customers.

Where these practices are applied, revenue is reduced by the estimated amount of such returns, and a provision is recognized within "Other current liabilities" (see Note 22.2), along with a corresponding entry made to inventories. The estimated rate of returns is based on historical statistical data.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo, generally taking the form of shared entities that sell and deliver both groups' products to customers; the income statement and balance sheet of these entities is apportioned between LVMH and Diageo based on distribution agreements. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations.

1.29 Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples, publishing catalogs and, in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded within marketing and selling expenses upon receipt or production of goods or upon completion of services rendered.

1.30 Bonus share and similar plans

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain for the recipients calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted.

For bonus share plans, the expected gain is calculated on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. For any bonus share plans subject to performance conditions, the expense for the fiscal year includes provisional allocations for which the conditions are deemed likely to be met.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For any cash-settled compensation plans index-linked to the change in the LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected gain resulting from the change in the LVMH share price is recorded in the income statement.

1.31 Earnings per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the fiscal year, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, plus the amount not yet expensed for stock option and similar plans (see Note 1.30), would be employed to repurchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

2. CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

Joseph Phelps

In August 2022, the Group acquired the entire share capital of Joseph Phelps, a California estate offering a collection of Napa Valley and Sonoma Coast red wines. The price paid, which totaled 587 million US dollars (587 million euros), was mainly allocated to the Joseph Phelps brand, in the amount of 169 million euros, and to producing vineyards for 119 million euros. Final goodwill came to 186 million euros.

Sephora

In October 2022, Sephora disposed of all its shares in its Russian subsidiary.

Off-White

In September 2022, LVMH acquired an additional 40% stake in Off-White LLC, bringing its ownership interest to 100%.

Pedemonte

In November 2022, LVMH announced the acquisition of Pedemonte group, a jewelry manufacturer with locations in Italy and France, from the Equinox III SLP SIF investment fund. This equity investment will be consolidated in 2023.

Equity investments newly consolidated in 2022 did not have a significant impact on revenue or profit from recurring operations for the fiscal year.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2022	2021	2020
	Gross	Amortization and impairment	Net	Net	Net
Brands	22,350	(805)	21,545	20,873	13,737
Trade names	4,103	(1,693)	2,410	2,285	2,130
License rights	118	(95)	23	53	55
Software, websites	3,603	(2,677)	926	849	665
Other	1,220	(692)	528	490	425
Total	**31,394**	**(5,963)**	**25,432**	**24,551**	**17,012**

The carrying amounts of brands, trade names and other intangible assets changed as follows during the fiscal year:

Gross value *(EUR millions)*	Brands	Trade names	Software, websites	Other intangible assets	Total
As of December 31, 2021	**21,645**	**3,889**	**3,143**	**1,259**	**29,936**
Acquisitions	-	-	319	366	685
Disposals and retirements	-	-	(93)	(135)	(228)
Changes in the scope of consolidation	187	(9)	-	29	206
Translation adjustment	517	224	68	22	830
Reclassifications	-	-	168	(203)	(35)
As of December 31, 2022	**22,350**	**4,103**	**3,603**	**1,338**	**31,394**

Amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Other intangible assets	Total
As of December 31, 2021	**(772)**	**(1,604)**	**(2,294)**	**(715)**	**(5,385)**
Amortization expense	(7)	-	(425)	(173)	(604)
Impairment expense	(11)	-	(4)	(1)	(16)
Disposals and retirements	-	-	94	134	227
Changes in the scope of consolidation	-	9	(1)	(22)	(14)
Translation adjustment	(15)	(99)	(47)	(9)	(171)
Reclassifications	-	-	-	-	-
As of December 31, 2022	**(805)**	**(1,693)**	**(2,677)**	**(787)**	**(5,963)**
Carrying amount as of December 31, 2022	**21,545**	**2,410**	**926**	**550**	**25,432**

Changes in the scope of consolidation mainly resulted from the acquisition of Joseph Phelps. See Note 2.

Translation adjustments mainly related to brands and trade names recognized in US dollars, based on fluctuations in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

4. GOODWILL

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	19,886	(2,003)	17,883	16,834	9,445
Goodwill arising on purchase commitments for minority interests' shares	6,899	-	6,899	9,070	6,597
Total	**26,785**	**(2,003)**	**24,782**	**25,904**	**16,042**

Changes in net goodwill during the fiscal years presented break down as follows:

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
As of January 1	**27,869**	**(1,965)**	**25,904**	**16,042**	**16,034**
Changes in the scope of consolidation	534	70	604	6,879	(27)
Changes in purchase commitments for minority interests' shares	(2,204)	-	(2,204)	2,467	278
Changes in impairment	-	(27)	(27)	(78)	(178)
Translation adjustment	586	(81)	504	595	(67)
As of December 31	**26,785**	**(2,003)**	**24,782**	**25,904**	**16,042**

See Note 21 for goodwill arising on purchase commitments for minority interests' shares.

Changes in the scope of consolidation mainly arose from the acquisition of Joseph Phelps as well as the consolidation of acquisitions made prior to 2022, in particular Officine Universelle Buly and Feelunique, and from Sephora's disposal of its subsidiary in Russia. See Note 2.

The impact of translation adjustment mainly arose from goodwill recognized in US dollars due to the change in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition were subject to annual impairment testing as of December 31, 2022. The assumptions used as the basis for impairment testing as of December 31, 2022 were not called into question by the events of the fiscal year, in particular as regards the aftermath of the Covid-19 pandemic, specifically in Asia. No significant impairment expenses were recognized in 2022, as no events likely to lead to significant impairment took place during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			2022	2021	2020
	Gross	Depreciation and impairment	Net	Net	Net
Land	5,532	(21)	5,511	4,804	4,480
Vineyard land and producing vineyards[(a)]	2,861	(132)	2,729	2,623	2,551
Buildings	7,669	(2,847)	4,823	4,145	3,503
Investment property	478	(43)	434	321	316
Leasehold improvements, machinery and equipment	19,486	(13,713)	5,773	5,114	4,459
Assets in progress	1,810	(1)	1,809	1,302	1,176
Other property, plant and equipment	2,541	(564)	1,977	1,886	1,740
Total	**40,377**	**(17,322)**	**23,055**	**20,193**	**18,224**
Of which: Historical cost of vineyard land	*760*	-	*760*	*608*	*601*

(a) Almost all of the carrying amount of "Vineyard land and producing vineyards" corresponds to vineyard land.

Changes in property, plant and equipment during the fiscal year broke down as follows:

Gross value *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores and hotels	Production, logistics	Other			
As of December 31, 2021	**2,739**	**11,526**	**358**	**11,972**	**3,598**	**2,039**	**1,303**	**2,432**	**35,969**
Acquisitions	26	1,062	115	909	204	161	1,770	152	4,398
Change in the market value of vineyard land	(72)	-	-	-	-	-	-	-	(72)
Disposals and retirements	(2)	(50)	-	(597)	(63)	(102)	(5)	(70)	(888)
Changes in the scope of consolidation	127	91	-	2	49	-	3	(25)	246
Translation adjustment	4	77	5	181	30	48	13	22	378
Other movements, including transfers	39	496	-	832	125	98	(1,274)	30	347
As of December 31, 2022	**2,861**	**13,201**	**478**	**13,298**	**3,943**	**2,244**	**1,810**	**2,541**	**40,377**

Depreciation and impairment *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores and hotels	Production, logistics	Other			
As of December 31, 2021	**(117)**	**(2,577)**	**(37)**	**(8,573)**	**(2,447)**	**(1,476)**	**(1)**	**(547)**	**(15,775)**
Depreciation expense	(7)	(292)	(6)	(1,260)	(240)	(185)	-	(66)	(2,056)
Impairment expense	(1)	(49)	-	(10)	1	-	(1)	(2)	(61)
Disposals and retirements	1	50	1	595	61	100	1	19	828
Changes in the scope of consolidation	(9)	(8)	-	3	(27)	2	-	32	(6)
Translation adjustment	(1)	(36)	-	(140)	(22)	(42)	-	(8)	(250)
Other movements, including transfers	-	45	-	(60)	(6)	14	-	8	1
As of December 31, 2022	**(132)**	**(2,867)**	**(43)**	**(9,446)**	**(2,680)**	**(1,588)**	**(1)**	**(564)**	**(17,322)**
Carrying amount as of December 31, 2022	**2,729**	**10,334**	**434**	**3,853**	**1,263**	**657**	**1,809**	**1,977**	**23,055**

"Other property, plant and equipment" included in particular the works of art owned by the Group.

In 2022, as in 2021, purchases of property, plant and equipment mainly included investments by the Group's Maisons – notably Christian Dior, Louis Vuitton, Tiffany and Sephora – in their retail networks. They also included investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment, as well as investments relating to the Group's hotel activities.

In the second half of 2022, an investment was made in several buildings in Paris, which resulted in particular in the Group acquiring full ownership of the premises serving as its headquarters, in which it had previously held a 40% stake, recognized under "Investments in joint ventures and associates". The previously held stake was remeasured (see Note 25) and the corresponding investment (see Note 8) was reclassified under "Property, plant and equipment" at its new value.

Changes in the scope of consolidation mainly resulted from the acquisition of Joseph Phelps. See Note 2.

The impact of currency fluctuations on property, plant and equipment mainly arose from fixed assets recognized in US dollars due to the change in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

The market value of investment property, according to appraisals by independent third parties, was at least 0.6 billion euros as of December 31, 2022. The valuation methods used are based on market data.

7. LEASES

7.1 Right-of-use assets

Right-of-use assets break down as follows, by type of underlying asset:

(EUR millions)			2022	2021	2020
	Gross	Depreciation and impairment	Net	Net	Net
Stores	18,270	(7,069)	11,202	10,636	10,053
Offices	3,273	(1,000)	2,274	1,991	1,433
Other	1,185	(329)	856	771	721
Capitalized fixed lease payments	**22,729**	**(8,397)**	**14,332**	**13,398**	**12,207**
Leasehold rights	848	(565)	283	307	314
Total	**23,577**	**(8,962)**	**14,615**	**13,705**	**12,521**

The carrying amounts of right-of-use assets changed as follows during the fiscal year:

Gross value *(EUR millions)*	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
As of December 31, 2021	**16,065**	**2,762**	**1,046**	**19,873**	**841**	**20,714**
New leases entered into	2,737	805	176	3,718	36	3,754
Changes in assumptions	160	(171)	71	60	-	60
Leases ended or canceled	(923)	(157)	(90)	(1,170)	(31)	(1,201)
Changes in the scope of consolidation	(144)	-	(21)	(166)	(2)	(167)
Translation adjustment	414	34	16	464	5	469
Other movements, including transfers	(38)	1	(13)	(51)	(1)	(52)
As of December 31, 2022	**18,270**	**3,273**	**1,185**	**22,729**	**848**	**23,577**

Depreciation and impairment *(EUR millions)*	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
As of December 31, 2021	**(5,428)**	**(772)**	**(275)**	**(6,475)**	**(534)**	**(7,009)**
Depreciation expense	(2,452)	(355)	(129)	(2,936)	(61)	(2,998)
Impairment expense	(16)	2	-	(14)	5	(9)
Leases ended or canceled	859	139	69	1,067	27	1,094
Changes in the scope of consolidation	98	(2)	1	97	2	99
Translation adjustment	(151)	(10)	(4)	(165)	(3)	(169)
Other movements, including transfers	21	(2)	10	29	-	29
As of December 31, 2022	**(7,069)**	**(1,000)**	**(329)**	**(8,397)**	**(565)**	**(8,962)**
Carrying amount as of December 31, 2022	**11,201**	**2,273**	**856**	**14,332**	**283**	**14,615**

"New leases entered into" involved store leases, in particular for Louis Vuitton, Tiffany, Christian Dior Couture and DFS. They also included leases of office space, mainly for Tiffany and the holding companies. Changes in assumptions mainly resulted from adjustments to estimated lease terms. These two types of changes led to corresponding increases in right-of-use assets and lease liabilities.

Changes in the scope of consolidation mainly related to Sephora's disposal of its subsidiary in Russia.

The impact of translation adjustment mainly arose from leases recognized in US dollars due to the change in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

7.2 Lease liabilities

Lease liabilities break down as follows:

(EUR millions)	2022	2021	2020
Non-current lease liabilities	12,776	11,887	10,665
Current lease liabilities	2,632	2,387	2,163
Total	**15,408**	**14,275**	**12,828**

The change in lease liabilities during the fiscal year breaks down as follows:

(EUR millions)	Stores	Offices	Other	Total
As of December 31, 2021	**11,309**	**2,198**	**768**	**14,275**
New leases entered into	2,698	793	165	3,656
Principal repayments	(2,291)	(302)	(118)	(2,711)
Change in accrued interest	10	2	2	14
Leases ended or canceled	(70)	(18)	(23)	(111)
Changes in assumptions	147	(172)	71	45
Changes in the scope of consolidation	(47)	(2)	(26)	(75)
Translation adjustment	288	30	16	334
Other movements, including transfers	(20)	1	-	(20)
As of December 31, 2022	**12,024**	**2,530**	**854**	**15,408**

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2022:

(EUR millions)		As of December 31, 2022 Total minimum future payments
Maturity:	2023	2,853
	2024	2,530
	2025	2,122
	2026	1,819
	2027	1,468
	Between 2028 and 2032	3,930
	Between 2033 and 2037	1,089
	Thereafter	1,264
Total minimum future payments		**17,076**
Impact of discounting		(1,668)
Total lease liability		**15,408**

7.3 Breakdown of lease expense

The lease expense for the period breaks down as follows:

(EUR millions)	2022	2021	2020
Depreciation and impairment of capitalized fixed lease payments	2,950	2,634	2,572
Interest on lease liabilities	254	242	281
Capitalized fixed lease expense	**3,204**	**2,876**	**2,853**
Variable lease payments	2,445	1,702	755
Short-term leases and/or low-value leases	458	506	320
Other lease expenses	**2,903**	**2,208**	**1,075**
Total	**6,107**	**5,084**	**3,928**

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. As required by IFRS 16, only the minimum fixed lease payments are capitalized. "Other lease expenses" mainly relate to variable lease payments.

For leases not required to be capitalized, there is little difference between the expense recognized and the payments made.

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)	2022				2021		2020	
	Gross	Impairment	Net	*Of which: Joint arrangements*	Net	*Of which: Joint arrangements*	Net	*Of which: Joint arrangements*
Share of net assets of joint ventures and associates as of January 1	**1,084**	**-**	**1,084**	***432***	**990**	***426***	**1,074**	***448***
Share of net profit/(loss) for the period	37	-	37	*4*	14	*1*	(42)	*(13)*
Dividends paid	(60)	-	(60)	*(9)*	(54)	*(9)*	(24)	*(12)*
Changes in the scope of consolidation	30	-	30	*31*	95	-	-	-
Capital increases subscribed	28	-	28	*26*	3	*2*	10	*7*
Translation adjustment	15	-	15	*8*	36	*11*	(34)	*(14)*
Other, including transfers	(69)	-	(69)	*3*	-	-	5	*9*
Share of net assets of joint ventures and associates as of December 31	**1,066**	**-**	**1,066**	***496***	**1,084**	***432***	**990**	***426***

As of December 31, 2021 and December 31, 2020, investments in joint ventures and associates included a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris (France) that serves as the headquarters of LVMH Moët Hennessy Louis Vuitton SE. LVMH acquired the remaining 60% stake in Mongoual SA during fiscal year 2022. See Note 6.

9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2022	2021	2020
As of January 1	**1,363**	**739**	**915**
Acquisitions	369	569	159
Disposals at net realized value	(98)	(107)	(213)
Changes in market value[(a)]	(125)	153	24
Changes in the scope of consolidation	(410)	(3)	-
Translation adjustment	10	12	(13)
Reclassifications[(b)]	-	-	(133)
As of December 31	**1,109**	**1,363**	**739**

(a) Recognized within "Net financial income/(expense)" and, in 2021, partly within "Other operating income and expenses" (see Note 25).
(b) See Note 14.

Changes in the scope of consolidation in 2022 related to the initial consolidation of various acquisitions carried out in prior years that had not been consolidated due to their low materiality.

10. OTHER NON-CURRENT ASSETS

(EUR millions)	2022	2021	2020
Warranty deposits	554	482	409
Derivatives[a]	97	55	110
Loans and receivables	444	413	280
Other	91	103	46
Total	**1,186**	**1,054**	**845**

(a) See Note 23.

11. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	5,956	(24)	5,932	5,433	5,313
Other raw materials and work in progress	4,976	(788)	4,187	2,885	1,732
	10,932	**(812)**	**10,120**	**8,319**	**7,046**
Goods purchased for resale	2,695	(285)	2,410	1,951	1,706
Finished products	9,416	(1,626)	7,790	6,279	4,264
	12,111	**(1,911)**	**10,200**	**8,230**	**5,970**
Total	**23,042**	**(2,723)**	**20,319**	**16,549**	**13,016**

The change in net inventories for the fiscal years presented breaks down as follows:

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
As of January 1	**19,075**	**(2,526)**	**16,549**	**13,016**	**13,717**
Change in gross inventories	4,169	-	4,169	1,567	562
Impact of provision for returns[a]	(17)	-	(17)	34	12
Impact of marking harvests to market	24	-	24	(35)	(27)
Changes in provision for impairment	-	(574)	(574)	(447)	(797)
Changes in the scope of consolidation	46	7	53	1,808	-
Translation adjustment	173	(44)	129	605	(457)
Other, including reclassifications	(426)	414	(13)	1	7
As of December 31	**23,042**	**(2,723)**	**20,319**	**16,549**	**13,016**

(a) See Note 1.28.

The impact of marking harvests to market on Wines and Spirits' cost of sales and value of inventory is as follows:

(EUR millions)	2022	2021	2020
Impact of marking the period's harvest to market	40	(12)	(7)
Impact of inventory sold during the period	(16)	(23)	(20)
Net impact on cost of sales for the period	**24**	**(35)**	**(27)**
Net impact on the value of inventory as of December 31	**82**	**58**	**93**

See Notes 1.11 and 1.19 on the method of marking harvests to market.

12. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2022	2021	2020
Trade accounts receivable, nominal amount	4,369	3,914	2,880
Provision for impairment	(111)	(127)	(124)
Net amount	**4,258**	**3,787**	**2,756**

The change in trade accounts receivable for the fiscal years presented breaks down as follows:

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
As of January 1	**3,914**	**(127)**	**3,787**	**2,756**	**3,450**
Changes in gross receivables	394	-	394	613	(528)
Changes in provision for impairment	-	6	6	(16)	(41)
Changes in the scope of consolidation	40	3	42	254	1
Translation adjustment	51	(3)	49	164	(148)
Reclassifications	(30)	10	(20)	16	22
As of December 31	**4,369**	**(111)**	**4,258**	**3,787**	**2,756**

The trade accounts receivable balance is comprised essentially of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains long-term relationships.

13. OTHER CURRENT ASSETS

(EUR millions)	2022	2021	2020
Current available for sale financial assets[(a)]	3,552	2,544	752
Derivatives[(b)]	462	258	968
Tax accounts receivable, excluding income taxes	1,602	1,210	956
Advances and payments on account to vendors	386	315	209
Prepaid expenses	613	503	387
Other receivables	875	777	574
Total	**7,488**	**5,606**	**3,846**

(a) See Note 14.
(b) See Note 23.

14. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

The net value of current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2022	2021	2020
As of January 1	**2,544**	**752**	**733**
Acquisitions	1,449	1,692	576
Disposals at net realized value	(360)	(296)	(653)
Changes in market value[a]	(81)	394	(34)
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	2	-
Reclassifications	-	-	130
As of December 31	**3,552**	**2,544**	**752**
Of which: Historical cost of current available for sale financial assets	*3,199*	*2,117*	*719*

(a) Recognized within "Net financial income/(expense)".

15. CASH AND CHANGE IN CASH

15.1 Cash and cash equivalents

(EUR millions)	2022	2021	2020
Term deposits (less than 3 months)	1,001	1,828	13,546
SICAV and FCP funds	287	477	1,943
Ordinary bank accounts	6,013	5,717	4,474
Cash and cash equivalents per balance sheet	**7,300**	**8,021**	**19,963**

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

(EUR millions)	2022	2021	2020
Cash and cash equivalents	7,300	8,021	19,963
Bank overdrafts	(200)	(204)	(157)
Net cash and cash equivalents per cash flow statement	**7,100**	**7,817**	**19,806**

15.2 Change in working capital

The change in working capital breaks down as follows for the fiscal years presented:

(EUR millions)	Notes	2022	2021	2020
Change in inventories and work in progress	11	(4,169)	(1,567)	(562)
Change in trade accounts receivable	12	(394)	(613)	528
Change in balance of amounts owed to customers	22	6	27	(10)
Change in trade accounts payable	22	1,532	1,576	(559)
Change in other receivables and payables		8	1,002	237
Change in working capital[a]		**(3,019)**	**426**	**(367)**

(a) Increase/(Decrease) in cash and cash equivalents.

15.3 Operating investments

Operating investments comprise the following elements for the fiscal years presented:

(EUR millions)	Notes	2022	2021	2020
Purchase of intangible assets	3	(685)	(580)	(481)
Purchase of property, plant and equipment	6	(4,397)	(2,675)	(1,984)
Change in accounts payable related to fixed asset purchases		161	221	(55)
Initial direct costs	7	(27)	(37)	(7)
Net cash used in purchases of fixed assets		**(4,948)**	**(3,071)**	**(2,526)**
Net cash from fixed asset disposals		73	444	51
Guarantee deposits paid and other cash flows related to operating investments		(94)	(37)	(3)
Operating investments[(a)]		**(4,969)**	**(2,664)**	**(2,478)**

(a) Increase/(Decrease) in cash and cash equivalents.

15.4 Interim and final dividends paid and other equity-related transactions

Interim and final dividends paid comprise the following elements for the fiscal years presented:

(EUR millions)	2022	2021	2020
Interim and final dividends paid by LVMH SE	(6,025)	(3,527)	(2,317)
Interim and final dividends paid to minority interests in consolidated subsidiaries	(421)	(408)	(365)
Tax paid related to interim and final dividends paid	(329)	(226)	(117)
Interim and final dividends paid	**(6,774)**	**(4,161)**	**(2,799)**

Other equity-related transactions comprise the following elements for the fiscal years presented:

(EUR millions)	Notes	2022	2021	2020
Capital increases of LVMH SE	16	-	-	-
Capital increases of subsidiaries subscribed by minority interests		12	4	39
Acquisition and disposal of LVMH shares	16	(1,616)	(556)	(12)
Other equity-related transactions		**(1,604)**	**(552)**	**27**

16. EQUITY

16.1 Equity

(EUR millions)	Notes	2022	2021	2020
Share capital	16.2	151	152	152
Share premium account	16.2	1,289	2,225	2,225
LVMH shares	16.3	(1,293)	(912)	(260)
Cumulative translation adjustment	16.5	2,586	1,380	(692)
Revaluation reserves		1,286	875	625
Other reserves		37,007	31,363	30,661
Net profit, Group share		14,084	12,036	4,702
Equity, Group share		**55,111**	**47,119**	**37,412**

16.2 Share capital and share premium account

As of December 31, 2022, the share capital consisted of 503,257,339 fully paid-up shares (504,757,339 as of December 31, 2021 and 2020), with a par value of 0.30 euros per share, including 231,307,286 shares with double voting rights (238,140,651 as of December 31, 2021 and 232,538,911 as of December 31, 2020). Double voting rights are attached to registered shares held for more than three years.

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

(EUR millions)				2022	2021	2020
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**504,757,339**	**152**	**2,225**	**2,376**	**2,376**	**2,470**
Exercise of share subscription options	-	-	-	-	-	-
Retirement of LVMH shares	(1,500,000)	-	(936)	(936)	-	(94)
As of period-end	**503,257,339**	**151**	**1,289**	**1,440**	**2,376**	**2,376**

16.3 LVMH shares

The portfolio of LVMH shares is allocated as follows:

(EUR millions)		2022	2021	2020
	Number	Amount	Amount	Amount
Share subscription option plans	-	-	-	-
Bonus share plans	951,460	520	597	242
Shares held for bonus share and similar plans[(a)]	**951,460**	**520**	**597**	**242**
Liquidity contract	20,000	14	15	17
Shares pending retirement	1,208,939	759	300	-
LVMH shares	**2,180,399**	**1,293**	**912**	**260**

(a) See Note 17 regarding bonus share and similar plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2022 amounted to 14 million euros.

In December 2021, LVMH announced the implementation of a share repurchase program aimed at acquiring its own shares for a maximum amount of 300 million euros over a period beginning on December 21, 2021 and potentially extending until February 15, 2022. The program ended on January 14, 2022 following the acquisition of 417,261 shares, all of which were to be retired.

In May 2022, a new share repurchase program was launched by LVMH aimed at acquiring its own shares for a maximum amount of 1 billion euros over a period beginning on May 17 and potentially extending until November 15, 2022. The program ended on November 15, 2022 following the acquisition of 1,625,050 shares corresponding to the amount of 1 billion euros, all of which were to be retired.

The portfolio movements of LVMH shares during the fiscal year were as follows:

(number of shares or EUR millions)	Number	Amount	Impact on cash
As of December 31, 2021	**1,566,220**	**912**	
Share purchases	2,802,105	1,720	(1,944)
Vested bonus shares	(175,499)	(77)	-
Retirement of LVMH shares	(1,500,000)	(936)	-
Disposals at net realized value	(512,427)	(327)	327
Gain/(loss) on disposal	-	1	-
As of December 31, 2022	**2,180,399**	**1,293**	**(1,617)**

16.4 Dividends paid by the parent company LVMH SE

In accordance with French regulations, dividends are taken from the profit for the fiscal year and the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of December 31, 2022, the distributable amount was 23,735 million euros; after taking into account the proposed dividend distribution in respect of the 2022 fiscal year, it was 20,212 million euros.

(EUR millions)	2022	2021	2020
Interim dividend for the current fiscal year (2022: 5.00 euros; 2021: 3.00 euros; 2020: 2.00 euros)	2,516	1,514	1,010
Impact of treasury shares	(11)	(3)	(2)
Gross amount disbursed for the fiscal year	**2,505**	**1,511**	**1,008**
Final dividend for the previous fiscal year (2021: 7.00 euros; 2020: 4.00 euros; 2019: 2.60 euros)	3,533	2,019	1,314
Impact of treasury shares	(14)	(3)	(5)
Gross amount disbursed for the previous fiscal year	**3,519**	**2,016**	**1,309**
Total gross amount disbursed during the period[a]	**6,025**	**3,527**	**2,317**

(a) Excluding the impact of tax regulations applicable to the recipient.

The final dividend for fiscal year 2022, as proposed at the Shareholders' Meeting of April 20, 2023, is 7 euros per share, representing a total of 3,523 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

16.5 Cumulative translation adjustment

The change in "Cumulative translation adjustment" recognized within "Equity, Group share", net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	2022	Change	2021	2020
US dollar	1,693	946	747	(832)
Swiss franc	1,044	116	928	778
Japanese yen	(20)	(91)	71	97
Hong Kong dollar	507	(25)	532	285
Pound sterling	(123)	(148)	25	(113)
Other currencies	(317)	300	(616)	(458)
Foreign currency net investment hedges[a]	(198)	109	(307)	(449)
Total, Group share	**2,586**	**1,206**	**1,380**	**(692)**

(a) Including: -144 million euros with respect to the US dollar (-145 million euros as of December 31, 2021 and -125 million euros as of December 31, 2020), -118 million euros with respect to the Hong Kong dollar (-117 million euros as of December 31, 2021 and December 31, 2020), and -223 million euros with respect to the Swiss franc (-228 million euros as of December 31, 2021 and -210 million euros as of December 31, 2020). These amounts include the tax impact.

17. BONUS SHARE AND SIMILAR PLANS

17.1 Share subscription option plans

No share subscription option plans were in effect during the fiscal years presented.

17.2 Bonus share plans

The number of provisional allocations of shares awarded changed as follows during the fiscal years presented:

(number of shares)	2022	2021	2020
Provisional allocations as of January 1	**666,515**	**824,733**	**1,052,718**
Provisional allocations for the period	189,404	397,377	177,034
Shares vested during the period	(175,499)	(544,706)	(288,482)
Shares expired during the period	(11,625)	(10,889)	(116,537)
Provisional allocations as of period-end	**668,795**	**666,515**	**824,733**

Six bonus share plans were set up during the fiscal year. The main characteristics of these plans are as follows:

Plan commencement date	Number of shares awarded initially	Of which: Performance shares	Vesting period of rights	LVMH share price the day before the grant date	Unit value of provisional allocations
January 27, 2022	10,790	-	1 year	683.6	673.4
January 27, 2022	1,308	1,308	2 years and 9 months	683.6	635.2
July 26, 2022	25,000	25,000	2 years and 8 months	637.4	607.3
July 26, 2022	11,032	-	1 year	637.4	625.5
July 26, 2022	1,682	1,682	2 years and 3 months	637.4	612.8
October 27, 2022	139,592	139,592	3 years	663.0	625.9
Total	**189,404**	**167,582**			

Vested share allocations were settled in existing shares held.

17.3 Expense for the fiscal year

(EUR millions)	2022	2021	2020
Expense for the period for bonus share plans	132	132	63

18. MINORITY INTERESTS

(EUR millions)	2022	2021	2020
As of January 1	**1,790**	**1,417**	**1,779**
Minority interests' share of net profit	667	662	253
Dividends paid to minority interests	(382)	(428)	(376)
Impact of changes in control of consolidated entities	6	397	7
Impact of acquisition and disposal of minority interests' shares	(138)	(211)	8
Capital increases subscribed by minority interests	28	12	54
Minority interests' share in gains and losses recognized in equity	88	101	(91)
Minority interests' share in bonus share plan-related expenses	5	6	3
Impact of changes in minority interests with purchase commitments	(571)	(166)	(220)
As of December 31	**1,493**	**1,790**	**1,417**

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commitments	Minority interests' share in cumulative translation adjustment and revaluation reserves
As of December 31, 2019	**136**	**(10)**	**267**	**(51)**	**343**
Changes during the fiscal year	(115)	28	-	(2)	(89)
As of December 31, 2020	**22**	**18**	**267**	**(53)**	**254**
Changes during the fiscal year	118	(43)	11	14	101
As of December 31, 2021	**140**	**(24)**	**278**	**(39)**	**355**
Changes during the fiscal year	61	18	(10)	19	88
As of December 31, 2022	**201**	**(6)**	**268**	**(20)**	**443**

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") and the 39% stake held by Mari-Cha Group Ltd in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at the period-end within "Purchase commitments for minority interests' shares" under "Other non-current liabilities" and is therefore excluded from the total amount of minority interests at the period-end. See Note 1.14 and Note 21 below.

Dividends paid to Diageo in fiscal year 2022 amounted to 217 million euros in respect of fiscal year 2021. Net profit attributable to Diageo for fiscal year 2022 was 480 million euros, and its share in accumulated minority interests (before recognition of the purchase commitment granted to Diageo) came to 4,265 million euros as of December 31, 2022. As of that date, the condensed consolidated balance sheet of Moët Hennessy was as follows:

(EUR billions)	2022
Property, plant and equipment and intangible assets	5.7
Other non-current assets	1.0
Non-current assets	**6.7**
Inventories and work in progress	6.8
Other current assets	1.6
Cash and cash equivalents	2.3
Current assets	**10.7**
Total assets	**17.5**

(EUR billions)	2022
Equity	11.8
Non-current liabilities	2.3
Equity and non-current liabilities	**14.1**
Short-term borrowings	1.1
Other current liabilities	2.3
Current liabilities	**3.4**
Total liabilities and equity	**17.5**

No dividend was paid to Mari-Cha Group Ltd in 2022. Net profit attributable to Mari-Cha Group Ltd for 2022 was a loss of 101 million euros, and its share in accumulated minority interests as of December 31, 2022 came to 1,252 million euros.

19. BORROWINGS

19.1 Net financial debt

(EUR millions)	2022	2021	2020
Bonds and Euro Medium-Term Notes (EMTNs)	10,185	11,872	13,866
Bank borrowings	194	293	199
Long-term borrowings	**10,380**	**12,165**	**14,065**
Bonds and Euro Medium-Term Notes (EMTNs)	1,486	3,072	1,094
Current bank borrowings	222	377	346
Euro- and US dollar-denominated commercial paper	7,247	4,172	8,575
Other borrowings and credit facilities	144	191	418
Bank overdrafts	200	203	156
Accrued interest	60	61	49
Short-term borrowings	**9,360**	**8,075**	**10,638**
Gross borrowings	**19,739**	**20,241**	**24,703**
Interest rate risk derivatives	144	(6)	(68)
Foreign exchange risk derivatives	170	(63)	321
Gross borrowings after derivatives	**20,053**	**20,172**	**24,956**
Current available for sale financial assets[a]	(3,552)	(2,544)	(752)
Cash and cash equivalents[b]	(7,300)	(8,021)	(19,963)
Net financial debt	**9,201**	**9,607**	**4,241**

(a) See Note 14.
(b) See Note 15.1.

Net financial debt does not include purchase commitments for minority interests' shares (see Note 21) or lease liabilities (see Note 7).

The change in gross borrowings after derivatives during the fiscal year breaks down as follows:

(EUR millions)	As of December 31, 2021	Impact on cash[a]	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassifications and Other	As of December 31, 2022
Long-term borrowings	12,165	(64)	(16)	(153)	59	(1,612)	10,380
Short-term borrowings	8,075	(125)	(254)	1	35	1,628	9,359
Gross borrowings	**20,241**	**(189)**	**(270)**	**(152)**	**93**	**16**	**19,739**
Derivatives	(69)	8	(1)	375	-	-	314
Gross borrowings after derivatives	**20,172**	**(181)**	**(271)**	**224**	**93**	**16**	**20,053**

(a) Including a positive impact of 3,774 million euros in respect of proceeds from borrowings, a negative impact of 3,891 million euros in respect of repayment of borrowings and a positive impact of 4 million euros due to a decrease in bank overdrafts.

During the fiscal year, LVMH repaid the 1,750 million euro bond issued in 2020, as well as the 800 million euro bond and the 400 million pound bond both issued in 2017. The associated hedging swaps were unwound on redemption.

19.2 Breakdown of gross borrowings by payment date and type of interest rate

(EUR millions)		Gross borrowings			Impact of derivatives			Gross borrowings after derivatives		
		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity:	December 31, 2023	1,796	7,563	9,360	(771)	912	141	1,025	8,475	9,500
	December 31, 2024	2,797	-	2,797	(297)	309	12	2,501	309	2,809
	December 31, 2025	1,559	-	1,559	-	-	-	1,559	-	1,559
	December 31, 2026	1,364	-	1,364	(20)	-	(20)	1,344	-	1,344
	December 31, 2027	885	-	885	(822)	985	164	63	985	1,049
	December 31, 2028	1,745	-	1,745	-	18	18	1,745	18	1,763
	Thereafter	2,029	-	2,029	-	-	-	2,029	-	2,029
Total		**12,176**	**7,563**	**19,740**	**(1,910)**	**2,224**	**314**	**10,266**	**9,787**	**20,053**

See Note 23.3 regarding the market value of interest rate risk derivatives.

The breakdown by quarter of gross borrowings falling due in 2023 is as follows:

(EUR millions)	Falling due in 2023
First quarter	7,558
Second quarter	1,733
Third quarter	19
Fourth quarter	50
Total	**9,360**

19.3 Breakdown of gross borrowings by currency after derivatives

The purpose of foreign currency borrowings is to finance the development of the Group's activities outside the eurozone, as well as the Group's assets denominated in foreign currency.

(EUR millions)	2022	2021	2020
Euro	14,836	17,576	21,281
US dollar	4,564	2,845	3,120
Swiss franc	(26)	588	80
Japanese yen	309	453	762
Other currencies	371	(1,290)	(287)
Total[(a)]	**20,053**	**20,172**	**24,956**

(a) The amounts presented above include the impact of swaps to convert Group-level financing into subsidiaries' functional currencies, whether these subsidiaries are borrowers or lenders in the currency concerned.

19.4 Undrawn confirmed credit lines and covenants

As of December 31, 2022, undrawn confirmed credit lines came to 11.0 billion euros. This amount exceeded the outstanding portion of the euro- and US dollar-denominated commercial paper (ECP and USCP) programs, which totaled 7.2 billion euros as of December 31, 2022. In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 2022, no significant credit lines were concerned by these provisions.

20. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Non-current provisions and other liabilities comprise the following:

(EUR millions)	2022	2021	2020
Non-current provisions	1,529	1,771	1,472
Uncertain tax positions	1,400	1,404	1,180
Derivatives[a]	206	45	146
Employee profit sharing	123	105	86
Other liabilities	644	656	438
Non-current provisions and other liabilities	**3,902**	**3,980**	**3,322**

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

(EUR millions)	2022	2021	2020
Provisions for pensions, medical costs and similar commitments	622	915	784
Provisions for contingencies and losses	907	856	688
Non-current provisions	**1,529**	**1,771**	**1,472**
Provisions for pensions, medical costs and similar commitments	17	17	9
Provisions for contingencies and losses	539	582	503
Current provisions	**556**	**598**	**512**
Total	**2,085**	**2,369**	**1,984**

Provisions changed as follows during the fiscal year:

(EUR millions)	As of December 31, 2021	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other[a]	As of December 31, 2022
Provisions for pensions, medical costs and similar commitments	932	142	(142)	(2)	2	(293)	639
Provisions for contingencies and losses	1,438	402	(234)	(188)	11	16	1,445
Total	**2,369**	**544**	**(376)**	**(189)**	**13**	**(276)**	**2,085**

(a) Including the impact of translation adjustment and change in revaluation reserves. See Note 29 regarding "Provisions for pensions, medical costs and similar commitments".

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes (see Note 31), or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time and applies to areas ranging from product composition and packaging to relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.).

Non-current liabilities related to uncertain tax positions include an estimate of the risks, disputes, and actual or probable litigation related to the income tax computation. The Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. A liability is recognized for these rectification claims, together with any uncertain tax positions that have been identified but not yet officially notified, the amount of which is regularly reviewed in accordance with the criteria of the application of IFRIC 23 Uncertainty over Income Tax Treatments.

21. PURCHASE COMMITMENTS FOR MINORITY INTERESTS' SHARES

As of December 31, 2022, purchase commitments for minority interests' shares mainly included the put option granted by LVMH to Diageo for its 34% share in Moët Hennessy for 80% of the fair value of Moët Hennessy at the exercise date of the option. This option may be exercised at any time subject to a six-month notice period. The fair value of this commitment was calculated by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc, Clos des Lambrays and Colgin Cellars, and excluding certain champagne vineyards.

Purchase commitments for minority interests' shares also include commitments relating to minority shareholders in Loro Piana (15%), and distribution subsidiaries in various countries, mainly in the Middle East.

22. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

22.1 Trade accounts payable

The change in trade accounts payable for the fiscal years presented breaks down as follows:

(EUR millions)	2022	2021	2020
As of January 1	**7,086**	**5,098**	**5,814**
Changes in trade accounts payable	1,532	1,576	(560)
Changes in amounts owed to customers	6	27	(10)
Changes in the scope of consolidation	62	243	-
Translation adjustment	81	226	(159)
Reclassifications	21	(85)	14
As of December 31	**8,788**	**7,086**	**5,098**

22.2 Current provisions and other liabilities

(EUR millions)	2022	2021	2020
Current provisions[(a)]	556	598	512
Derivatives[(b)]	300	195	604
Employees and social security	2,448	2,244	1,530
Employee profit sharing	266	226	116
Taxes other than income taxes	1,261	1,101	823
Advances and payments on account from customers	1,224	1,079	723
Provision for product returns[(c)]	653	648	463
Deferred payment for non-current assets	787	907	538
Deferred income	454	396	353
Other liabilities	1,605	1,779	1,035
Total	**9,553**	**9,174**	**6,698**

(a) See Note 20.
(b) See Note 23.
(c) See Note 1.28.

23. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

23.1 Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, is centralized.

The Group has implemented a stringent policy and rigorous management guidelines to manage, measure and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement (middle office), hedging (front office), administration (back office) and financial control.

The backbone of this organization is an integrated information system that allows transactions to be checked quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

23.2 Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)			Notes	2022	2021	2020
Interest rate risk	Assets:	Non-current		-	4	57
		Current		34	31	33
	Liabilities:	Non-current		(159)	(25)	(10)
		Current		(19)	(5)	(12)
			23.3	**(144)**	**6**	**68**
Foreign exchange risk	Assets:	Non-current		97	51	52
		Current		421	218	670
	Liabilities:	Non-current		(47)	(20)	(136)
		Current		(277)	(182)	(330)
			23.4	**193**	**68**	**257**
Other risks	Assets:	Non-current		-	-	-
		Current		7	9	266
	Liabilities:	Non-current		-	-	-
		Current		(3)	(8)	(263)
			23.5	**4**	**1**	**3**
Total	Assets:	Non-current	10	97	55	110
		Current	13	462	258	968
	Liabilities:	Non-current	20	(206)	(45)	(146)
		Current	22	(300)	(195)	(604)
				53	**74**	**328**

23.3 Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to curb borrowing costs, and to protect net profit from the impact of significant changes in interest rates.

For these purposes, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2022 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value[a][b]			
	Less than 1 year	From 1 to 5 years	More than 5 years	Total	Future cash flow hedges	Fair value hedges	Not allocated	Total
Interest rate swaps, floating-rate payer	789	1,258	200	2,248	-	(154)	-	(154)
Interest rate swaps, fixed-rate payer	-	-	-	-	-	-	-	-
Foreign currency swaps, euro-rate payer	789	958	-	1,748	-	-	11	11
Foreign currency swaps, euro-rate receiver	133	-	-	133	-	-	(1)	(1)
Interest rate swaptions	-	-	-	-	-	-	-	-
Total					**-**	**(154)**	**11**	**(143)**

(a) Gain/(Loss).
(b) See Note 1.11 regarding the methodology used for market value measurement.

23.4 Derivatives used to manage foreign exchange risk

A significant portion of Group companies' sales to customers and to their own distribution subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are intra-Group cash flows. Hedging instruments are used to reduce the foreign exchange risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies, and are allocated to either trade receivables or payables (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (hedges of future cash flows).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group is exposed to foreign exchange risk with respect to the Group's net assets, as it owns assets denominated in currencies other than the euro. This foreign exchange risk may be hedged either partially or in full through foreign currency borrowings or by hedging the net worth of subsidiaries outside the eurozone, using appropriate financial instruments with the aim of limiting the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2022 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation[a]				Market value[b][c]			
	2022	2023	Thereafter	Total	Future cash flow hedges	Fair value hedges	Not allocated	Total
Options purchased								
Call USD	-	125	-	125	2	-	-	2
Put JPY	-	19	-	19	-	-	-	-
Put CNY	-	17	-	17	1	-	-	1
Other	-	25	-	25	1	-	-	1
	-	**186**	**-**	**186**	**4**	**-**	**-**	**4**
Collars								
Written USD	134	4,497	598	5,229	42	1	-	43
Written JPY	13	1,401	155	1,569	60	1	-	61
Written GBP	37	487	74	598	24	1	-	26
Written HKD	51	269	36	355	-	(1)	-	(1)
Written CNY	44	3,560	310	3,914	118	-	-	118
	279	**10,214**	**1,172**	**11,665**	**243**	**3**	**-**	**247**
Forward exchange contracts								
USD	11	1,641	-	1,652	103	-	-	103
JPY	-	18	-	18	-	-	-	-
KRW	-	-	-	-	-	(1)	-	(1)
BRL	1	114	-	115	-	(4)	-	(4)
Other	13	143	-	156	4	1	-	4
	25	**1,916**	**-**	**1,941**	**106**	**(5)**	**-**	**102**
Foreign exchange swaps								
USD	213	(1,250)	-	(1,037)	-	(62)	-	(62)
GBP	15	(665)	(696)	(1,345)	-	(71)	-	(71)
JPY	33	255	118	406	-	35	-	35
CNY	360	576	-	937	-	-	-	-
HKD	1	(1,267)	-	(1,266)	-	(61)	-	(61)
Other	-	367	21	388	-	2	-	2
	623	**(1,984)**	**(557)**	**(1,918)**	**-**	**(158)**	**-**	**(158)**
Total	**927**	**10,331**	**616**	**11,874**	**353**	**(160)**	**-**	**193**

(a) Sale/(Purchase).
(b) See Note 1.11 regarding the methodology used for market value measurement.
(c) Gain/(Loss).

23.5 Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly (as a result of its holding of subsidiaries, equity investments and current available for sale financial assets) or indirectly (as a result of its holding of funds, which are themselves partially invested in shares).

The Group may also use equity-based derivatives to synthetically create an economic exposure to certain assets, to hedge cash-settled compensation plans index-linked to the LVMH share price, or to hedge certain risks related to changes in the LVMH share price. As of December 31, 2022, there were no equity-based derivatives outstanding.

The Group – mainly through its Watches and Jewelry business group – may be exposed to changes in the prices of certain precious metals, such as silver, gold and platinum. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, precious metals may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of these metals. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2022 had a positive market value of 4 million euros. Considering nominal values of 226 million euros for those financial instruments, a uniform 1% change in their underlying assets' prices as of December 31, 2022 would have a negative net impact on the Group's consolidated reserves of 1 million euros. These instruments will mature in 2023.

24. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. Information on Louis Vuitton, Bulgari and Tiffany is presented according to the brand's main business, namely the Fashion and Leather Goods business group for Louis Vuitton and the Watches and Jewelry business group for Bulgari and Tiffany.

The Selective Retailing business group comprises the Group's own-label retailing activities. The "Other and holding companies" business group comprises brands and businesses that are not associated with any of the above-mentioned business groups, particularly the media division, the Dutch luxury yacht maker Royal Van Lent, hotel operations and holding or real estate companies.

24.1 Information by business group

Fiscal year 2022

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated[a]	Total
Sales outside the Group	7,086	38,576	6,701	10,512	14,774	1,536	-	79,184
Intra-Group sales	13	72	1,021	70	79	50	(1,304)	-
Total revenue	**7,099**	**38,648**	**7,722**	**10,581**	**14,852**	**1,586**	**(1,304)**	**79,184**
Profit from recurring operations	2,155	15,709	660	2,017	788	(267)	(7)	21,055
Other operating income and expenses	(12)	(7)	(12)	(5)	(208)	190	-	(54)
Depreciation, amortization and impairment expenses	(261)	(2,431)	(480)	(994)	(1,427)	(291)	112	(5,772)
Of which: Right-of-use assets	*(34)*	*(1,422)*	*(160)*	*(523)*	*(883)*	*(96)*	*112*	*(3,007)*
Other	*(227)*	*(1,008)*	*(321)*	*(471)*	*(544)*	*(194)*	-	*(2,766)*
Intangible assets and goodwill[b]	8,861	13,937	1,696	20,594	3,609	1,522	(5)	50,213
Right-of-use assets	234	7,138	646	2,277	4,284	922	(886)	14,615
Property, plant and equipment	3,822	5,397	839	2,005	1,688	9,312	(8)	23,055
Inventories and work in progress	6,892	4,793	1,033	5,051	2,805	72	(327)	20,319
Other operating assets[c]	1,674	3,297	1,493	1,720	775	1,436	16,048	26,443
Total assets	**21,483**	**34,562**	**5,707**	**31,646**	**13,161**	**13,264**	**14,823**	**134,646**
Equity	-	-	-	-	-	-	56,604	56,604
Lease liabilities	247	7,426	695	2,363	4,537	1,019	(879)	15,408
Other liabilities[d]	2,161	7,731	2,953	2,583	3,651	1,743	41,812	62,634
Total liabilities and equity	**2,408**	**15,157**	**3,648**	**4,946**	**8,188**	**2,762**	**97,537**	**134,646**
Operating investments[e]	(440)	(1,872)	(409)	(654)	(523)	(1,074)	1	(4,969)

Fiscal year 2021

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated[a]	Total
Sales outside the Group	5,965	30,844	5,711	8,872	11,680	1,142	-	64,215
Intra-Group sales	9	52	897	92	74	27	(1,150)	-
Total revenue	**5,974**	**30,896**	**6,608**	**8,964**	**11,754**	**1,169**	**(1,150)**	**64,215**
Profit from recurring operations	1,863	12,842	684	1,679	534	(436)	(15)	17,151
Other operating income and expenses	(26)	(47)	(17)	(4)	(53)	151	-	4
Depreciation, amortization and impairment expenses	(228)	(2,142)	(443)	(860)	(1,399)	(294)	113	(5,253)
Of which: Right-of-use assets	*(32)*	*(1,291)*	*(149)*	*(410)*	*(836)*	*(89)*	*110*	*(2,698)*
Other	*(196)*	*(851)*	*(294)*	*(449)*	*(563)*	*(205)*	*3*	*(2,555)*
Intangible assets and goodwill[b]	10,688	13,510	1,417	19,726	3,348	1,766	-	50,455
Right-of-use assets	153	6,755	556	1,922	4,142	841	(665)	13,705
Property, plant and equipment	3,450	4,569	752	1,730	1,667	8,032	(8)	20,193
Inventories and work in progress	6,278	3,374	831	3,949	2,410	41	(335)	16,549
Other operating assets[c]	1,597	2,807	1,281	1,409	747	1,060	15,508	24,409
Total assets	**22,167**	**31,016**	**4,838**	**28,737**	**12,313**	**11,741**	**14,500**	**125,311**
Equity	-	-	-	-	-	-	48,909	48,909
Lease liabilities	164	6,894	594	1,985	4,362	931	(656)	14,275
Other liabilities[d]	1,843	6,800	2,770	2,471	3,050	1,992	43,202	62,128
Total liabilities and equity	**2,007**	**13,694**	**3,364**	**4,456**	**7,412**	**2,923**	**91,454**	**125,311**
Operating investments[e]	(328)	(1,131)	(290)	(458)	(370)	(89)	1	(2,664)

Fiscal year 2020

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated[a]	Total
Sales outside the Group	4,744	21,172	4,456	3,315	10,115	849	-	44,651
Intra-Group sales	11	35	792	41	40	19	(938)	-
Total revenue	**4,755**	**21,207**	**5,248**	**3,356**	**10,155**	**868**	**(938)**	**44,651**
Profit from recurring operations	1,388	7,188	80	302	(203)	(521)	71	8,305
Other operating income and expenses	(43)	(68)	(20)	(3)	(87)	(112)	-	(333)
Depreciation, amortization and impairment expenses	(254)	(2,069)	(460)	(475)	(1,549)	(313)	117	(5,003)
Of which: Right-of-use assets	*(34)*	*(1,226)*	*(145)*	*(254)*	*(941)*	*(93)*	*117*	*(2,575)*
Other	*(220)*	*(843)*	*(315)*	*(221)*	*(608)*	*(220)*	-	*(2,428)*
Intangible assets and goodwill[b]	7,860	13,059	1,340	5,752	3,153	1,890	-	33,054
Right-of-use assets	162	5,736	503	1,151	4,699	888	(618)	12,521
Property, plant and equipment	3,232	4,157	709	577	1,723	7,833	(8)	18,224
Inventories and work in progress	6,040	2,726	742	1,641	2,111	37	(281)	13,016
Other operating assets[c]	1,306	1,919	1,151	672	696	1,615	24,497	31,856
Total assets	**18,600**	**27,597**	**4,445**	**9,793**	**12,383**	**12,263**	**23,590**	**108,671**
Equity	-	-	-	-	-	-	38,829	38,829
Lease liabilities	170	5,766	516	1,117	4,912	959	(611)	12,828
Other liabilities[d]	1,608	4,885	2,164	1,252	2,338	1,673	43,094	57,014
Total liabilities and equity	**1,778**	**10,651**	**2,680**	**2,369**	**7,250**	**2,632**	**81,312**	**108,671**
Operating investments[e]	(320)	(827)	(280)	(210)	(410)	(431)	-	(2,478)

(a) Eliminations correspond to sales between business groups; these generally consist of sales to Selective Retailing from other business groups. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the carrying amounts shown in Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and current and deferred tax assets.
(d) Liabilities not allocated include financial debt, current and deferred tax liabilities, and liabilities related to purchase commitments for minority interests' shares.
(e) Increase/(Decrease) in cash and cash equivalents.

24.2 Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2022	2021	2020
France	6,071	4,111	3,333
Europe (excl. France)	12,717	9,860	7,337
United States	21,542	16,591	10,647
Japan	5,436	4,384	3,164
Asia (excl. Japan)	23,785	22,365	15,366
Other countries	9,632	6,904	4,804
Revenue	**79,184**	**64,215**	**44,651**

Operating investments by geographic region are as follows:

(EUR millions)	2022	2021	2020
France	1,891	1,054	1,002
Europe (excl. France)	905	520	444
United States	955	313	336
Japan	133	82	134
Asia (excl. Japan)	761	488	342
Other countries	324	207	220
Operating investments	**4,969**	**2,664**	**2,478**

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

24.3 Quarterly information

Quarterly revenue by business group breaks down as follows:

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	1,638	9,123	1,905	2,338	3,040	282	(322)	18,003
Second quarter	1,689	9,013	1,714	2,570	3,591	441	(291)	18,726
Third quarter	1,899	9,687	1,959	2,666	3,465	443	(364)	19,755
Fourth quarter	1,873	10,825	2,145	3,006	4,757	420	(327)	22,699
Total for 2022	**7,099**	**38,648**	**7,722**	**10,581**	**14,852**	**1,586**	**(1,304)**	**79,184**
First quarter	1,510	6,738	1,550	1,883	2,337	215	(274)	13,959
Second quarter	1,195	7,125	1,475	2,140	2,748	280	(257)	14,706
Third quarter	1,546	7,452	1,642	2,137	2,710	330	(305)	15,512
Fourth quarter	1,723	9,581	1,941	2,804	3,959	344	(314)	20,038
Total for 2021	**5,974**	**30,896**	**6,608**	**8,964**	**11,754**	**1,169**	**(1,150)**	**64,215**
First quarter	1,175	4,643	1,382	792	2,626	251	(273)	10,596
Second quarter	810	3,346	922	527	2,218	153	(179)	7,797
Third quarter	1,364	5,945	1,370	947	2,332	232	(235)	11,955
Fourth quarter	1,406	7,273	1,574	1,090	2,979	232	(251)	14,303
Total for 2020	**4,755**	**21,207**	**5,248**	**3,356**	**10,155**	**868**	**(938)**	**44,651**

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2022	2021	2020
Net gains/(losses) on disposals	(210)	9	(22)
Restructuring costs	3	-	(6)
Remeasurement of shares acquired prior to their initial consolidation	232	119	-
Transaction costs relating to the acquisition of consolidated companies	(25)	(18)	(35)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(50)	(89)	(235)
Other items, net	(3)	(16)	(35)
Other operating income and expenses	**(54)**	**4**	**(333)**

Net gains/(losses) on disposals mainly relate to Sephora's sale of its subsidiary in Russia, which was finalized in October 2022.

Impairment and amortization expenses recorded in 2022 were primarily for brands and goodwill.

In 2022, the remeasurement of shares acquired prior to their initial consolidation resulted from the acquisition of the remaining 60% stake in Mongoual SA, in which the Group previously held a 40% stake, recognized under "Investments in joint ventures and associates" (see Note 8).

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2022	2021	2020
Borrowing costs	(128)	4	(85)
Income from cash, cash equivalents and current available for sale financial assets	113	40	46
Fair value adjustment of borrowings and interest rate hedges	(2)	(3)	4
Cost of net financial debt	**(17)**	**41**	**(35)**
Interest on lease liabilities	**(254)**	**(242)**	**(281)**
Dividends received from non-current available for sale financial assets	8	10	12
Cost of foreign exchange derivatives	(358)	(206)	(262)
Fair value adjustment of available for sale financial assets	(225)	499	(4)
Other items, net	(42)	(49)	(38)
Other financial income and expenses	**(618)**	**254**	**(291)**
Net financial income/(expense)	**(888)**	**53**	**(608)**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	2022	2021	2020
Income from cash and cash equivalents	49	27	38
Income from current available for sale financial assets[(a)]	65	13	8
Income from cash, cash equivalents and current available for sale financial assets	**113**	**40**	**46**

(a) Including 50 million euros related to dividends received as of December 31, 2022 (9 million euros as of December 31, 2021 and 5 million euros as of December 31, 2020).

The fair value adjustment of borrowings and interest rate hedges is attributable to the following items:

(EUR millions)	2022	2021	2020
Hedged financial debt	139	82	(39)
Hedging instruments	(135)	(80)	40
Unallocated derivatives	(6)	(5)	3
Fair value adjustment of borrowings and interest rate hedges	**(2)**	**(3)**	**4**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2022	2021	2020
Cost of commercial foreign exchange derivatives	(348)	(196)	(234)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	(12)	3	(20)
Cost and other items related to other foreign exchange derivatives	3	(13)	(8)
Cost of foreign exchange derivatives	**(358)**	**(206)**	**(262)**

27. INCOME TAXES

(EUR millions)	2022	2021	2020
Current income taxes for the fiscal year	(5,877)	(5,316)	(2,608)
Current income taxes relating to previous fiscal years	(18)	(20)	(13)
Current income taxes	**(5,896)**	**(5,336)**	**(2,620)**
Change in deferred income taxes	534	913	297
Impact of changes in tax rates on deferred income taxes	-	(87)	(85)
Deferred income taxes	**534**	**826**	**212**
Total tax expense per income statement	**(5,362)**	**(4,510)**	**(2,409)**
Tax on items recognized in equity	**(147)**	**89**	**(111)**

The effective tax rate is as follows:

(EUR millions)	2022	2021	2020
Profit before tax	20,113	17,208	7,364
Total tax expense	(5,362)	(4,510)	(2,409)
Effective tax rate	**26.7%**	**26.2%**	**32.7%**

The Group's effective tax rate was 26.7% in 2022, compared with 26.2% in 2021 and 32.7% in 2020. The 0.5-point increase with respect to fiscal year 2021 mainly arose from the increase in taxes on intra-Group dividends.

28. EARNINGS PER SHARE

	2022	2021	2020
Net profit, Group share *(EUR millions)*	**14,084**	**12,036**	**4,702**
Average number of shares outstanding during the fiscal year	504,157,339	504,757,339	505,000,128
Average number of treasury shares held during the fiscal year	(2,036,645)	(1,129,631)	(1,320,856)
Average number of shares on which the calculation before dilution is based	**502,120,694**	**503,627,708**	**503,679,272**
Basic earnings per share *(EUR)*	**28.05**	**23.90**	**9.33**
Average number of shares outstanding on which the above calculation is based	502,120,694	503,627,708	503,679,272
Dilutive effect of stock option and bonus share plans	359,406	267,884	530,861
Other dilutive effects	-	-	-
Average number of shares on which the calculation after dilution is based	**502,480,100**	**503,895,592**	**504,210,133**
Diluted earnings per share *(EUR)*	**28.03**	**23.89**	**9.32**

The LVMH share repurchase program that began on December 21, 2021 ended on January 14, 2022, and a new share repurchase program was launched on May 17, 2022 and ended on November 15, 2022 (see Note 16.3); the LVMH shares acquired under these programs are taken into account in calculating earnings per share before dilution. Shares remaining to be acquired are not taken into account in calculating diluted earnings per share, in respect of "Other dilutive effects".

29. PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

The expense recognized in the fiscal years presented for provisions for pensions, contribution to medical costs and other employee benefit commitments is as follows:

(EUR millions)	2022	2021	2020
Service cost	136	130	106
Net interest cost	15	15	8
Actuarial gains and losses	(3)	-	-
Changes in plans	8	(1)	(48)
Total expense for the fiscal-year for defined-benefit plans	**157**	**145**	**66**

No significant events concerning provisions for pensions and other benefit commitments occurred during the fiscal year.

30. OFF-BALANCE SHEET COMMITMENTS

30.1 Purchase commitments

(EUR millions)	2022	2021	2020
Grapes, wines and *eaux-de-vie*	3,138	2,843	2,725
Other purchase commitments for raw materials	810	759	250
Industrial and commercial fixed assets	1,173	715	428
Investments in joint venture shares and non-current available for sale financial assets	181	317	13,237

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and *eaux-de-vie*. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known fiscal year-end prices and estimated production yields.

As of December 31, 2020, share purchase commitments included the impact of LVMH's commitment to acquire, for cash, all the shares of Tiffany & Co. ("Tiffany"), for a total of 16.1 billion US dollars. The transaction was completed on January 7, 2021.

As of December 31, 2022, the maturity schedule of these commitments was as follows:

(EUR millions)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Grapes, wines and *eaux-de-vie*	1,021	1,847	270	3,138
Other purchase commitments for raw materials	592	218	-	810
Industrial and commercial fixed assets	825	197	151	1,173
Investments in joint venture shares and non-current available for sale financial assets	181	-	-	181

30.2 Collateral and other guarantees

As of December 31, 2022, these commitments broke down as follows:

(EUR millions)	2022	2021	2020
Securities and deposits	415	415	444
Other guarantees	328	162	169
Guarantees given	**744**	**577**	**613**
Guarantees received	**(44)**	**(65)**	**(47)**

The maturity dates of these commitments are as follows:

(EUR millions)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Securities and deposits	323	74	19	415
Other guarantees	215	101	12	328
Guarantees given	**537**	**175**	**31**	**744**
Guarantees received	**(32)**	**(5)**	**(7)**	**(44)**

30.3 Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

31. EXCEPTIONAL EVENTS AND LITIGATION

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the 12-month period under review, any significant impact on the Group's financial position or profitability.

32. RELATED-PARTY TRANSACTIONS

No significant related-party transactions occurred during the fiscal year.

33. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2022 and January 26, 2023, the date at which the financial statements were approved for publication by the Board of Directors.

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LVMH

For further information:
LVMH, 22 avenue Montaigne - 75008 Paris - France
Tel. +33 1 44 13 22 22 – Fax +33 1 44 13 21 19

www.lvmh.com