RICHEMONT

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53LR

11 NOVEMBER 2022

RICHEMONT ANNOUNCES STRONG PERFORMANCE FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2022

Group highlights

- Strong sales and operating profit from continuing operations of € 9.7 billion and € 2.7 billion, respectively
- Agreement with FARFETCH and Alabbar to sell a controlling interest in YNAP to create a neutral industry-wide platform and advance the realisation of Maisons' Luxury New Retail vision; YNAP business reclassified to 'discontinued operations'
- Continued progress on sustainability objectives: 10% energy reduction plan implemented in offices and boutiques across Europe; on track to source 100% renewable electricity globally before end of 2025

Financial highlights

- Sales up by 24% at actual exchange rates and 16% at constant exchange rates, with double-digit increases at actual exchange rates across all business areas and channels
- Improved momentum in Asia Pacific with sales up 3% at actual rates; double-digit increases in all other regions
- Growth momentum led by retail, up 30% at actual exchange rates and 21% at constant exchange rates, representing 67% of Group sales
- Operating profit from continuing operations increased by 26%, delivering improved operating margin of 28.1% driven by:
  - *Jewellery Maisons* achieving 24% sales growth at actual exchange rates (+16% at constant rates) and delivering a 37.1% operating margin
  - *Specialist Watchmakers* expanding sales by 22% at actual exchange rates (+13% at constant exchange rates) and achieving 24.8% operating margin
  - *'Other'* business area (predominantly *F&A Maisons*) growing 27% at actual exchange rates (+19% at constant exchange rates) and generating a 4.3% operating margin
- 40% increase in profit for the period from continuing operations to € 2.1 billion; € 2.9 billion loss from discontinued operations primarily resulting from € 2.7 billion non-cash write-down of YNAP net assets
- Strong net cash position of € 4.8 billion, with € 1.5 billion cash flow generated from operating activities, targeted inventory build-up and increased dividend

Key financial data (unaudited)

Six months ended 30 September	2022	2021 represented*	change
Sales	**€ 9 676 m**	€ 7 787 m	+24%
Gross profit	**€ 6 667 m**	€ 5 260 m	+27%
Gross margin	**68.9%**	67.5%	+140 bps
Operating profit	**€ 2 723 m**	€ 2 168 m	+26%
Operating margin	**28.1%**	27.8%	+ 30 bps
Profit for the period from continuing operations	**€ 2 105 m**	€ 1 503 m	+40%
Loss for the period from discontinued operations	**€ (2 871) m**	€ (254) m	
(Loss)/profit for the period	**€ (766) m**	€ 1 249 m	
Earnings per 'A' share/10 'B' shares, diluted basis	**€ (1.337)**	€ 2.145	
Cash flow generated from operating activities	**€ 1 540 m**	€ 1 781 m	-14%
Net cash position	**€ 4 763 m**	€ 3 153 m	

* Prior-year period comparatives have been represented as YNAP results are presented as 'discontinued operations'

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Chairman's commentary

Overview of results

In the first six months of the financial year, Richemont reported another set of strong results as the momentum seen in the first quarter of the financial year continued into the second quarter. Sales from continuing operations increased by 24% to € 9.7 billion and operating profit from continuing operations by 26% to € 2.7 billion.

Compared to the prior-year period, double-digit sales increases were recorded, at actual exchange rates, across all business areas, channels and regions excluding Asia Pacific where sales grew by 3%. Growth was led by the retail channel which, together with the online channel, contributed 73% of Group sales.

In terms of business areas, all grew profitably, with the highest growth rates in sales at +27%, recorded by the '*Other*' segment mostly composed of *Fashion & Accessories Maisons*, and the highest profitability at 37.1%, generated by the *Jewellery Maisons*.

With a 24% sales growth overall and higher sales in all regions and distribution channels, our *Jewellery Maisons*, Buccellati, Cartier and Van Cleef & Arpels, reaffirmed their leading position. To further support their strong development, manufacturing sites are being expanded, operational teams reinforced, and communication initiatives intensified. Their superior growth was driven by the retail channel, which generated over three quarters of the Maisons' sales.

Our *Specialist Watchmakers* expanded sales by 22%, with all Maisons, regions and distribution channels recording growth, a reflection of their strong appeal and the successful 'iconisation' of their collections. The *Specialist Watchmakers* also benefited from an overall growing interest for high quality watches across generations. Three of the Maisons are now of very significant scale, approaching one billion euros in annual sales. Of note is the continued shift in demand towards directly operated stores, both physical and online, and mono-brand franchise stores. Sales in these branded environments accounted for over 70% of the *Specialist Watchmakers*' sales. Their operating margin strengthened to 24.8%.

The Group's '*Other*' business area, which now includes Watchfinder, saw nearly all Maisons post sharp sales growth across channels and regions. Creativity and execution drove a 27% sales growth and improved profitability of € 56 million. Chloé, Montblanc and Peter Millar, including G/FORE, contributed most to the sales increase. Delvaux generated the sharpest growth rate in sales. We are carefully nurturing this promising Maison for the long term.

At Group level, operating profit and operating margin from continuing operations rose to € 2.7 billion and 28.1%, respectively. Profit for the period from continuing operations increased to € 2.1 billion, benefiting from a strong operating profit and lower net finance costs. The € 2.9 billion loss from discontinued operations reflected the combined result of YNAP for the six-month period and the € 2.7 billion non-cash loss on remeasurement of its net assets to fair value, based on current market data, as a result of the transfer to 'Held for Sale'. At € 4.8 billion at the end of September 2022, our net cash position remained solid.

Our Luxury New Retail ('LNR') partners

The agreement for Farfetch and Alabbar to acquire 47.5% and 3.2% of YNAP, respectively, leaving Richemont holding 49.3%, will realise my long-standing goal of making YNAP a neutral industry-wide platform, with no controlling shareholder. In exchange, Richemont will receive Farfetch shares, expected to represent 12-13% of Farfetch's issued share capital, to further align interests. Subject to a number of conditions, including the receipt of certain antitrust approvals, the initial stage of the transaction is expected to complete before the end of calendar year 2023. By that point, Richemont Maisons will adopt Farfetch's technology to create the best 'route to market' and realise their 'Luxury New Retail' vision. We will strive to achieve efficiency, flexibility and speed in addressing our clients' needs, getting our products to the right place, at the right time, in a seamless manner. Meanwhile, YNAP will adopt Farfetch Platform Solutions to accelerate the shift towards a hybrid model that will significantly enhance its prospects.

Annual General Meeting and Board changes

At the Annual General Meeting ('AGM') in September 2022, two valued and long-serving non-executive directors, Ruggero Magnoni and Jan Rupert, stepped down from the Board. They parted with our warmest wishes and I wish to thank them again for their immense contributions to the development of Richemont. The Board's size has been reduced to 16, with female representation reaching 31%. We expect this ratio to increase further as the Board's rejuvenation continues to further address age, tenure, skills and representation from the Americas and Asian regions.

We also announced that the process has been launched to select the next Group's external auditor. Given the complexity of the project, with Richemont being present in over 36 locations, we expect the process to be finalised by late 2024, in time for the 2025 AGM and our shareholders' approval.

Also at this year's AGM, a resolution allowing for 'A' shareholder representation was voted on for the first time, at the request of a shareholder. This is allowed for under Swiss law, yet had never previously been requested. The Board nominated Wendy Luhabe to this role. She was elected by 84% of the 'A' shareholders casting their votes and elected to the Board with 98% supportive votes. Two other proposed items were rejected. The notion of a divided board representing different shareholder factions is alien to our concept of a collegial board, a philosophy which has prevailed since Richemont's foundation 34 years ago. All non-executive directors have been elected by the majority of 'A' shares cast, and by a considerable margin. They all represent 'A' and 'B' shareholders' interests.

I would like to heartily thank our long-term shareholders for their overwhelming support. Having dedicated much of my working life to the Group's development, I am deeply grateful for their loyalty, trust, and support. We can now continue planning for the medium and long term, taking brave actions when needed, to create value for our shareholders, communities and colleagues.

Sustainability

Richemont has a long-standing commitment to doing business responsibly, striving to create benefits for all of its stakeholders. We are currently rolling out a strengthened sustainability roadmap to drive further environmental and social progress within Richemont and its stakeholder community, including suppliers and partners. We have updated key internal policies to ensure that our respect for human rights is embedded into our decision-making processes and over the six-month period have engaged with several NGOs to progress on our revised Human Rights Strategy as well as our biodiversity, climate and circularity policies.

Regarding the topical matter of energy savings, we aim to reach a 10% energy saving on gas and electricity in our offices and boutiques across Europe over the next six months compared to the prior-year period. We are also well positioned to achieve our objective to source 100% renewable electricity ahead of our initial target of the end of calendar 2025.

Outlook

As I conclude my comments, I would like to reiterate my tribute to my personal mentor, the late Maître Jean-Paul Aeschimann, who served with unparalleled distinction as Richemont's Deputy Chairman for 22 years, from the Group's foundation in 1988 till 2010. Following his advice, we adopted the collegial board model, where all directors serve the interest of all shareholders. That has stood the test of time. His contribution to Richemont was immense and he is sorely missed.

I would also like to thank all the teams at Richemont for their commitment, creativity and operational excellence that have underpinned our strong performance. All our business areas have performed strongly. We have strengthened our sustainability operations and further heightened our sustainability ambition. We have also made major strides in our digital transformation.

It is highly uncertain how the political, economic and social landscapes will evolve in Europe and in our other key markets. We only know that we will likely face volatile times ahead as central banks seek to rein in inflation while governments try to manage severe cost of living pressures. At Richemont, we will continue to be guided by our values, seeking to build value for the long term in a sustainable and responsible manner, not seeking short-term, expedient solutions. The Group is in the fortunate position of being in good health, with a clear strategy, highly desirable and enduring creations, strong Maisons, professional teams and a robust balance sheet. These assets will enable Richemont to weather uncertain times and draw upon strength in demand, allowing us to look to the future with a mix of vigilance and confidence.

Johann Rupert
Chairman

Compagnie Financière Richemont SA

Financial review

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

Following the 24 August 2022 announcement of an agreement, subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling stake in YOOX NET-A-PORTER (YNAP), the results of YNAP for the period ended 30 September 2022 are presented as 'discontinued operations'. Prior-year period comparatives are represented accordingly. Unless otherwise stated, all comments below relate to the results of the continuing operations. The results of Watchfinder & Co. ('Watchfinder') are now reported within the 'Other' business area.

Sales

In the first six months of the year, Richemont reported a strong performance with sales from continuing operations increasing by 24% at actual exchange rates and 16% at constant exchange rates.

This performance reflected double-digit sales growth in all regions excluding Asia Pacific where sales grew by 3% at actual exchange rates as the impact of recurring temporary boutique closures in mainland China was offset by robust performances in other Asian markets, in addition to positive foreign exchange impacts. In constant currencies, sales in the Asia Pacific region returned to growth during the second quarter but contracted by 5% for the six-month period to September 2022. In the Americas and Europe, the solid sales growth seen in the first quarter of the financial year continued during the second quarter, with six-month sales rising by 40% and 45% respectively, at actual exchange rates. European sales, in particular, benefited from the resumption of international tourism, primarily from North American and Middle Eastern clients.

Sales through the Group's directly operated stores network outperformed the other sales channels, with sales up by 30% during the period, driven by growth in all regions. Online retail sales, now excluding sales made by YNAP, grew by 19% while wholesale sales increased by 14%.

All business areas enjoyed double-digit sales increases compared to the prior-year period. Sales at the Jewellery Maisons and Specialist Watchmakers grew by 24% and 22% respectively, reflecting growth in all regions and distribution channels. The 'Other' business area, now including Watchfinder, delivered the largest relative sales growth, of 27%. 'Discontinued operations', comprised of YNAP, grew sales by 11%.

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

Gross profit

Year-on-year, gross profit rose by 27% to € 6 667 million, with the corresponding gross margin increased to 68.9% of sales.

This 140 basis point gross margin increase is mainly driven by price increases, a more favourable geographical sales mix and a further client shift towards retail. All these positive factors more than offset an increase in raw materials cost and inflationary pressures throughout the supply chain.

Operating profit

Increases in sales and gross profit and the Group's ongoing focus on cost control have delivered a six-month operating profit of € 2 723 million, up 26% over the prior-year period. Operating margin rose to 28.1%.

Operating expenses grew by 28% over the prior-year period, slightly above the 24% sales progression rate. The year-on-year 27% increase in selling and distribution expenses partially reflected higher retail sales and the growth of the Group's retail operations. As a percentage of sales, they amounted to 22.8% of sales in the current period compared to 22.3% a year ago. Strategic investments in communication led to a 33% increase in expenses, representing 8.3% of sales, compared to a low of 7.7% in the prior-year period.

The 24% increase in administrative expenses partially reflected a relatively stronger Swiss franc as well as increased logistics and IT-related expenses.

Profit for the period

Profit for the period from continuing operations rose to € 2 105 million, an increase of € 602 million, or 40%, compared to the prior-year period. Increased operating profit was partially offset by net finance costs of € 202 million (compared to € 382 million in the prior-year period). This charge included non-cash fair value losses of € 163 million (net) on financial instruments, including € 66 million on the Farfetch convertible note and Farfetch China option, offset by net foreign exchange gains on monetary items of € 95 million resulting notably from a stronger US dollar versus the Swiss franc.

The result from discontinued operations represents the operating result of YNAP for the six-month period in addition to the € 2.7 billion non-cash charge on transfer of YNAP net assets to 'Held for Sale' at 30 September. This charge depends on several variables, mainly the listed share price of Farfetch Limited and the US dollar/Euro foreign exchange rate at the reporting date. It also takes into account the expected fair value of the shareholding that the Group will retain in YNAP. This charge is therefore subject to change before the publication of the Group's annual consolidated financial statements for the year ending 31 March 2023.

Earnings per share (1 'A' share/10 'B' shares) amounted to € (1.337) on a diluted basis. Excluding YNAP, diluted earnings per share (1 'A' share/10 'B' shares) from continuing operations were € 3.665 .

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the period ended 30 September 2022 was € 1 930 million (2021: € 1 235 million). Basic HEPS for the period was € 3.396 (2021: € 2.181); diluted HEPS for the period was € 3.357 (2021: € 2.150). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 10.3 of the Group's condensed consolidated interim financial statements.

Cash flow

Cash flow generated from operating activities, including YNAP, amounted to € 1 540 million compared to € 1 781 million in the prior-year period. The increase in operating profit for the period was partly offset by additional investments in working capital, including in precious materials inventories as well as higher levels of receivables reflecting strong sales growth during the period.

At € 314 million, net investment in property plant and equipment was 46% higher than in the prior period. The largest portion of the capital expenditure was focused on the renovation and expansion of the Group Maisons' directly operated stores network, the strengthening of manufacturing operations at the Jewellery Maisons as well as further investments in technology.

The 2022 dividend of CHF 2.25 per share (1 'A' share/10 'B' shares), and the exceptional dividend of CHF 1.00 per share (1 'A' share/10 'B' shares) were paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September. The overall dividend cash outflow in the period amounted to € 1 851 million.

Proceeds from the exercise of share options by executives and other hedging activities during the period under review amounted to a net cash inflow of € 116 million.

Balance sheet

At 30 September 2022, the assets and liabilities of YNAP are classified as 'Assets of disposal groups held for sale' and 'Liabilities of disposal groups held for sale', respectively. The remainder of the balance sheet reflected only the assets and liabilities of the continuing operations. The prior-year period has not been restated.

Inventories of € 7 027 million were € 1 067 million higher than at 31 March 2022 excluding the impact of the reclassification of YNAP inventories, or € 72 million lower including that impact. Inventory rotation improved to 15.5 months (September 2021: 16.0 months).

The Group's gross cash position at 30 September 2022 amounted to € 10 718 million while the Group's net cash position stood at € 4 763 million, a € 488 million decrease compared to the position at 31 March 2022. The variation is largely explained by the dividend cash outflow. The Group's net cash position included highly liquid, highly rated money market funds, short-term bank deposits and short-duration bond funds, primarily denominated in Swiss franc, Euro and US dollar as well as external borrowings, including € 6 billion Euro denominated corporate bonds.

Shareholders' equity represented 46% of total equity and liabilities compared to 50% at 31 March 2022.

Sale of a controlling interest in YNAP

During the period, the Group reached an agreement with Farfetch and Alabbar, which is subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling interest in YNAP. In the initial stage, Farfetch and Alabbar will acquire 47.5% and 3.2%, respectively, of YNAP's share capital, making YNAP a neutral platform with no controlling shareholder. Upon completion of the sale, Richemont will receive Farfetch Class A ordinary shares, expected to represent 12-13% of the issued share capital of Farfetch. Richemont will also receive USD 250 million (expected to be settled in Farfetch Class A ordinary shares) on the fifth anniversary of completion of the initial stage of the transaction. Alabbar, Richemont and YNAP's longstanding partner in the Middle East, will acquire a 3.2% interest in YNAP in exchange for its shares in the joint venture with YNAP in the Gulf Cooperation Council region. The initial stage of the transaction is currently expected to complete before the end of calendar year 2023.

The potential second and final stage of the transaction provides for Farfetch to increase its ownership of YNAP share capital to 100% through a put and call option mechanism.

YNAP's performance

YNAP's performance is shown under 'Results from discontinued operations' which saw sales grow by 11% at actual exchange rates and by 4% at constant exchange rates. Growth was led by Net-A-Porter and Mr Porter, with marked performances in the UK and the US. YOOX revenues grew mid-single digit, expanding its marketplace offering with the introduction of the Home and Art category. The Outnet, which launched in the US in May, was impacted by reduced product availability and increased competition. FengMao revenues grew at high double digits compared to the prior-year period.

YNAP continued the localisation of its online stores with several important launches due by December 2022, notably in Italy, Japan and South Korea. It also announced an industry collaboration with online retailers ABOUT YOU and ZALANDO to develop a bespoke learning platform to support their brand partners in setting science-based climate targets, which in turn will support YNAP's own scope 3 reduction targets.

Review of operations

Sales by region

in €m	Six months to 30 September 2022	Six months to 30 September 2021 represented*	Change at Constant exchange rates**	Change at Actual exchange rates	Six months to 30 September 2022 % of sales
Europe	**2 181**	1 505	+45%	+45%	22%
Asia Pacific	**3 755**	3 636	-5%	+3%	39%
Americas	**2 203**	1 577	+22%	+40%	23%
Japan	**807**	485	+76%	+66%	8%
Middle East & Africa	**730**	584	+12%	+25%	8%
	9 676	7 787	+16%	+24%	100%

* Prior-year period comparatives have been represented as YNAP results are presented as 'discontinued operations'.

** Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2022.

The following comments on Group sales refer to year-on-year movements at constant exchange rates. Contributions to Group sales relate to sales at actual exchange rates. Unless otherwise stated, all comments below relate to sales of continuing operations.

Europe

For the six-months to 30 September 2022, Europe delivered a 45% year-on-year sales increase. This sharp growth was fuelled by strong local demand and resumed inbound tourism from the US and the Middle East following the easing of most restrictions on international travel. Sales growth was particularly strong in France, Germany and Italy. All business areas generated double-digit sales growth.

Overall, the region increased its contribution to Group sales to 22% from 19% in the prior-year period.

Asia Pacific

Sales in Asia Pacific were 5% lower than in the prior-year period, having improved from a 16% decline in the first quarter to a 6% increase in the second quarter. Temporary boutique closures in mainland China and Macau due to the continued enforcement of the zero-Covid policy led to a double-digit sales decline, partially mitigated by significant sales growth elsewhere in the region. The contributions from Australia, Singapore, South Korea and Thailand were particularly noteworthy. Sales growth in these markets was driven by increases in all business areas.

With a 39% contribution to Group sales, compared to 47% in the prior-year period, Asia Pacific remained the Group's largest region in terms of sales.

Americas

The Americas reported a 22% sales growth for the period under review, continuing trends seen in the first quarter of the financial year, notwithstanding many Americans purchasing abroad. Growth momentum was the highest among the Specialist Watchmakers, with all business areas posting strong double-digit growth rates.

The contribution of the Americas region to Group sales rose to 23% from 20% in the prior-year period. The region now stands just ahead of Europe as the Group's second largest region in terms of sales.

Japan

With a 76% year-on-year increase in sales, Japan posted the strongest regional sales growth rate, sustained by strong domestic demand, a nascent return of tourists and lower comparatives due to boutique closures in the prior-year period. All business areas contributed to this robust performance, led by the Jewellery Maisons.

Japan represented 8% of overall sales, compared to 6% in the prior-year period.

Middle East & Africa

Sales in the Middle East & Africa region were 12% higher than the prior-year period, reflecting solid domestic and tourist spending, notably in Dubai. All business areas recorded good growth, with the 'Other' business area generating the highest progression rate.

The contribution of the Middle East & Africa region to Group sales, at 8%, remained stable compared with the prior-year period.

Sales by distribution channel

in €m	Six months to 30 September 2022	Six months to 30 September 2021 represented*	Change at Constant exchange rates**	Change at Actual exchange rates	Six months to 30 September 2022 % of sales
Retail	**6 445**	4 976	+21%	+30%	67%
Online retail	**608**	513	+9%	+19%	6%
Wholesale and royalty income	**2 623**	2 298	+6%	+14%	27%
	9 676	7 787	+16%	+24%	100%

* Prior-year period comparatives have been represented as YNAP results are presented as 'discontinued operations'.

** Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2022.

The following comments on Group sales refer to year-on-year movements at constant exchange rates. Contributions to Group sales relate to sales at actual exchange rates. Unless otherwise stated, all comments below relate to sales of continuing operations.

Retail

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

Retail generated the strongest channel performance with a 21% sales increase compared to the prior-year period. All business areas recorded double-digit growth, with the highest growth rate reported by the Specialist Watchmakers. Retail sales grew in all regions, most notably in the Americas, Europe and Japan.

Retail continued to be the largest contributor to Group sales with 1 283 directly operated boutiques generating 67% of Group sales, compared to 64% a year ago.

Online retail

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

Online retail sales rose by 9% year-on-year as the Group's Maisons continued to expand their digital presence. The largest progression in the period came from the Specialist Watchmakers where online retail sales reached 3% of sales.

Overall, online retail sales contributed 6% to Group sales, broadly in line with the prior-year period.

Wholesale and royalty income

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

The 6% progression in wholesale sales versus the prior-year period included significant growth generated by the 'Other' business area and most regions.

The wholesale channel contributed 27% to Group sales versus 29% a year ago.

Sales and operating result by business area

Jewellery Maisons

in €m	Six months to 30 September 2022	Six months to 30 September 2021	Change
Sales	**6 344**	5 097	+24%
Operating result	**2 354**	1 930	+22%
Operating margin	**37.1%**	37.9%	-80 bps

The Group's three Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels combined, generated a 24% year-on-year increase in sales. This excellent performance was sustained by growth in all regions and distribution channels. Growth was the strongest in the Jewellery Maisons' directly operated stores, which contributed over three quarters of the business area's sales.

All product categories did well, including the relaunched silver offer at Buccellati. Iconic jewellery collections such as *Clash* and *Trinity* (Cartier), *Alhambra* and *Fauna* (Van Cleef & Arpels) and *Opera Tulle* and *Macri* (Buccellati), to name a few, continued to outperform. In watches, the *Tank* and *Santos* (Cartier) and *Poetic Complications* (Van Cleef & Arpels) collections stood out.

Operating result rose by 22% to € 2 354 million, primarily reflecting higher sales, together with increased investment in the retail network, manufacturing and communication. New store openings during the period included Buccellati in Shin Kong Place (Chengdu) and Singapore Marina Bay Sands, Cartier in Nanjing MixC City Mall, Van Cleef & Arpels in Auckland and San Francisco, in addition to the opening of the Korean flagship store in Seoul. Investments in store renovations included the Cartier flagship boutiques in New York Fifth Avenue and Paris 13 Paix. As a result, operating margin reached 37.1%.

Specialist Watchmakers

in €m	Six months to 30 September 2022	Six months to 30 September 2021	Change
Sales	**2 043**	1 679	+22%
Operating result	**506**	376	+35%
Operating margin	**24.8%**	22.4%	+240 bps

Sales at the Specialist Watchmakers, which comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin, were 22% higher than in the prior-year period. Performance was driven by strong direct-to-client sales: retail and online retail sales continued to expand sharply, and combined, contributed to 54% of the Specialist Watchmakers sales. Sales were buoyant in all regions, particularly in the Americas and Europe with all Maisons reporting higher sales.

Iconic collections continued to drive momentum and included, to name but a few, *Lange 1* for A. Lange & Söhne, *Riviera* for Baume & Mercier, *Pilot* for IWC, *Reverso* for Jaeger-LeCoultre, *Submersible* for Panerai, *Polo* for Piaget, *Excalibur* for Roger Dubuis and *Overseas* and *Traditionnelle* for Vacheron Constantin.

Solid sales combined with disciplined cost deployment resulted in a € 506 million operating result, up by 35%. As a result, operating margin rose by 240 basis points to 24.8%. New store openings during the period included A. Lange & Söhne in Boston, IWC in Dubai Mall and Panerai in Zürich while investments in store renovation included, amongst others, Vacheron Constantin at Dubai Mall.

Other

in €m	Six months to 30 September 2022	Six months to 30 September2021 represented*	Change
Sales	**1 289**	1 011	+27%
Operating result	**56**	42	+33%
Operating margin	**4.3%**	4.2%	+ 10 bps

* Prior-year period comparatives have been represented following the reclassification of Watchfinder & Co. to the 'Other' business area.

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

Sales rose by 27% for the period or by 24% excluding the impact of Delvaux, acquired in June 2021. All channels and regions posted growth, with a particular mention for the Americas and the Middle East & Africa. Nearly all Maisons recorded strong growth, with Delvaux and Peter Millar - including G/FORE - being particularly noteworthy. Alaïa sales grew sharply, benefiting from a renewed creative vision. Montblanc's growth was supported by demand for its *Meisterstück* writing instruments collection and the launch of the *Extreme* leather goods collection while Chloé continued its growth momentum, sustained by the unveiled Fall 22 collection.

Operating profit grew by 33%, leading to an operating margin of 4.3%. Excluding a real estate transaction in the prior-year period, operating profit would have grown by triple digits.

Store investments included the renovated Alaïa boutique in Dubai Mall, the Delvaux store in Paris St Honoré and the Montblanc flagship store in Paris Champs Elysées as well as new stores for Chloé in Shanghai Kerry Center Mall, Delvaux in Dubai Mall and Peter Millar in Charlotte Philipps Place, North Carolina.

Corporate costs

in €m	Six months to 30 September 2022	Six months to 30 September 2021*	Change
Corporate costs	**(181)**	(165)	+10%
Central support services	**(141)**	(141)	0%
Other unallocated expenses, net	**(40)**	(24)	n/r

* Prior-year period comparatives have been represented following reclassification of costs previously included in the 'Other' business area.

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income that are not allocated to specific segments. These increased by 10% compared to the prior-year period and represented less than 2% of Group sales.

The Group's consolidated financial statements of comprehensive income, cash flows and financial position as well as an overview of quarterly trading results are presented in the Appendix. Richemont's unaudited consolidated financial statements for the half year are available on the Group's website at www.richemont.com/en/home/investors/results-reports-presentations/

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Appendix

(April-June)	Q1-23 represented €m	Q1-22 represented €m	% change constant rates	% change actual rates
By region				
Europe	**1 031**	656	**57%**	**57%**
Asia Pacific	**1 695**	1 856	**-16%**	**-9%**
Americas	**1 142**	782	**29%**	**46%**
Japan	**401**	221	**90%**	**81%**
Middle East & Africa	**385**	326	**7%**	**18%**
By distribution channel				
Retail	**3 051**	2 421	**18%**	**26%**
Online retail	**300**	253	**10%**	**19%**
Wholesale and royalty income	**1 303**	1 167	**4%**	**12%**
By business area				
Jewellery Maisons	**3 015**	2 515	**12%**	**20%**
Specialist Watchmakers	**1 002**	849	**10%**	**18%**
Other	**637**	477	**25%**	**34%**
Total	**4 654**	**3 841**	**13%**	**21%**

(July-September)	Q2-23 €m	Q2-22 represented €m	% change constant rates	% change actual rates
By region				
Europe	**1 150**	849	**36%**	**35%**
Asia Pacific	**2 060**	1 780	**6%**	**16%**
Americas	**1 061**	795	**14%**	**33%**
Japan	**406**	264	**64%**	**54%**
Middle East & Africa	**345**	258	**18%**	**34%**
By distribution channel				
Retail	**3 394**	2 555	**24%**	**33%**
Online retail	**308**	260	**8%**	**18%**
Wholesale and royalty income	**1 320**	1 131	**8%**	**17%**
By business area				
Jewellery Maisons	**3 329**	2 582	**21%**	**29%**
Specialist Watchmakers	**1 041**	830	**16%**	**25%**
Other	**652**	534	**13%**	**22%**
Total	**5 022**	**3 946**	**19%**	**27%**

(April-September)	H1-23 €m	H1-22 represented €m	% change constant rates	% change actual rates
By region				
Europe	**2 181**	1 505	**45%**	**45%**
Asia Pacific	**3 755**	3 636	**-5%**	**3%**
Americas	**2 203**	1 577	**22%**	**40%**
Japan	**807**	485	**76%**	**66%**
Middle East & Africa	**730**	584	**12%**	**25%**
By distribution channel				
Retail	**6 445**	4 976	**21%**	**30%**
Online retail	**608**	513	**9%**	**19%**
Wholesale and royalty income	**2 623**	2 298	**6%**	**14%**
By business area				
Jewellery Maisons	**6 344**	5 097	**16%**	**24%**
Specialist Watchmakers	**2 043**	1 679	**13%**	**22%**
Other	**1 289**	1 011	**19%**	**27%**
Total	**9 676**	**7 787**	**16%**	**24%**

Condensed consolidated statement of comprehensive income

	Six months to 30 September 2022 €m	Six months to 30 September 2021 represented €m
Revenue	**9 676**	7 787
Cost of sales	**(3 009)**	(2 527)
Gross profit	**6 667**	5 260
Selling and distribution expenses	**(2 203)**	(1 734)
Communication expenses	**(804)**	(603)
Fulfilment expenses	**(117)**	(88)
Administrative expenses	**(786)**	(634)
Other operating expenses	**(34)**	(33)
Operating profit	**2 723**	2 168
Finance costs	**(372)**	(435)
Finance income	**170**	53
Share of post-tax results of equity-accounted investments	**38**	13
Profit before taxation	**2 559**	1 799
Taxation	**(454)**	(296)
Profit for the period from continuing operations	**2 105**	1 503
Loss for the period from discontinued operations	**(2 871)**	(254)
(Loss)/profit for the period	**(766)**	1 249
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Fair value changes on financial assets held at fair value through other comprehensive income	**(63)**	(76)
	(63)	(76)
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the period	**927**	303
Cash flow hedging		
– reclassification to profit or loss, net of tax	**2**	2
Share of other comprehensive income of equity-accounted investments	**2**	1
	931	306
Other comprehensive income, net of tax	**868**	230
Total comprehensive income	**102**	1 479
(Loss)/profit attributable to:		
Owners of the parent company	**(760)**	1 232
Non-controlling interests	**(6)**	17
	(766)	1 249
Total comprehensive income/(loss) attributable to:		
Owners of the parent company	**106**	1 461
– continuing operations	**2 968**	1 718
– discontinued operations	**(2 862)**	(257)
Non-controlling interests	**(4)**	18
	102	1 479
Earnings per 'A' share/10 'B' shares attributable to owners of the parent company during the period (expressed in € per share)		
From profit for the year		
Basic	**(1.337)**	2.176
Diluted	**(1.337)**	2.145
From continuing operations		
Basic	**3.708**	2.623
Diluted	**3.665**	2.585

Condensed consolidated statement of cash flow

	Six months to 30 September 2022 €m	Six months to 30 September 2021 represented €m
Cash flows from operating activities		
Operating profit from continuing operations	**2 723**	2 168
Operating loss from discontinued operations	**(2 863)**	(219)
Adjustment for non-cash items	**3 518**	767
Changes in working capital	**(1 335)**	(663)
Cash flow generated from operations	**2 043**	2 053
Interest received	**70**	50
Interest paid	**(110)**	(84)
Dividends from equity-accounted investments	**2**	3
Taxation paid	**(465)**	(241)
Net cash generated from operating activities	**1 540**	1 781
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(45)**	(190)
Acquisition of equity-accounted investments	**(330)**	(104)
Acquisition of property, plant and equipment	**(324)**	(216)
Proceeds from disposal of property, plant and equipment	**10**	1
Acquisition of intangible assets	**(53)**	(56)
Payments capitalised as right of use assets	**–**	(4)
Proceeds from disposal of investment property	**–**	86
Investment in money market and externally managed funds	**(6 629)**	(7 496)
Proceeds from disposal of money market and externally managed funds	**6 790**	7 272
Acquisition of other non-current assets and investments	**(27)**	(222)
Proceeds from disposal of other non-current assets and investments	**10**	15
Net cash used in investing activities	**(598)**	(914)
Cash flows from financing activities		
Proceeds from borrowings	**2**	–
Repayment of borrowings	**(1)**	(8)
Dividends paid	**(1 851)**	(1 041)
Proceeds from sale of treasury shares	**116**	83
Acquisition of warrants on own equity	**–**	(39)
Contribution received from non-controlling interests	**9**	–
Acquisition of non-controlling interests in a subsidiary	**–**	(55)
Lease payments – principal	**(348)**	(315)
Net cash (used in)/generated by financing activities	**(2 073)**	(1 375)
Net change in cash and cash equivalents	**(1 131)**	(508)
Cash and cash equivalents at the beginning of the period	**4 568**	3 780
Exchange gains/(losses) on cash and cash equivalents	**247**	64
Cash and cash equivalents at the end of the period	**3 684**	3 336

Condensed consolidated balance sheet

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

Presentation

The results will be presented via a live audio webcast on 11 November 2022, starting at 09:30 (CET). The direct link is available from 07:00 (CET) at www.richemont.com. The presentation may be viewed using a mobile device or from a browser.

- Live telephone connection:
  - pre-registration required here
- An archive of the audio webcast will be available at 15:00 (CET) the same day from:
  - www.richemont.com/en/home/investors/results-reports-presentations/
- A transcript of the audio webcast will be available on 12 November from:
  - www.richemont.com/en/home/investors/results-reports-presentations/

Statutory information

The Richemont 2022 Interim Report will be available for download from the Group's website from 18 November 2022 at www.richemont.com/en/home/investors/results-reports-presentations/

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'A' shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company's primary listing (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332). South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg Stock Exchange, the Company's secondary listing, (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

The closing price of the Richemont 'A' share on 30 September 2022 was CHF 94.28 and the market capitalisation of the Group's 'A' shares on that date was CHF 49 214 million. Over the preceding six-month period, the highest closing price of the 'A' share was CHF 122.35 (5 April) and the lowest closing price was CHF 91.76 (20 May).

About Richemont

At Richemont, we craft the future. Our unique portfolio includes prestigious Maisons distinguished by their craftsmanship and creativity, alongside online distributors that cultivate expert curation and technological innovation to deliver the highest standards of service. Richemont's ambition is to nurture its Maisons and businesses and enable them to grow and prosper in a responsible, sustainable manner over the long term.

Richemont operates in three business areas: **Jewellery Maisons** with Buccellati, Cartier and Van Cleef & Arpels; **Specialist Watchmakers** with A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; and **Other**, primarily Fashion & Accessories Maisons with Alaïa, AZ Factory, Chloé, Delvaux, dunhill, Montblanc, Peter Millar including G/FORE, Purdey, Serapian as well as Watchfinder & Co. In addition, Richemont operates NET-A-PORTER, MR PORTER, THE OUTNET, YOOX and the OFS division. Find out more at https://www.richemont.com/.

Disclaimer

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Richemont's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumers traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition. Reduced travel resulting from economic conditions, retail store closure orders of civil authorities, travel restrictions, travel concerns and other circumstances, including disease epidemics and other health-related concerns, could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores. International conflicts or wars, including resulting sanctions and restrictions on importation and exportation of finished products and/or raw materials, whether self-imposed or imposed by international countries, non-state entities or others, may also impact these forward-looking statements. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of, or to revise, any forward-looking statements.

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