Richemont

Annual Report and Accounts 2021

Richemont is one of the world's leading luxury goods groups.

The Group's luxury goods interests encompass some of the most prestigious names in the industry, including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC Schaffhausen and Montblanc.

Each of Our Maisons™ represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

1 Financial and operating highlights

2 Chairman's review

6 Business review

6 Jewellery Maisons
7 Buccellati
8 Cartier
9 Van Cleef & Arpels

10 Specialist Watchmakers
11 A. Lange & Söhne
12 Baume & Mercier
13 IWC Schaffhausen
14 Jaeger-LeCoultre
15 Panerai
16 Piaget
17 Roger Dubuis
18 Vacheron Constantin

19 Online Distributors
20 Watchfinder
21 YOOX NET-A-PORTER

22 Other
23 Alaïa
24 AZ Factory
25 Chloé
26 dunhill
27 Montblanc
28 Peter Millar
29 Purdey

30 Regional & Central Functions

33 Financial review

40 Corporate social responsibility

42 Peace Parks Foundation

43 Laureus

44 Michelangelo Foundation

45 Board of Directors

50 Corporate governance

62 Compensation report

77 Consolidated financial statements

145 Company financial statements

154 Five-year record

156 Statutory information

Cautionary statement regarding forward-looking statements

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. 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 or to revise, any forward-looking statements.

Financial and operating highlights

Group sales (€m)

Sales by business area (% of Group)

Operating profit (€m)

Jewellery Maisons (€m)

Earnings per share, diluted basis (€)

Specialist Watchmakers (€m)

Dividend per share

Online Distributors (€m)

Other Businesses (€m)

- Fourth quarter sales growth of 36% and 30% at constant and actual exchange rates, respectively, containing the decline in full year sales to 5% at constant exchange rates and 8% at actual exchange rates.
- Operating margin improved to 11.2% and profit for the year increased to € 1 289 million, impacted positively by net finance income.
- Significant increase in net cash position to € 3 393 million, supported by strong cash flow from operating activities and strict working capital management.
- Proposed dividend of CHF 2.00 per 1 A share / 10 B shares.

Chairman’s review

Johann Rupert, Chairman

Overview of results

In a year marked by the outbreak of Covid-19 our first concern was the health and safety of our colleagues, clients and partners. Our company acted pro-actively, shutting down offices, factories, distribution centres and boutiques, whilst also helping in the fight against the pandemic by providing material and financial support.

During this unprecedented level of global disruption, all of our colleagues have demonstrated remarkable agility and discipline, adapting rapidly in the face of repeated closures, a halt in international tourism and an overall lack of visibility. As a result, our Maisons and businesses delivered resilient performance and made good progress on Richemont’s transformation agenda.

Following a sharp decline in the first half of the financial year as the health crisis spread across the globe, sales recovered throughout the year and reached € 13 144 million, led by the Jewellery Maisons, online retail and Asia Pacific. Fourth quarter sales increased by 30% and 36% at actual and constant exchange rates, respectively, mitigating the rate of sales decline for the year as a whole to 8% at actual exchange rates and 5% at constant exchange rates. At actual exchange rates, sales in Asia Pacific grew by double-digits, underpinned by strong sales in mainland China due to a strong local presence of our Maisons.

As our Maisons and businesses adapted rapidly to changing levels of demand and the differing ways customers wanted to interact, our transformation accelerated, and we advanced our understanding of the customer journey and client preferences via digital tools. Online, mobile and distant shopping have proven to be key growth drivers, and we have seen a sharp increase in clients favouring those channels. Higher online retail sales, benefiting from triple-digit growth at our Maisons, partially offset lower retail and wholesale sales. Direct engagement with end clients generated around three quarters of Group sales, through offline and online retail channels.

The Jewellery Maisons posted higher sales, exceeding pre-Covid levels, and a solid 31% operating margin underlined the enduring appeal of Cartier, Van Cleef & Arpels and Buccellati. We are pleased with the leadership positions of Cartier and Van Cleef & Arpels as well as with the international expansion of Buccellati which is progressing well. At the Specialist Watchmakers, the double-digit sales increase in Asia Pacific, partly supported by the opening of five flagship stores on Alibaba’s Tmall Luxury Pavilion and participation in Watches & Wonders fairs in Shanghai and Sanya, only partially mitigated contraction in other regions.

Over the past few years we allocated substantial financial and human resources into two areas: we restructured our watch division and we further developed our Group’s online capabilities. These investments are beginning to bear fruit.

Our Specialist Watchmakers division is in a very healthy state. The desirability of our Maisons has been fuelled by the reinforcement of iconic collections with well received new references, and our strongest-ever resonance during Watches & Wonders. The ‘new retail’ initiatives have accelerated direct engagement with the end client, notably through the aforementioned Alibaba’s Tmall Luxury Pavilion flagship stores and numerous remote digital interactions with clients. The quality of the Specialist Watchmakers network has improved, and subsequently 73% of the division sales are now through internal and franchise stores. Sales to our local clientele in our retail network grew by double-digits, which partly mitigated the contraction in inbound tourism. Stock with our multi-brand watch retail partners ended lower than a year ago, with sell-out greater than sell-in for the fourth consecutive year. Operational costs have been streamlined and redirected at transforming the division towards a client-centric ‘new retail’ business model. The division’s recovery has been constantly accelerating from the third quarter of our financial year, with the first four months of the calendar year trading above 2019 levels, when corrected for a significant stock rebalancing.

The Group’s digital transformation has further accelerated, and we are experiencing triple-digit growth in our Maisons’ online retail sales, in all our major markets. The objective of the Group’s ‘Luxury New Retail’ business model is to provide a superior route to market for our Maisons, while delivering much improved economic performance compared to the traditional luxury business model.

Richemont’s strong balance sheet provided ample resources to finance the €253 million investment in convertible notes issued by Farfetch last November, a first step in our partnership with Farfetch and a deepening of our relationship with Alibaba, as we accelerate our journey towards ‘Luxury New Retail’. To date, our partnership with Alibaba has led to eleven flagship stores being operational on Alibaba Tmall Luxury Pavilion: Cartier, Van Cleef & Arpels; IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget and Vacheron Constantin; NET-A-PORTER; Chloé, dunhill and Montblanc.

Despite distribution centre disruption and closures contributing to a sales decline at the Online Distributors, the businesses benefited from positive trends at YOOX and THE OUTNET, as well as the localisation of websites. Watchfinder has deepened its collaboration with our Maisons, with their ‘part exchange’ programme now rolled out in more than 80 Specialist Watchmakers boutiques. The new fiscal year has started at an accelerated pace, with triple-digit growth compared to the previous year, and strong double-digit growth compared to 2019.

We see increasing client demand for more choice, newness, and 'see-now buy-now', accelerated by the penetration of digital and ATAWAD (Any Time, Anywhere, Any Device). However, clients also want a more personalised touch, styling advice, curation, and access to the voices behind the brand, far from the catalogue approach offered by some platforms.

NET-A-PORTER and YOOX are transitioning to hybrid models to complement their wholesale offer, better meet client demands and lessen capital requirements. NET-A-PORTER and MR PORTER have been leaders in digital selective distribution for the past 20 years, based on solid direct relationships with over 1 000 Luxury partner brands. These stores are now evolving towards a model that combines curated inventory ownership and e-concessions with top brands. This preserves the curatorial dimension of NET-A-PORTER and MR PORTER while allowing them to enrich the breadth of their offering with very light additional capital commitment. In parallel, YOOX will see the addition of a marketplace to its existing 1P model in the beginning of calendar year 2022, expanding the current offering from over 14 000 brands to include more choice and new product categories.

The technology supporting this, which also powers the omnichannel of several top brands, is gradually converging towards a 'one Luxury New Retail platform' model for hard and soft luxury. Furthermore, the YNAP joint ventures in China with Alibaba and in the Middle East with Symphony have been particularly successful this year – doubling in China and growing by double-digits in the Middle East thus highlighting the benefits of a local route-to-market for more reach and relevance. YNAP will continue to accelerate its localisation with more than 15 countries planned for this year.

'Luxury New Retail' is propelling our Maisons to new levels, supported by our strategic partnership with Alibaba. Our Maisons and businesses benefit substantially from the exponential customer aggregation of Alibaba's Tmall Luxury Pavilion platform, and are able to offer a superior customer experience through the digital platform's real-time data-rich ecosystem.

In addition, our 'Luxury New Retail' developments in mainland China are providing the Group with the incubator of the future luxury retail model, where customer shopping journeys will benefit from a seamless online/offline experience. Our developments with Alibaba are capturing the exciting new paradigm in luxury customer shopping trends – the digital platform ecosystem and the unique retail format. This is providing fresh impetus to our Maisons to enhance the customer experience, through a combination of online/offline shopping, social media engagement and live-streamed entertainment, also described as 'shoppertainment'.

Furthermore, new innovations such as the Watches & Wonders campaign on Alibaba's Tmall Luxury Pavilion, including the new Super Brand Day concept, are some of the most exciting new aspects of 'Luxury New Retail', offering our Maisons new ways to strengthen brand communication and customer loyalty.

Lower sales at our Fashion & Accessories Maisons grouped under 'Other' reflected declines primarily in the wholesale channel due to a very sharp contraction in travel retail, while online retail sales grew by strong double-digits, reaching 17% of sales. After years of underperformance we expect these Maisons to benefit from an enhanced 'route to market' provided by new digital platforms.

Operating profit amounted to € 1 478 million. The year-on-year reduction was contained to 3% and operating margin improved to 11.2%, with profit for the year increasing to € 1 289 million. At the outset of the pandemic, the Group promptly implemented strict cash preservation measures, which meant that our net cash position increased significantly to € 3 393 million.

Dividend

Given an improving economic environment, solid cash flow generation and attractive long-term prospects for the luxury goods industry, an improvement on last year's dividend seems justified. The Board therefore proposes to pay a cash dividend of CHF 2.00 per 'A' share (and CHF 0.20 per 'B' share), subject to shareholders' approval at the annual general meeting ('AGM') due on 8 September 2021.

Board and Senior Executive changes

While the enlarged SEC structure proved effective in the early stages of our transformation journey and in navigating one of the most trying times in recent history, we must acknowledge that the outstanding development of Cartier and Van Cleef & Arpels, in particular, means that these businesses have now reached a size and scale that require the full attention of their leaders and support of the Group to continue on their remarkable trajectory. As a result, Cyrille Vigneron, President & Chief Executive of Cartier, and Nicolas Bos, President & Chief Executive of Van Cleef & Arpels, will step down from the SEC and will not seek re-election to the Board of Directors at the Group's AGM on 8 September 2021. They will continue to report directly to Johann Rupert, Chairman. In addition, Philippe Fortunato, CEO of Fashion and Accessories Maisons, Emmanuel Perrin, Head of Specialist Watchmakers Distribution, and Frank Vivier, Chief Transformation Officer, will step down from the Senior Executive Committee. They will continue to report to Jérôme Lambert, Group Chief Executive Officer. These executives in charge of our Maisons and businesses will focus exclusively on the sustainable development of their respective entities, ensuring a customer-centric approach and the continued successful implementation of digital initiatives.

Johann Rupert, Jérôme Lambert, Group Chief Executive Officer, and Burkhart Grund, Chief Finance Officer, will remain on the SEC and will stand for re-election to the Board of Directors at the AGM. This group will focus solely on strategic direction, capital allocation, governance, and the provision of central and regional functions for the benefit of our Maisons and businesses.

Alan Quasha has indicated that he will not seek re-election to the Board of Directors at our AGM on 8 September 2021. Alan has served as Non-executive Director of the Company and its predecessor companies since the Group's foundation in 1988 and has made an invaluable contribution over that time. His deep understanding of Richemont and wise counsel will be much missed.

In September 2020, the Board was delighted to welcome Wendy Luhabe as a new non-executive director. Renowned as an entrepreneur and social activist, Ms. Luhabe has also joined the new Governance and Sustainability Committee established on 18 March 2021. Her biographical notes may be found on pages 45 to 49 in the biographical notes on Board members.

The purpose of this new Committee is to assist the Board in reviewing and approving management proposals regarding strategy, policies and monitoring of environmental, social and governance matters, as well as providing direction on best practice and ensuring compliance with all relevant requirements. Its creation reflects the importance of such topics to the Group and represents active engagement from the highest levels of Richemont's organisation.

The Movement for Better Luxury

Richemont has a long-standing commitment to doing business responsibly. Our Maisons have been in existence for hundreds of years and create products designed to be handed down from generation to generation. The Group has been a leading member of the Responsible Jewellery Council ('RJC') from the start, carbon neutral through offsets since 2009, and supported nature and communities through the Peace Parks Foundation since its inception.

In 2019, acknowledging that tougher measures needed to be taken to minimise our impact on the planet and play our part as a good citizen, we stepped up our efforts with the 'Movement for Better Luxury', our transformational CSR strategy. Through this framework, we want to: enable our colleagues to thrive through diversity and empowerment; positively impact the communities we touch; improve sustainability in our supply chain; and reduce our negative environmental impact.

This year, we have made strong progress across our main focus areas in alignment with the UN's Sustainable Development Goals. Today, over 95% of the gold we purchase is RJC Chain-of-Custody certified and comes from recycled origins. We are working to finalise our formal commitment to Science-Based Targets in line with the Paris Agreement. There are many more initiatives, either completed or underway, which we will update you on in our 2021 Sustainability Report in July.

Outlook

Although the pace of vaccination has gathered momentum, volatility and low visibility are likely to prevail until there is herd immunity. There are still concerning Covid-19 developments in parts of the world that could slow down a global recovery, even though underlying demand seems strong with supportive central bank actions, substantial government stimulus packages, and real estate and stock markets at all-time highs. We will need to learn how to live with the virus probably for much longer than we had hoped. Our focus will therefore remain on safeguarding our colleagues, partners and assets while maintaining the necessary agility and flexibility to face uncertainties. We will also continue taking decisive action to transform our business with a focus on digital initiatives, customer-centricity and forging strategic partnerships.

Before concluding this commentary, I would like to pay tribute to our dear friend and colleague Alber Elbaz, who very tragically passed away in April and had just successfully launched AZ Factory. Alber was incredibly sensitive and caring, and, in addition to his genuine empathy, possessed great wit, talent and creativity. His dream of ‘smart fashion that cares’ was inclusive, positive and innovative. He will be hugely missed by all of us who had the good fortune to know him or work with him.

Finally, I would like to thank all my colleagues at Richemont for the strong performance they have delivered with courage, solidarity, creativity and discipline in exceptional circumstances. Together, we will craft the future.

Johann Rupert
Chairman

Compagnie Financière Richemont SA

Jewellery Maisons

Key results

Sales (€m)

2021	7 459
2020	7 217

Operating result (€m)

2021	2 309
2020	2 077

Percentage of Group sales

2021

Jewellery Maisons 57%

Richemont's Maisons

BUCCELLATI
MILANO DAL 1919

Cartier

Van Cleef & Arpels

BUCCELLATI

MILANO DAL 1919

Buccellati is one of the most prestigious Italian jewellers, established in Milan in 1919. Its jewellery, silver pieces and watches are all characterised by a highly distinctive style inspired by Italian Renaissance art, combined with a Venetian ornate influence, all executed with a superior level of craftsmanship and engraving techniques. This unique identity, originally introduced by Mario Buccellati in jewellery and silverware, embodied precious fabrics, delicate damasks and Venetian laces and immediately obtained the admiration of royal families in Italy, Spain and Egypt, of Popes and Cardinals and of the famous poet Gabriele d'Annunzio, who coined the expression 'Prince of Goldsmiths'.

Buccellati boutique in Shanghai Pudong IFC Mall

- In 2020, Buccellati continued its retail expansion with the opening of seven new boutiques in London, Beijing, Shanghai, Chengdu, Hong Kong, and bought back the historical shop on Via dei Condotti in Rome.
- The year was marked by the extension of *One of a Kind* creations as well as variations in the classic *Opera Tulle* and other key *Icona* jewellery and silver lines.
- The company produced a new episode of its Timeless Beauty advertising campaign with Beatrice Borromeo, and inaugurated its new headquarters in a 2 000 square metre historical building in the centre of Milan.

Throughout its 100 years of activity, Buccellati has always strenuously defended its unique and unmistakable style, based on ancient goldsmithing techniques, such as engraving and chiseling, expertly combined with the use of yellow and white gold to obtain unusual and extraordinary effects.

Richemont acquired Buccellati at the end of 2019 and, with Andrea Buccellati as honorary chairman and creative director and the help of other family members, is securing the tradition of the Maison.

This was Buccellati's first full year as part of Richemont. This permitted Buccellati to make, despite the pandemic, significant investments in product assortment extensions and to open new points of sale in London, Beijing, Shanghai, Chengdu and Hong Kong. The investments in new points of sale included the reunification of the historical store on Via dei Condotti in Rome.

In 2020, Buccellati saw the introduction of new creations in the *One of a Kind*, *Opera Tulle* and other key *Icona* collections and produced the new episode of the Timeless Beauty advertising campaign, featuring Beatrice Borromeo, who became the face of Buccellati. This year, Buccellati inaugurated its new headquarters in a historical 2 000 square metre building in the centre of Milan, designed in 1919 by the famous architect, Piero Portaluppi.

Buccellati jewellery and silver items can be admired and purchased in 50 boutiques, shop-in-shops and corners in the leading cities of the world. A selection of over 170 prestigious multi-brand jewellers and exclusive department stores also present Buccellati jewellery and silver items.

In the coming months, Buccellati will continue its retail expansion with new stores in Seoul, Tokyo, Osaka, Nagoya, Taipei and in the US.

Gianluca Brozzetti
Chief Executive

Established 1919
Via Lodovico Mancini 1, Milan, Italy
Chief Executive Officer Gianluca Brozzetti
Finance Director Aldo Beltrami
www.buccellati.com

Cartier

Founded in 1847, Cartier is not only one of the most established names in the world of jewellery and watches, it is also the reference of true and timeless luxury. The Maison Cartier distinguishes itself by its mastery of all the unique skills and crafts used for the creation of a Cartier piece. Driven by a constant quest for excellence in design, innovation and expertise, the Maison has successfully managed over the years to stand in a unique and enviable position: that of a leader and pioneer in its field.

Bond Street boutique, London

- Cartier launched a new version of *Pasha*, a cult watch in a more contemporary version.
- The new High Jewellery collection, *[Sur]naturel* revealed an innovative look at nature, linking figuration with abstraction.

In the last year that saw an unprecedented crisis and generated many changes, Cartier showed strength and resilience.

From a product perspective, the relaunch of the iconic *Pasha* watch marked 2020. With its distinctive codes and striking design, it echoes to a whole new generation of successful talents. Cartier also expressed its unlimited creativity in watchmaking with a new feminine watch, *Maillon*, and new additions to the *Santos* collection.

The new High Jewellery collection *[Sur]naturel* was digitally unveiled around the world in July and physically revealed in Shanghai in October.

Cartier also introduced a new collection of objects and accessories. From decoration to writing, baby gifts and games, these signature collections express the welcoming spirit of Cartier.

During the global health crisis, Cartier found creative ways to engage with audiences through digital touchpoints. While continuing to roll out the new boutique design concept, Cartier strengthened its e-commerce network and further enhanced its collaboration with Alibaba's Tmall Luxury Pavilion by enriching the offer and launching limited collections.

The Maison continued to actively contribute to society. Cartier celebrated women social impact entrepreneurs at the Cartier Women's Initiative's digital awards ceremony. After its success at the Fondation Cartier pour l'art contemporain in Paris, the photo exhibition 'Claudia Andujar, the Yanomami struggle' inaugurated an eight-year partnership with Triennale Milano. The Maison also participated in the global coronavirus relief effort through Cartier Philanthropy. Cartier also became increasingly involved in global biodiversity protection by partnering with The Lion's Share fund and establishing the Cartier for Nature fund to contribute to the preservation of biodiversity and healthy ecosystems.

To pay tribute to its emblematic creations, Cartier began 2021 with its new campaign 'The Culture of Design', bringing together for the first time its icons – *Santos*, *Tank*, *Trinity*, *Love*, *Juste un Clou*, *Panthère* and *Ballon Bleu*.

In 2021, Cartier will unveil more than 150 original and unique High Jewellery creations. In watches, the Maison will continue to support emblematic designs with, for instance, the remodeled *Tank Must* with a solar dial.

Following the postponement of the Expo 2020 Dubai from October 2021 to March 2022, Cartier will present the Women's Pavilion as a tribute to women.

Cyrille Vigneron
Chief Executive

Established 1847 at
13 rue de la Paix, Paris, France
Chief Executive Officer Cyrille Vigneron
Finance Director François Lepercq
www.cartier.com

Van Cleef & Arpels

Created in 1906, Van Cleef & Arpels is a High Jewellery Maison embodying the values of creation, transmission and expertise. Each new jewellery and timepiece collection is inspired by the identity and heritage of the Maison and tells a story with a universal cultural background, a timeless meaning and which expresses a positive and poetic vision of life.

Van Cleef & Arpels on Place Vendôme, Paris

- The Maison dedicated the year to the floral celebration; focusing mainly on the *Frivole* jewellery collection, and launched the *Sous les étoiles* High Jewellery collection.
- The Maison accelerated its digital and e-commerce network development on existing platforms and opened an e-boutique on Alibaba's Tmall Luxury Pavilion.
- The Maison celebrated precious stones through the exhibition 'Pierres Précieuses' at the National Museum of Natural History in Paris.

Through its retail network, the Maison continues to rely on a well-balanced activity geographically within its 140 stores worldwide. In the past twelve months, the Maison opened new locations in China, finalised the internalisation of its network in Saudi Arabia, and renovated several boutiques, including its historical flagship on Place Vendôme and its Prince's Building store in Hong Kong.

To continue serving its clients from a distance despite the pandemic, Van Cleef & Arpels significantly developed its omni-channel capabilities, as well as its e-commerce platforms, notably with Alibaba's Tmall Luxury Pavilion flagship store in China.

In terms of products, the Maison dedicated the year to the floral celebration, with a major focus on the *Frivole* collection. Van Cleef & Arpels supported High Jewellery through a programme on High Jewellery Signatures. The Maison also organised a moment dedicated to the *Poetry of Time*, its watch offer, in Shanghai. In September, the patrimonial and institutional dimension of the Maison was highlighted in the 'Pierres Précieuses' exhibition at the National Museum of Natural History in Paris.

L'Ecole des Arts Joailliers continues to promote the traditional crafts of jewellery and decorative arts with its growing offer of classes and exhibitions, now on two campuses (Paris and Hong Kong), and its unique research activity. 2020 was also a year of digital transformation for L'Ecole, in particular with its highly attended live online talks.

Human resources are at the heart of the Maison. Van Cleef & Arpels' focus consists of building sustainable teams, reinforcing expertise, promoting the flexibility and adaptability of its organisation, and ensuring that the vision, purpose and values of the Maison are shared and understood at all levels. Specific attention is paid to support the development of e-commerce worldwide and the Chinese market.

In the year ahead, the Maison will strongly invest in its retail development, opening new boutiques across China, the US, Korea and Taiwan, China, as well as renovating, extending or relocating other stores, mainly in Asia. E-commerce development will also be critical in 2021, as the Maison plans to invest in Alibaba's Tmall Luxury Pavilion flagship boutique in China while activating new platforms in Europe, Korea, Hong Kong SAR, China, Singapore, Australia and the Middle East.

This will be the second year dedicated to the Maison's floral inspirations, notably with the creation of the 'Florae' traveling exhibition in collaboration with Japanese photographer, Mika Ninagawa. Two thematic High Jewellery collections will be launched, and the Maison will continue to organise local watch presentations around its revisited *Pont des Amoureux* collection.

Through these activities, the Maison will continue to express its main values of creativity, transmission and expertise.

Nicolas Bos
Chief Executive

Established 1906 at
20-22 Place Vendôme, Paris, France
Chief Executive Officer Nicolas Bos
Finance Director Christophe Grenier
www.vancleefarpels.com

Specialist Watchmakers

Key results

Sales (€m)

2021	2 247
2020	2 859

Operating result (€m)

2021	132
2020	304

Percentage of Group sales

2021

Specialist Watchmakers 17%

Richemont's Maisons

A. LANGE & SÖHNE GLASHÜTTE I/SA

PANERAI

BAUME & MERCIER MAISON D'HORLOGERIE GENEVE 1830

PIAGET

IWC SCHAFFHAUSEN

ROGER DUBUIS

JAEGER-LECOULTRE

VACHERON CONSTANTIN GENÈVE

A. Lange & Söhne creates outstanding hand-finished mechanical timepieces with challenging complications that follow a clear and classical design line. Innovative engineering skills and traditional craftsmanship of the highest level guarantee state-of-the-art calibre design, the utmost mechanical precision and meticulously hand-finished movements.

Main manufacturing building, inaugurated in 2015

- On the occasion of the first digital Watches & Wonders, A. Lange & Söhne expanded its *Odysseus* watch family with a version in white gold with a grey dial and an integrated strap of either leather or rubber.
- To celebrate the 175th anniversary of Glashütte precision watchmaking, A. Lange & Söhne launched the *Homage to F. A. Lange* collection with three limited editions and cases made of exclusive honey gold.
- As part of the anniversary celebrations, a memorial of the late Walter Lange was unveiled in the centre of Glashütte.

Since its re-establishment, A. Lange & Söhne has developed 66 different in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.

There were two important milestones for A. Lange & Söhne in 2020: firstly, the 175th anniversary of fine watchmaking in Glashütte, which was founded in 1845 by Ferdinand Adolph Lange; and secondly, the 30th anniversary of the new start initiated by Ferdinand Adolph's great-grandson Walter Lange in 1990, the year of Germany's reunification.

On the occasion of the Watches & Wonders in April, which was held exclusively online for the first time, a new *Odysseus* was presented in white gold with a grey dial and an integrated strap of either leather or rubber – the latter a premiere for A. Lange & Söhne. Additionally, a white gold version of the *Zeitwerk Minute Repeater* with a dark-blue dial was launched, limited to just 30 pieces.

In June, a new version of the *Lange 1 Time Zone* with a new manufacture calibre was presented, followed by three extraordinary models of the *1815* watch family presented at the Watches & Wonders event in Shanghai in September. The three limited editions with the epithet *Homage to F. A. Lange*, with cases made of exclusive honey gold and special movement decorations and dials, were dedicated to Ferdinand Adolph Lange.

Paying tribute to company founder Walter Lange, who passed away in 2017, a memorial was unveiled in the centre of Glashütte in September as part of the celebrations to mark the 175th anniversary of the town's watchmaking industry.

In December, three new mechanical works of art 'Made in Saxony' were launched, which – thanks to their elegance, creative harmony and technical finesse – can be worn on a wide variety of occasions: the *Saxonia Outsize Date* in pink and white gold and the *Saxonia Thin* in white gold with a black, copper-coloured shimmering dial.

The Maison is perpetuating its sponsorships of the Dresden State Art Collections and the Semperoper in Dresden. Additionally, the long-term partnership with the Concorso d'Eleganza Villa d'Este, a renowned contest for beauty and elegant design of classic automobiles, will continue. It will be complemented by participation at Classic Days, Germany's biggest classic car event at Schloss Dyck near Düsseldorf, and a collaboration with the Concours of Elegance at Hampton Court Palace near London.

In the context of the Covid-19 pandemic, and as a further development of its distribution strategy, the Maison has started online customer consultations and sales, and will present its first online shop during the course of 2021.

Wilhelm Schmid
Chief Executive

Established 1990
Ferdinand-A.-Lange-Platz 1, Glashütte, Germany
Chief Executive Officer Wilhelm Schmid
Finance Director Beat Bührer
www.lange-soehne.com

BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830

Baume & Mercier has been creating watches of the highest quality since 1830, combining refined design and technical achievements. For both men and women, the Maison offers style with cutting-edge technology.

Baume & Mercier, Les Brenets

- Baume & Mercier has launched new complications with the *Baumatic* movement in the *Clifton* collection.
- In April 2020, Baume joined Baume & Mercier, becoming a collection.
- April 2021 saw the relaunch of the iconic *Riviera* collection.

Baume & Mercier looks to the future, unveiling a blend of watchmaking expertise and the aspiration to move towards new horizons. Focused around innovation, materials, colours and style, the Maison approaches the new financial year with a revitalised and optimistic vision of the way it conceives watchmaking. Tradition and modernity, elegance and personality, nature and consciousness will beat the rhythm of the Maison throughout the year and will direct all its initiatives to build the Maison's future.

Pursuing the success of the *Clifton Baumatic* collection, Baume & Mercier introduced new complications that brought this collection to another level. New complications are encapsulated within the *Clifton Baumatic* day-date, moon phase. It represents the perfect blend of functional considerations, balance in proportions, and harmony in the choice of materials and colours.

The Maison reinforced its design distinctiveness and legitimacy through the relaunch and redesign of *Hampton*, the iconic Baume & Mercier collection inspired by Art Deco. For men and women, the *Hampton* collection reveals new silhouettes and offers shapes that pay tribute to the design heritage of the Maison.

Baume & Mercier has continued its international development by strengthening its visibility in key historical markets such as Italy, France and the US. The Maison accelerated its development in Asian markets, especially in China through the participation at Watches & Wonders Shanghai and Sanya.

In April 2020, Baume – the watch brand that has been created to focus on customisation and sustainability – joined Baume & Mercier, becoming a collection of the Maison.

Always looking to its future, the Maison is strengthening its identity, focusing on design, watchmaking and collaboration through the lens of different and creative projects. First and foremost, the *Riviera* collection relaunches the rebirth of the most iconic Maison collection: born in 1973 and coming back today through a fifth generation targeting new and existing clients. The Maison will highlight the shape of *Riviera*, a distinctive element of the collection. The Maison decided to expand the *Baumatic* calibre to *Riviera*, further strengthening its watchmaking legitimacy.

Besides *Riviera*, Baume & Mercier will continue to reimagine and develop the *Clifton*, *Hampton*, *Classima* and *Baume* collections, adding more design and watchmaking content.

David Chaumet
Chief Executive

Established 1830
4 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Officer David Chaumet
Finance Director Vincent Lachaize
www.baume-et-mercier.com

IWC SCHAFFHAUSEN

IWC Schaffhausen is the engineer and storyteller of fine watchmaking and the choice for ambitious individuals with an appreciation of mechanics, a sense of style and a taste for adventure.

IWC Manufakturzentrum in Schaffhausen

- In 2020, IWC unveiled a broad range of new *Portugieser* models, all fitted with in-house movements, including the *Portugieser Automatic 40*, *Portugieser Perpetual Calendar 42* and the first-ever timepiece with a moon and tide indication.
- IWC published its second sustainability report to Global Reporting Initiative standards and became the first luxury watch company to reach Chain-of-Custody certification by the Responsible Jewellery Council.
- The Maison reopened its flagship store in Zurich, Switzerland, with an unparalleled customer experience that spans both physical and digital channels. It extended its e-business service in China with its own flagship boutique on Alibaba's Tmall Luxury Pavilion.

In a year marked by the Covid-19 pandemic, IWC underscored its role as the engineer and storyteller of fine watchmaking and used innovative digital concepts and tools to engage with a worldwide audience. By opening its new and immersive flagship boutique in Zurich, Switzerland, IWC also paved the way for the future of retail.

In April, IWC presented new *Portugieser* models. Building on the iconic design established in the late 1930s, IWC introduced a broad range of timepieces, all fitted with in-house movements. The Maison supported the digital Watches & Wonders exhibition with a digital selling experience, including 3D product presentations, an immersive Virtual Reality ('VR') booth and an Augmented Reality application.

Taking storytelling to a new level, IWC released 'Born of a Dream'. This cinematic short film project recalls how the Maison's American founder, Florentine Ariosto Jones, worked tirelessly to achieve his dream of establishing the 'International Watch Company' in Switzerland. In a sequel, the story of Jones was intertwined with milestones in the life of NFL superstar and seven-time Superbowl champion, Tom Brady.

Delivering its promise to biennial reporting and full transparency towards stakeholders, IWC published its second Sustainability Report to Global Reporting Initiative standards. The Maison also became the first luxury watch brand to meet the new 2019 Code of Practices set by the Responsible Jewellery Council.

IWC's enlarged and refurbished flagship boutique in Zurich, Switzerland, combines a physical shopping experience with innovative digital tools, delivering an unparalleled 'new retail' customer experience and service. Styled as the global home of the brand's classic racing team, 'IWC Racing Works', it features an original 1955 Mercedes 300 SL with a VR driving experience, as well as interactive engineering and racing exhibits.

With many physical points of sales closed during the pandemic, e-commerce was a key distribution channel, showing significant growth. To expand its customer service in China, IWC opened its new flagship boutique on Alibaba's Tmall Luxury Pavilion. The Maison pushed the channel's boundaries with the first in-page 3D watch presentation, and a grand opening with a TV show-like live stream seen by several million customers in China.

In 2021, IWC will take its *Pilot's* watch collection to the next level and establish it as the most complete offering on the market. The communication focus will be on the *Big Pilot's Watch 43*, a versatile and ergonomic version of the Maison's global icon.

Christoph Grainger-Herr
Chief Executive

Established 1868
Baumgartenstrasse 15, Schaffhausen, Switzerland
Chief Executive Officer Christoph Grainger-Herr
Chief Financial Officer Lorenz Bärlocher
www.iwc.com

JAEGER-LECOULTRE

Since its founding in 1833, Jaeger-LeCoultre has created over 1 200 calibres and registered more than 400 patents, placing the Manufacture at the forefront of invention in fine watchmaking. Its leading position stems from its full integration with over 180 areas of expertise gathered under one roof, in the heart of the Vallée de Joux.

Manufacture Jaeger-LeCoultre, Le Sentier

- Jaeger-LeCoultre celebrated the *Soundmaker*, a tribute to the inventiveness and creativity of the Manufacture's watchmakers who have invented over 200 chiming calibres since the Maison's foundation in 1833.
- 2020 saw the launch of the new *Master Control* collection, with a redesigned case, improvements to the calibres and new complications such as the *Chronograph Calendar*.
- The elegant sport *Polaris* collection saw the launch of two new models, the *Memovox Mariner* and the *Date Mariner* reminiscing the marine legacy of the *Polaris*, the first sport watch equipped with an alarm back in 1965.

2020 focus has been set on protecting the Maison's people. Jaeger-LeCoultre committed a lot of its resources to ensure a year full and rich in creativity in the safest conditions possible.

Known as the watchmaker's watchmaker, Jaeger-LeCoultre dedicated the year to celebrating its soundmaking expertise. With more than 200 chiming calibres invented since 1833, Jaeger-LeCoultre has always innovated in this field, from the iconic alarm function, the *Memovox*, to the most prestigious minute repeaters featuring some of the Manufacture's 400 patents. Jaeger-LeCoultre's relationship to sound was revealed to the public through a unique exhibition in China celebrating the chiming innovations of the Manufacture and a specially commissioned sound sculpture from Swiss artist, Zimoun. Several chiming timepieces were also revealed this year, starting with the *Master Grande Tradition Grande Complication* equipped with a minute repeater and a structured celestial dial, and a *Master Control Memovox Timer* featuring for the first time a countdown function for the alarm.

The year also saw the launch of the redesigned *Master Control* collection. Created in 1992, the new collection is a perfect blend of watchmaking tradition and 21st century modernity. It features improved calibres with enhanced capabilities such as the power reserve now increased up to 70 hours. The date function, the geographic complication, the jumping calendar and the *Memovox* have been joined with a new complication, the *Master Control Chronograph Calendar*, a triple calendar associated with a chronograph for the first time by Jaeger-LeCoultre.

The *Polaris* collection was completed with two new models, the *Polaris Mariner Date* and the *Polaris Mariner Memovox*, exhibiting its in-house automatic *Memovox* calibres for the first time through an opened case back. The launch of these watches was supported by the movie 'In a breath' starring Maison ambassador, Benedict Cumberbatch.

Jaeger-LeCoultre also continued to develop and strengthen its distribution network. The Maison opened new boutiques in Melbourne, Seoul and Toronto and continued the expansion of its distribution in China, not only with the opening of new boutiques, but also with the new digital flagship boutique on Alibaba's Tmall Luxury Pavilion.

For the coming year, the Maison will celebrate the iconic *Reverso*. Born during the Art Deco period, the *Reverso* started its story in 1931. For the 90th anniversary of the swivelling case watch, the Manufacture is planning to reveal several new creations, the most complicated *Reverso* ever made together with new dial colours and leather straps. The Maison's in-house Métiers Rares workshop will also be highlighted with more novelties to be revealed during the year.

Catherine Rénier
Chief Executive

Established 1833
Rue de la Golisse 8, Le Sentier, Switzerland
Chief Executive Officer Catherine Rénier
Finance Director Philippe Hermann
www.jaeger-lecoultre.com

PANERAI

Panerai is an exclusive technical sports watch Maison; its products feature unmistakable Italian design and creative innovations, closely associated to the world of the sea.

Manufacture Panerai, Neuchâtel

- The iconic *Luminor* collection celebrated its 70th anniversary, a very special occasion during which the Maison launched a series of innovative models.
- Panerai has further extended its partnership with the America's Cup team, Luna Rossa, becoming the official timekeeper of the PRADA Cup.
- The Maison has focused on its digital strategy with initiatives such as the successful 24-hour flash sales on Panerai.com and the storytelling platform, PamCast.

This year marked the 70th anniversary of the iconic *Luminor* watches. For this very special celebration, Panerai launched new models in the *Luminor* collection, focusing on Panerai emblematic models, the core of the brand.

New *Luminor* models in different materials have been introduced, from high-tech materials like Carbotech™ or Scafotech™ up to the precious new Goldtech™. Two new *Prima Assoluta* editions were released this year: Scafotech™ and Ecopangaea™, in collaboration with brand ambassador, the explorer Mike Horn. To celebrate the year of the *Luminor*, the advertising campaign has been focused on the Panerai emblem: the *Luminor Marina 1312*.

Panerai has also introduced a new range of *Luminor* watches in partnership with the Italian team competing in the America's Cup: Luna Rossa. In addition, this programme has further been developed by continuing to take advantage of skills of the Luna Rossa research and development department, providing innovative materials for new editions.

The Maison has committed to a new sponsorship with the Luna Rossa team, becoming the official timekeeper of the PRADA Cup. In a move never previously attempted by Panerai, the Maison released the new *Luna Rossa Luminor Special Edition* for sale exclusively online at Panerai.com for 24 hours only, targeting its growing e-commerce community. Furthermore, the partnership with Luna Rossa highlighted the Luminor Regatta and the Maison's capacity to master innovative materials and technologies such as the Titanium DMLS, a technology exclusive to the Maison and to the watch industry, which allows the creation of '3D titanium', resulting in a saving of 30% in weight.

During the year, Panerai welcomed a new ambassador, the famous Japanese actor, Takashi Sorimachi. Our ambassadors developed their storytelling within all Panerai territories, helping the Maison to reach new audiences. A noticeable achievement of the year was the celebration of the 20th anniversary of the 'Paneristis', one of the most loyal communities in the watch industry. To honour this particular occasion, Panerai launched a new edition of *Radiomir* and organised a 100% digital P-Day event.

A new era in marketing has started with a strong focus towards digital events, during which new opportunities have been explored, developing new formats and initiatives.

Moreover, this year Panerai moved its digital strategy into editorial e-business with the launch of PamCast, a storytelling platform that entertained regularly the enthusiastic Panerai communities around eight themes as diverse as Il Laboratorio di Idee, Italian stories or the Maison's historical background.

The Maison has pursued its retail strategy with the opening of new boutiques in key cities, reaching now 149 stores in prime locations around the world. The new retail concept was extended to cities such as San Francisco, Fukuoka, Singapore and Parkview Green in Beijing.

In the years ahead, Panerai will continue to emphasise the spectacular Maison attributes of technical performance and Italian lifestyle, while addressing modern heroes. The Maison is working on a major eco-friendly initiative, which will be revealed later.

Jean-Marc Pontroué
Chief Executive

Established 1860 at
Piazza San Giovanni 14/R, Palazzo Arcivescovile, Florence, Italy
Chief Executive Officer Jean-Marc Pontroué
Chief Financial Officer Olivier Bertoin
www.panerai.com

PIAGET

Piaget began in 1874, with a unique vision: always push the limits of innovation to be able to liberate creativity. Positioned as a reference for precious watches and known for its audacity, it enjoys unrivalled credentials as both a watchmaker and jeweller. Two fully integrated Manufactures enable the Maison to reaffirm its unique expertise in gold and jewellery crafting as well as ultra-thin movements.

Piaget's Manufacture and headquarters, Geneva

- The *Possession* collection turned 30 and has grown with four new creations in yellow gold in commemoration of the very first yellow gold *Possession* ring.
- In 2020, Piaget brought together international Extraordinary Women and shared their life lessons to inspire other women through a series of heartfelt videos.
- The *Altiplano Ultimate Concept* watch, the thinnest mechanical watch in the world, won the prestigious 'Aiguille d'Or' at the 20th Grand Prix d'Horlogerie de Genève.

Piaget's iconic *Possession* collection turned 30 this year. The *Possession* collection has grown to encompass colourful bracelets, earrings and necklaces beyond the iconic ring. Four new creations in yellow gold were launched in commemoration of the very first yellow gold *Possession* ring that started this extraordinary journey.

In 2020, the *Altiplano Ultimate Concept* watch, the thinnest mechanical watch in the world, won the prestigious 'Aiguille d'Or' at the 20th Grand Prix d'Horlogerie de Genève, the ultimate prize of the industry. The *Altiplano Ultimate Concept* continues the Maison's great legacy of mastering ultra-thin watchmaking.

As one of Piaget's iconic and glamourous designs, the *Limelight Gala* watch opened a brand-new chapter in its history with the introduction of an automatic movement, a first for the collection. The *Limelight Gala* campaign was built around a central theme: The Extraordinary Women.

Piaget brought together Chen Man, Jessica Chastain, Olivia Palermo, Constance Wu, Gong Hyo-Jin, Shiva Safai, Balqees Fatih, Arianne Philips, Carineh Martin and Cynthia Erivo in celebration of being a woman today. Those Extraordinary Women are exceptional in their fields, ranging from cinema to music, design, and artistry. Through a series of heartfelt videos, these unique women shared their life lessons to inspire other women.

Piaget also launched an extraordinary Haute Joaillerie collection, *Wings of Light*, an invitation to a joyous journey to a fantasy land of magic and mystery, romance and rarity. To reveal this collection, the Maison created major events in Hangzhou, Hong Kong and Seoul.

Two milestones marked the Maison's ongoing development in China. In May, Piaget unveiled its official flagship store on Alibaba's Tmall Luxury Pavilion, to offer an extra level of online experience. Piaget was proud to become an official partner and designated jewellery brand of the 23rd Shanghai International Film Festival. Piaget continues its long-standing commitment in supporting the film industry.

Going forward, Piaget will continue to assert its unique identity by expanding its iconic lines and creating countless audacious, daring and extraordinary masterpieces for its Watch, Jewellery and High Jewellery collections.

Chabi Nouri
Chief Executive

Established 1874
37, chemin du Champ-des-Filles, Geneva, Switzerland
Chief Executive Officer Chabi Nouri
Chief Financial Officer Giorgio Ferrazzi
www.piaget.com

ROGER DUBUIS

Representing a disruptive blend of distinctive character and Hyper Horology expertise, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995. Over the years, the Maison has been well-known for its limitless obsession for conceiving, designing and inventing the future of Haute Horlogerie and for its fearless determination to challenge the rules of classical watchmaking through a resolutely expressive and contemporary approach.

Roger Dubuis' Manufacture and headquarters, Geneva

- Roger Dubuis focused on sustaining its technical and horological supremacy, emphasising the Maison's craftmanship yet focusing on its disruptive, audacious and daring character, through a new communication: 'No Rules, Our Game'.
- In 2020, the Maison introduced its latest interpretation of its *Excalibur* collection, restyling an icon in a contemporary way.
- Its digital transformation was showcased in different elements of the Maison's activities, from the expansion of its e-commerce footprint to its first virtual flagship store.

The exceptional degree of vertical integration within Manufacture Roger Dubuis enables it to enjoy the comprehensive mastery of its in-house production, certified by the prestigious Geneva seal. This capacity has gradually contributed to its specialisation in spectacular limited or unique editions, as well as its enviable reputation in the domain of skeletonised and complicated calibres.

With its daring character paired with unleashed creativity, Roger Dubuis keeps voicing its unique values: an excessive attitude brought to life through pleasure, madness and freedom. This year, Roger Dubuis focused on sustaining its technical and horological supremacy, emphasising the Maison's craftmanship, combining state-of-the-art technology with traditional métiers, yet focusing on its disruptive character, well expressed by the claim: 'No Rules, Our Game'.

Since 2005, Roger Dubuis has been shaking the world of Hyper Horology with its artistic approach to skeleton designs, regularly reinterpreted through a fervid creativity and the use of innovative materials. This year, the Maison has introduced the latest evolution of its iconic *Excalibur* collection, restyling the original design of the *Excalibur Double Flying Tourbillon* to give it a contemporary touch.

Such a resolutely expressive and contemporary approach is attested to in every aspect of Roger Dubuis and corroborated by the creation of a new boutique concept introduced this year in Shenzhen, China, fully incarnating the values of the Maison and its innovative spirit.

The enduring partnership with Lamborghini Squadra Corse, based on cutting-edge performance, groundbreaking technology and striking aesthetics, gave birth to adrenaline-charged masterpieces, completing the *Excalibur Spider Huracan* and *Aventador S* collections.

Drawing inspiration from the partnership with Pirelli, the Maison also released a new interpretation of its *Excalibur Spider*, featuring a stunningly complicated single flying tourbillon in a 39mm case.

The year marked the era of Roger Dubuis' digital transformation, with a strong push in the Maison's e-commerce activities, connecting its world to a younger clientele and providing access to Hyper Horology anywhere, anytime and with any device.

The digital evolution reached its apex with the launch of a new experience in digital space through Roger Dubuis' first virtual flagship store. From product showcase to the exclusive Manufacture visit, all has been designed to offer a truly immersive way to plunge into the Maison's universe.

In the year ahead, the Maison will keep increasing its value proposition by strengthening its Hyper Horology supremacy while asserting its unique identity and delivering on its promise of being 'the most exciting way to experience Hyper Horology'.

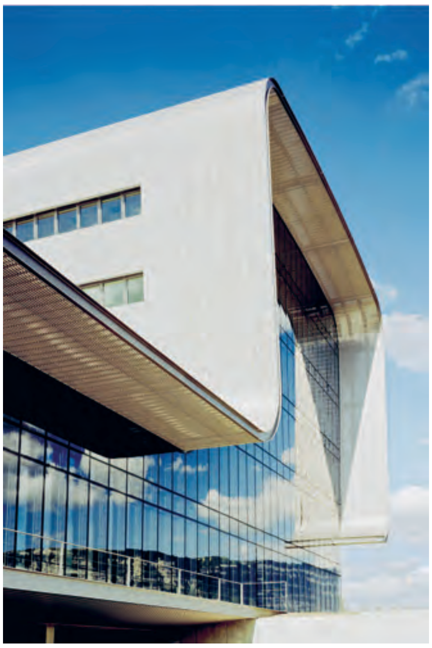
Nicola Andreatta
Chief Executive

Established 1995
2 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Officer Nicola Andreatta
Finance Director Vincent Lachaize
www.rogerdubuis.com

VACHERON CONSTANTIN

GENÈVE

Crafting eternity since 1755, Vacheron Constantin is the world's oldest watch Manufacture in continuous production, faithfully perpetuating a proud heritage based on transmitting expertise through generations of master craftsmen.



Vacheron Constantin's Manufacture and headquarters, Geneva

- With the continued development of *Les Cabinotiers*; the Maison expresses the ultimate know-how in both technical and Métiers d'Art fields.
- The launch of the new *Égérie* collection was a success and increased the appeal of the Maison among women.
- Vacheron Constantin kept demonstrating its commitment to art and culture by participating in the 'Bid for Le Louvre' auction.

Epitomising the spirit of 'Beautiful High Watchmaking', Vacheron Constantin continues to create outstanding timepieces for connoisseurs who value technical excellence, understated luxury aesthetics and finishing to the highest standards.

Over the last year, Vacheron Constantin devoted itself to concentrating on a limited production with a long-term value strategy, and providing strong client engagement, the highest levels of quality and desirability.

Key new launches were revealed at the first Watches & Wonders digital event in which the first *Overseas Perpetual Calendar Openworked* was revealed and applauded by clients and the press. It was later awarded the Calendar and Astronomy prize at the Grand Prix de l'Horlogerie de Genève. Other highlights of the event included *Les Cabinotiers* timepieces with the unveiling of the *Tempo*, a unique masterpiece celebrated as the most complicated wristwatch ever made by the Maison, and the Métiers d'Art *Singing Birds* series showcasing ultimate artistic crafts.

The year was also marked by the introduction of a new collection, *Égérie*, inspired by and dedicated to women. The launch was a major success and increased the appeal of the Maison among women. Other collections such as *Patrimony*, *Traditionnelle* and *Fiftysix* performed well, while the elegant sport segment covered by the *Overseas* collection continue to grow.

The Maison strengthened its long-standing partnership with the Musée du Louvre and demonstrated its commitment to art and culture by participating in the 'Bid for Le Louvre' auction for which a bespoke one-of-a-kind *Les Cabinotiers* watch was auctioned, with all proceeds to support the solidarity projects of Le Louvre. The acquirer of this exceptional piece will have the opportunity to personalise the timepiece through full participation in its creation, along with experts and master craftsmen of Vacheron Constantin and the Musée du Louvre.

Vacheron Constantin continued to build a consistent and selective distribution network around the world. This included the opening of boutiques in key cities such as Seoul, Frankfurt, Lisbon and Bahrain, as well as the constant improvement of its network of retailers and numerous digital and omni-channel initiatives.

Staying true to its values and motto, the Maison will keep innovating in 2021, leveraging its expertise and creativity to delight its clients. Vacheron Constantin looks to the future with caution and confidence, building on its successful collections, its unassailable reputation for fine craftsmanship, its unique one-to-one approach to client relations as well as the talent and commitment of its teams – all forged in accordance with François Constantin's motto "do better if possible, and that is always possible".

Louis Ferla
Chief Executive

Established 1755
10 Chemin du Tourbillon, Geneva, Switzerland
Chief Executive Officer Louis Ferla
Finance Director Gil Weinmann
www.vacheron-constantin.com

Online Distributors

Key results

Sales (€m)

2021	2 197
2020	2 427

Operating result (€m)

2021	-223
2020	-241

Percentage of Group sales

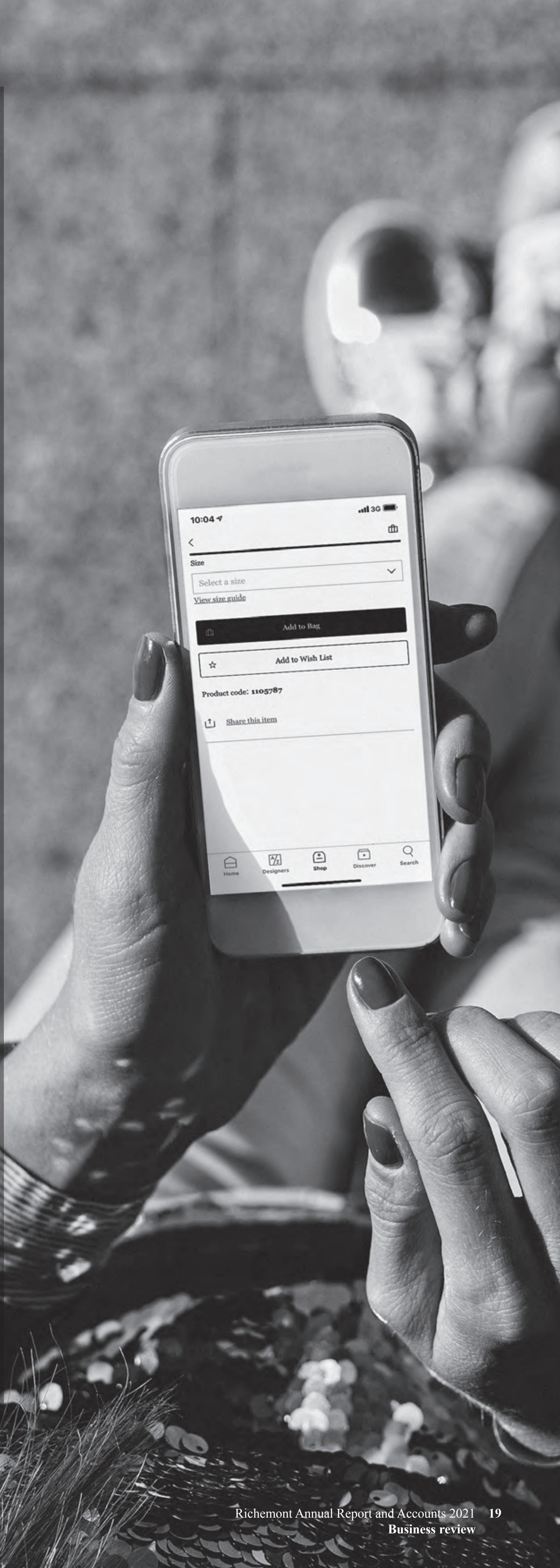
2021

Online Distributors 16%

Richemont's Businesses

WATCHFINDER&Co.
THE PRE-OWNED WATCH SPECIALIST

YOOX
NET-A-PORTER
GROUP



WATCHFINDER&Co.
THE PRE-OWNED WATCH SPECIALIST

Founded in 2002, Watchfinder buys, services and sells pre-owned watches. It is the recognised leader in this business area. Watchfinder operates both online and through its network of boutiques and showrooms, predominantly in the UK, enabling it to reach customers wherever they are through a fully integrated, omni-channel approach.

Watchfinder at Bongénie, Geneva

- The UK operations weathered both Covid-19 and Brexit with agility and its businesses in France, Germany, Hong Kong SAR, China, Switzerland and the US have delivered strong growth.
- Watchfinder opened its first international boutique in the centre of Geneva, in partnership with Bongénie, followed by a boutique in the eighth arrondissement of Paris. Its part exchange (trade-in) service is now live in close to 100 luxury boutiques in the six countries where it has direct operations.
- Client satisfaction, independence and trust were at the core of Watchfinder's mission, highlighted in the extension of its warranty, strong growth in subscribers to its leading YouTube channel and independent Trustpilot reviews.

As a leader in the market for pre-owned watches, Watchfinder is focused on the customer experience, whether buying or selling. The company presents an unparalleled selection of watches, all owned by Watchfinder, that have all been authenticated, inspected and restored to be in proper working condition in Watchfinder's manufacturer-accredited service centre. As a result, customers can buy watches backed by a Watchfinder warranty with complete confidence. To date, the business has generated a vast number of independent Trustpilot reviews with an average rating of 5/5 stars.

During the year, Watchfinder weathered the impact of both Covid-19 and Brexit with agility and focus on the end-client, delivering on important enhancements to its watch purchasing and multi-territory stock offer, watch pricing and new partnerships. In the first half of the year dominated by Covid-19 lockdowns, the mission of its significant UK business was to ensure the highest level of client service, continue to build the customer base and drive e-commerce growth through nimble redeployment of its teams and streamlining of operations. Internationally, the US business unit was launched and all markets focused on maintaining a high level of service and e-commerce capabilities. The second half of the year began to see the results of improvements in its data-driven pricing, the extension of the Watchfinder warranty from twelve to 24 months together with the opening of two boutiques in Europe: the first in the heart of Geneva and the second in the prestigious eighth arrondissement of Paris.

Watchfinder's YouTube channel continued to delight and educate audiences around the world, with over 620 000 subscribers, underlining its leadership, the desirability of its offer and approach, and its independence in the watch segment. It is by far the most popular dedicated watch channel on the platform. The content broadcasts Watchfinder's expertise, independence and broad choice of watches to an international audience.

Watchfinder's part exchange (trade-in) service is now live in close to 100 luxury boutiques in the six countries where it has direct operations, and has several new partners coming onboard in the year ahead.

Next year, and with post-Covid-19 recovery planning underway, Watchfinder will focus on its leadership position in the UK; continuing to transform its operating processes to serve its fast-growing international business; and enhancing its brand awareness and customer experience globally.

Matt Bowling
Chief Executive

Established 2002
Invicta House, Pudding Lane, Maidstone, England
Chief Executive Officer Matt Bowling
Finance Director Patrick Addor
www.watchfinder.co.uk

YOOX NET-A-PORTER GROUP

YOOX NET-A-PORTER is the world leader in online luxury and fashion. As the pioneer in combining the realms of luxury and technology, it has two decades of experience in global e-commerce, meeting the needs of modern luxury customers through superior service, mobile-led innovation, high-quality content, an expertly curated multi-brand selection and advancements in sustainability.

YOOX NET-A-PORTER Tech Hub, London

- YOOX and NET-A-PORTER celebrated their 20th anniversaries, marking their exceptional track record in luxury e-commerce.
- Sustainability initiatives included the launch of a ten-year sustainability strategy, Infinity, and *The Modern Artisan* collection.

Multi-brand online stores, NET-A-PORTER, MR PORTER, YOOX and THE OUTNET, are connected within an ecosystem alongside the Online Flagship Stores Division which partners with luxury brands to power their e-commerce destinations. Together they serve an exceptional base of high-spending customers across 180 countries, working with the world's most coveted luxury brands.

This year, NET-A-PORTER and MR PORTER exclusively collaborated with many brands, including Gabriela Hearst, launched AZ Factory and hosted a unique virtual event with Watches & Wonders, featuring 14 prestigious Maisons. MR PORTER, YOOX and THE OUTNET also developed their private label collections.

The Online Flagship Stores Division was selected by Cartier (UK) and Montblanc to power their successful e-commerce platforms.

NET-A-PORTER's flagship store on Alibaba's Tmall Luxury Pavilion now brings Chinese customers a hand-picked curation of 240 brands. In the Middle East, NET-A-PORTER deepened its presence with the launch of a fully localised store.

Technology innovations included the expansion of YOOX Mirror, the virtual styling tool, and cutting-edge pilots for digital ID. The technology and logistics replatforming of NET-A-PORTER commenced as part of a long-term vision to drive global expansion and further enrich the customer experience.

This year also marked the launch of Infinity, a ten-year sustainability strategy, designed to transform the way fashion is made, sold and used. In partnership with HRH The Prince of Wales' The Prince's Foundation, *The Modern Artisan* collection was launched, the result of a charitable training initiative that guided students to design, craft and bring to market a sustainable luxury collection. Sustainable platforms, NET SUSTAIN and YOOXYGEN, have both expanded to now feature over 175 consciously crafted brands within the curated edits.

The businesses remain focused on their mission to connect people with the joy of luxury and fashion that lasts a lifetime and beyond. Continued success as the leaders in selective distribution will be driven by the evolution of business models, expert customer-centric retail practice and service, an exceptional curation of the world's leading brands, technology and sustainability innovation and global expansion.

Geoffroy Lefebvre
Chief Executive

Established 2000
Via Morimondo 17, Milan, Italy
Chief Executive Officer Geoffroy Lefebvre
Finance Director Paola Agasso
www.ynap.com
www.net-a-porter.com www.mrporter.com www.theoutnet.com www.yoox.com

Other

Key results

Sales (€m)

2021 1 345

2020 1 788

Operating result (€m)

2021 -241

2020 -141

Percentage of Group sales

2021

Other 10%

Richemont's Maisons

ALAÏA

"My obsession is to make women beautiful. When you create with this in mind things can't go out of fashion." Azzedine Alaïa

7 rue de Moussy, Paris

- Pieter Mulier was appointed Creative Director.
- Moved to only two collections per year and launched the *Editions*, a permanent wardrobe curated from the archives between 1981 and 2017.
- Introduced Alaïa at the Bon Marché and the opening of the Petite Boutique in Paris.

Alaïa has been a legendary Parisian Couture House since 1964, which, beyond fashion, reveals the power of femininity and the timelessness of beauty in the spirit of its namesake creator. Azzedine Alaïa's free and uncompromising mind still imbues the Maison's invention in all things.

Following the arrival of the new executive team, Alaïa launched the first steps in fostering the Maison's development while perpetuating its outstanding legacy.

These steps involved re-enforcing the Maison's fundamentals, structuring the collections and setting up new creative teams in Image and Product to ensure innovation, desirability and further expertise for knitwear and accessories. The Maison launched the implementation of a singular product strategy moving to only two collections per year and combining both fashion and heritage through permanent and seasonal creations with high topicality. The *Editions*, a wardrobe curated from the archives, was successfully launched with a strong worldwide communication push including PR events and digital campaigns in November.

The year under review was also marked by the Covid-19 crisis it led the teams not only to secure existing distribution and key partnerships including those in the US and Asia, but also to expand the Maison's network with the opening of the Bon Marché and the Petite Boutique in Paris, focused around a meaningful sustainability and charity concept. The Maison also developed a stronger digital footprint and strategy, focusing on campaign activations, its own e-business and key digital partnerships such as with NET-A-PORTER.

Most importantly, this year saw the strategic appointment in February of Pieter Mulier as Creative Director, who stands out for his remarkable technical talent and sense of beauty. His creative leadership and innovative spirit will be key to push forward the Maison with modernity, with the greatest respect for Azzedine Alaïa's legacy.

In the year ahead, the Maison will see the launch of Alaïa's Spring / Summer 2022 collection, the first envisioned by Pieter Mulier and available in stores next December. Along with this key moment, Alaïa will build its communication strategy through exclusive events and will strengthen its image as well as its digital activity. These initiatives will support continued growth and build greater awareness of Alaïa's distinctive vision of modern femininity and timeless beauty.

Myriam Serrano
Chief Executive

Established 1964
7 rue de Moussy, Paris, France
Chief Executive Officer Myriam Serrano
Finance Director Amélie Meunier
www.maison-alaia.com

AZ FACTORY

– *"We are on a journey to design beautiful, purposeful, solutions-driven fashion that works for everyone. A place to experiment and try new things, our way." Alber Elbaz*

The late Alber Elbaz

- Launch of AZ Factory on 26 January 2021 with the Show Fashion, an entertaining and educational digital event during Paris Haute Couture 2021.
- First product stories launched: *MyBody, Switchwear*, and *PointySneaks*.

AZ Factory believes in smart fashion that cares. Built around the core principles of love, trust and respect, Alber Elbaz founded the digital luxury Maison as a fashion reset. Innovation and technology are seamlessly blended with traditional craftsmanship to design beautiful, solutions-driven fashion that works for everyone.

AZ Factory opened its doors for business during the official Paris Haute Couture 2021 line-up with the Show Fashion, a modern spin on the traditional fashion show focusing on educational entertainment. This 30-minute digital film unveiled the Maison's origins, mission and first product stories.

At the close of the Show Fashion, the AZ Factory direct-to-consumer website went live with products available for immediate purchase. With the promise to interact with clients as friends, the Alber & Amigos membership programme also went live, providing first access to the latest brand news, an Near-Field-Communication enabled product experience, and special surprises from Mr Elbaz himself.

The Maison initially launched with two exclusive commercial partners, Farfetch and NET-A-PORTER. Immediately following the launch, special experiences were unveiled with both. The AZ Factory World Tour created with Farfetch provided an immersive, virtual pop-up boutique for consumers to discover the designs in 3D. The Talk Show with Alber Elbaz & Friends, a live-streaming event from NET-A-PORTER featured Mr Elbaz in conversation with Kristin Scott Thomas, Rachel Khoo and Charli Howard.

With AZ Factory's first product story, *MyBody*, Mr Elbaz re-imagined the little black dress for today. The *MyBody* product story is enhanced with AnatoKnit technology, a specially engineered knitwear that gently shapes the silhouette while providing support and comfort.

The inspiration for the second product story, *Switchwear*, came from the desire to give the gift of time. *Switchwear* promises a quick look transformation, going from leisurewear to fabulous in under one minute with bodysuits, hoodies, pyjamas and glam duchesse add-ons made from recycled yarn.

The third product story, *Pointy Sneaks*, combines the comfort of a sneaker with the elongating visual effect of a pointy-toe pump. The sneakers became a fast favourite with clients worldwide, one of the best sellers for the Direct-To-Customer business.

Next for AZ Factory is the release of the *SuperTech-SuperChic* product story, taking hi-tech to high-fashion. Eco-dyed nylon microfibre fabrics traditionally used in activewear are transformed into seasonless fashion pieces inspired by couture.

In the year ahead, the future of AZ Factory will be defined in accordance with the fundamentals of creativity and innovativeness dear to founder Alber Elbaz. The first semester will be dedicated to the edition of the last product stories finalised by Alber.

Laurent Malecaze
Chief Executive

Established 2019
261 Boulevard Raspail, Paris, France
Chief Executive Officer Laurent Malecaze
Finance Director Laetitia de Mathan
www.azfactory.com

Chloé

Founded in 1952 by Gaby Aghion, an Egyptian-born Parisienne who wanted to liberate women's bodies from the stiffly formal fashion of the time through a luxury ready-to-wear offering. True to its many years of constant creative innovation and evolution, Chloé continues to embody and inspire femininity by designing beautiful products with meaningful impact, crafting stories and sharing experiences.

La Maison Chloé, Paris

- Welcomed Gabriela Hearst as new Creative Director, opening a new chapter for the Maison.
- Developed the new *Daria* bag line with the addition of the *Mini Daria*, and launched a new fashion bag, the *Kiss*.
- A new ambassador, Lucy Boynton, embodies the spontaneous, free-spirited character of Chloé Eau de Toilette.
- As part of its CSR engagement, 'Women Forward', Chloé renewed its partnership with UNICEF and committed to major engagements in terms of environmental sustainability.
- The successful launch of a virtual programme: Chloé Voices; uplifting content bringing more depth, diversity and creativity to the Maison.

This year, the Maison continued to support the vision of its founder Gaby Aghion through several significant initiatives and product launches.

Having made its debut during the Spring-Summer 2020 show, the *Daria* family has grown with the release of the *Mini Daria* bag. Chloé also launched a new small bag, the *Kiss*. This statement bag features a versatile shape with a minimalist aesthetic and feminine lines.

In 2020, the Maison also experienced the success of its new younger lines in the shoe segment: the *Betty* and the *Woody*. They complete Chloé's product offer with fashion boots and sandals, incorporating the Maison's signature contours.

For the last two collections, former Creative Director Natacha Ramsay-Levi invoked a potent synergy of creative spirits with artistic collaborations that weaved together a multitude of female-driven stories.

Chloé revisited the signature Eau de Toilette with bright, fresh and clear rose notes, emblematic of the brand's fragrance identity. This reinterpretation is embodied by a new ambassador, British actress Lucy Boynton, whose inspiring personality perfectly resonates with the Chloé free spirit.

In October, Chloé staged the Maison's first-ever phygital runway show. In the context of Covid-19, the Maison made the deliberate choice to maintain a show in Paris with online participation. This acclaimed performance was made possible by Chloé's strengthened online presence over the year, especially thanks to the launch of the Chloé Voices editorial programme.

Chloé is also pleased to announce the renewal of its partnership with UNICEF, as part of the 'Women Forward' engagement. Other initiatives such as a long-time partnership with the World Fair Trade Organization and the application for the prestigious B-Corp social and environmental certification are planned to follow.

Finally, in December 2020, Chloé announced that Uruguayan designer Gabriela Hearst had been entrusted with the Maison's creative direction. Her arrival marks a significant moment for the Maison, as her approach to 'honest luxury' aligns with the commitment Chloé is now undertaking towards sustainable practices and social engagement. Advocating more responsible and timeless fashion, Gabriela fits perfectly into Gaby Aghion's heritage. Her first collection was presented on 3 March 2021, 100 years to the day of Gaby Aghion's birth.

Riccardo Bellini
Chief Executive

Established 1952
5-7 Avenue Percier, Paris, France
Chief Executive Officer Riccardo Bellini
Chief Financial Officer Ascher Sabbah
www.chloe.com

dunhill

Founded in 1893 in London, dunhill has been design-driven with style and purpose for 125 years. Today the Maison is of the moment yet enduring, representing the best of British leather goods and menswear.

Bourdon House, the London home of dunhill

- dunhill strengthened its leather offer with two successful launches: the *Lock Bag* and the *Signature* collection.
- Menswear remains a key category with the expansion of jerseywear and outerwear.
- The Covid-19 pandemic has accelerated the Maison's digital focus, including the transition of seasonal presentations to online platforms exclusively.
- The Maison continues its global development, with an acceleration of online sales through the launch of its flagship on Alibaba's Tmall Luxury Pavilion.

dunhill continues to consolidate its positioning as a leading British luxury destination for men, supported by the vision of Creative Director Mark Weston.

This year, the Maison strengthened its offer in leather goods with two successful new collections: the *Lock Bag*, a new icon for the Maison inspired by British attaché-cases reinvented in a modern crossbody shape, and *Signature*, a branded canvas collection.

Menswear remains a key category for the Maison, expanding particularly in jerseywear while strengthening outerwear. The capsule collection born from the collaboration with Japanese artist Kenta Cobayashi was particularly successful.

dunhill continues to build its footwear offer: in loafers with the successful launch of the *Chiltern Roller Bar* loafer and in sneakers with the promising start of the *Aerial* runner.

The Maison started a new partnership with Kering Eyewear and launched its new eyewear collection in January.

Following the Covid-19 pandemic, dunhill has adapted its communications to an exclusively digital approach. The Spring / Summer 2021 and Autumn / Winter 2021 collections were both introduced through digital presentations, released on the social platforms of the Maison and a selection of partners, generating millions of digital impressions.

Moving into 2021, the Maison will continue its global development, with an acceleration of online sales. It successfully opened its flagship on Alibaba's Tmall Luxury Pavilion in September and Chinese actor Yang Yang was announced as the Maison's global ambassador. dunhill also opened a new boutique in Macau SAR, China and continues to revamp its key stores, such as Shin Kong Palace Beijing last year.

Andrew Maag
Chief Executive

Established 1893
Bourdon House, 2 Davies Street, London, England
Chief Executive Officer Andrew Maag
Chief Financial Officer Andrew Holmes
www.dunhill.com

MONTBLANC

For over a century, Montblanc's writing instruments have been the symbol of the art of writing. Driven by its passion for craftsmanship and creativity, Montblanc provides elegant, sophisticated and innovative creations in the fields of fine watchmaking, fine leather, new technologies and accessories.

Montblanc Manufacture, Villeret, Switzerland

- The Maison launched its new global campaign 'What moves you, makes you'.
- Introduction of the new design signature collection *M_Gram 4810*.
- Launch of the high artistry collection *A Tribute to the Great Wall* in Shanghai.

In April, Montblanc launched 'What moves you, makes you', a new global brand campaign and platform, featuring Spike Lee, Chen Kun, and Taron Egerton. Establishing Montblanc as the 'Maison of Luxury Business Lifestyle', the campaign speaks to a new global generation of leaders and professionals, expressing the new aspiration to live a life where the professional and personal do not compete, but enrich one another.

Capitalising on the launch of the campaign, Montblanc introduced its new *M_Gram 4810* collection, featuring an original M pattern inspired by the Maison's heritage. Set to become a Montblanc design signature, the collection was launched first in China and Korea with an impactful omni-channel activation.

The acceleration of the Chinese market was underlined by the opening of the Maison's flagship store on Alibaba's Tmall Luxury Pavilion, continuing its innovative digital strategy and showcasing Montblanc's ongoing dedication to connecting with young consumers.

Inspired by Minerva 1920s and 30s military chronographs, Montblanc also launched a new *1858 Geosphere* in blue, dedicated to exploration and snowy-mountain environments. Partnering with mountaineer Reinhold Messner, the Maison introduced a new edition of its *1858 Geosphere* limited to 262 pieces and joined forces with the Messner Mountain Foundation to support children's education programmes.

In writing instruments, Montblanc launched its latest high artistry collection: *A Tribute to the Great Wall* in Shanghai, brought to life through various forms of ancient Métiers d'Art.

In new technologies, the introduction of the *Summit Lite* smartwatch is dedicated to an emerging generation of luxury smartwatch users seeking wearables that match their healthy and active lifestyles.

In 2021, the Maison's sustainable leather collection *Blue Spirit* was launched, combining style, functionality and comfort. The fabric is made from ECONYL®, a sustainable nylon yarn sourced from regenerated waste products, that can itself be recycled and recreated.

Throughout the past year, Montblanc teams have shown exceptional commitment, strong involvement and continued dedication to stand against the impact of the pandemic.

In the coming year, Montblanc will continue the roll-out of its campaign; which will be accompanied by major product launches in all product categories. In addition, the Maison will leverage its launches and communication through impactful quarterly themes, promoting the heritage and dynamism of Montblanc. Starting calendar year 2022, Montblanc will celebrate the opening of the Montblanc Haus in Hamburg, a homage to the legacy of the Maison.

Nicolas Baretzki
Chief Executive

Established 1906
Hellgrundweg 100, Hamburg, Germany
Chief Executive Officer Nicolas Baretzki
Chief Financial Officer Hendrik Bitterschulte
www.montblanc.com

PETER MILLAR

Peter Millar designs classic, luxury sportswear embracing timeless style with a modern twist. Displaying superior craftsmanship, unexpected details and the highest quality materials from the finest mills in the world, Peter Millar lifestyle apparel offers a distinctive vision of casual elegance.

Peter Millar boutique, Austin, Texas

- During the year Peter Millar relaunched its e-commerce site.
- The Maison relocated its Palm Beach boutique to a larger and improved location on Worth Avenue.
- Its G/FORE brand continued to grow, despite the impact of Covid-19.

One of the fastest growing and most respected brands in luxury apparel, Peter Millar enjoys distribution through the finest specialty retail stores, prestigious resorts and the most exclusive country clubs as well as through its own branded boutiques and online store. Strong relationships, exceptional product offerings and a premier level of customer service have cultivated an extraordinarily loyal clientele around the world.

Despite the challenges associated with Covid-19, the Maison continued to execute its growth strategy, highlighted by the opening of a new boutique in Palm Beach, a successful upgrade of its US website platform, and growth of its G/FORE brand. Peter Millar now has 17 branded boutiques, all located within the US. Peter Millar achieved significant consumer engagement growth over the past year, supported by additional investment in digital marketing, creative content and systems to support its growing e-commerce business. This strategy has driven measurable brand awareness growth and will continue to yield favourable results.

The Maison continued to refine its product lines, with particular focus on the *Crown Crafted* line, which features modern and tailored sportswear, blending cutting-edge technical materials with luxury fabrics. The sport of golf has been more resilient during Covid-19 than many other leisure activities, helping to drive further adoption of the Maison's innovative, performance apparel *Crown Sport* line. The *Crown Sport* line saw continued development in particular within the outerwear and footwear product categories, as Peter Millar followed up the launch of the *Hyperlight Glide* sneaker in 2019 with the launch of the new *Hyperlight Apollo* sneaker in 2021. Furthermore, the Maison's *Crown* product line and elevated *Collection* line have evolved to feature more casual sportswear while maintaining their classically designed DNA.

The Maison saw wholesale and e-commerce growth in the Los Angeles-based brand G/FORE, the golf-inspired sportswear and accessories brand, which was acquired in 2018. G/FORE's growth was supported by continued investments in e-commerce operations and digital marketing, as well as expansion of its footwear and apparel offerings. The successful launch of the *MG4+* golf shoe was a significant contributor to the brand's growth. The *MG4+* was built upon the classic necessities of a golf shoe, but with a modern perspective. Finally, new colourways in its *Daytona* golf bag and the launch of G/FORE in Japan and South Korea contributed to the brand's growth.

In the year ahead, Peter Millar will continue to refine its main product lines, including adding a new *Active* line, strengthening its *Crown Crafted* line, and expanding footwear offerings featuring the Collection *Excursionist Chukka*. The Maison will continue to invest in the online shopping experience with enhancements to both the Peter Millar and G/FORE websites as well as a new Customer Relation Management system. Furthermore, it will open at least three new Peter Millar branded boutiques. As always, a focus on outstanding quality and world-class customer service will underpin these initiatives.

Scott Mahoney
Chief Executive

Established 2001
1101 Haynes Street, Raleigh, North Carolina, USA
Chief Executive Officer Scott Mahoney
Chief Financial Officer Jon Mark Baucom
www.petermillar.com

PURDEY

James Purdey & Sons, holder of three Royal Warrants as gunmakers to the British Royal Family, was founded in 1814 and has been crafting the finest shotguns and rifles for more than two centuries. The combination of precision craftsmanship and exquisite finish make both Purdey's guns and elegant countryside clothing the most desirable choice for the passionate client.

Audley House, the home of James Purdey & Sons since 1882

- Despite the headwinds of Covid-19, Purdey has had a strong year, with gun deliveries well ahead of last year and growing sales of the new *Trigger Plate* shotgun.
- The Autumn / Winter 20 collection of lifestyle and countryside clothing was Purdey's strongest yet, supported by a new campaign and imagery.
- Focus has been on the client experience and the rapid development of Purdey's e-commerce business.
- 2020 celebrated the 100th anniversary of the founder's great-grandson, Tom Purdey, joining the business. A limited edition biography of Tom was published along with an exhibition of artefacts in Audley House.

Purdey's history is, as gunmakers since 1814, rooted in the countryside but equally at home in the city. Extending its tradition of innovation, Purdey is dedicated to providing its clients with the very finest sporting guns, clothing, luggage and gifts, and creating memorable outdoor experiences. They complement each other perfectly, can be chosen separately or tailored to meet each person's individual requirements.

The Maison now benefits from broader distribution, both internationally and in the UK, especially for clothing, through retail and leading online platforms such as MR PORTER and NET-A-PORTER. From countryside to city, the clothing range offers timeless classics alongside creative designs for lifestyle or technical sporting.

Purdey is the designer and builder of the world's finest and most sought-after guns, with a range of over 40 models and calibres to suit all sporting hunters around the world. 2021 will see the launch of a 20 bore and a 28 bore over and under Purdey *Trigger Plate* shotgun alongside some cutting-edge technology to further improve the weight and balance of its guns.

The Royal Berkshire Shooting School activities have been restricted by the UK's lockdowns this year, but the School is looking forward to celebrating its 30th anniversary in 2021 with a series of events and competitions for the clay shooting enthusiast. Sitting alongside the multi-brand gun room and country clothing shop is the sporting agency team, who offer and manage game days at many of the finest estates.

Purdey is passionate about perfecting its craft and is committed to the innovation and sustainability instilled in the Purdey family history. Inspired by the great outdoors, Purdey wants more people to enjoy our British way of life to the full. The Maison stands for heritage, longevity, authenticity and desirability and will always be a partner to its customers in their pursuit of the finest country lifestyle.

Dan Jago
Chief Executive

Established 1814
Audley House, 57-58 South Audley Street, London, England
Chief Executive Officer Dan Jago
Chief Financial Officer Lewis O'Neill
www.purdey.com

Regional & Central Functions

Richemont has support functions around the world, which bring to our Maisons all the expertise, competences and tools they need to grow their brand equity and focus on their strengths in design creation, sales and marketing. Working as business partners with the Maisons, they foster the capturing of synergies and the sharing of best practices, while respecting the specifics of each Maison.

RICHEMONT

Richemont

Richemont regional and central functions provide a business operations system to the Maisons in order to develop their activities, covering a large spectrum of services in more than 130 countries. All regional and central functions worked closely with agility and resilience to support our Maisons in this year deeply affected by the Covid-19 pandemic, while developing the operational backbone of the Maisons and implementing new projects.

REGIONAL FUNCTIONS

In the Covid-19 pandemic context, all regional teams have been highly focused on preserving the health and safety of the teams, clients and business partners, while ensuring business continuity and supporting key projects. The timing and scope of all these actions were locally specific and reviewed regularly.

Europe and Latin America

With the interruption of international travel, Richemont Europe notably enabled new opportunities in local clienteles and digital acceleration, which resulted in outstanding e-commerce performance and sales growth with European clients. In parallel, the region continued to streamline operations and to actively support business development: in the UK, the operating model was adjusted following Brexit to secure the business; Buccellati operations were integrated; and Watchfinder's footprint was expanded. The team also worked on completing the Corporate Social Responsibility ('CSR') stragegy's foundational targets to set a robust platform for further embedding sustainability in its ways of working.

Middle East, India and Africa

To support business amidst many restrictions, the regional team has promptly enabled distant sales, anticipated the supply to our key markets despite the operational challenges and allowed servicing directly our clients through the commitment of our regional logistics and customer service teams. With entrepreneurship and innovation, the local Cartier and Richemont teams have activated e-commerce in the United Arab Emirates and Saudi Arabia within four months for the Maisons.

Asia Pacific

Asia Pacific was the first region to be affected by the pandemic and was also the first to rebound, with a strong focus on domestic clients in each market and on leveraging new opportunities, for example in the province of Hainan in the South of China. In a joint effort with the Maisons, great advances have been made in the roll-out of the global SAP tools, automated solutions and new retail platforms to adapt to the changing environment and to facilitate the customer journey. In this context, the Retail Academy was also adapted to provide training programmes to develop new skill sets remotely. Operationally, the regional team integrated Buccellati in China, and supported the expansion of Van Cleef & Arpels and Time Vallee's network. Richemont Asia Pacific accelerated its CSR journey regionally through different angles, from logistics and customer service optimisation, to diversity, equity and inclusion partnerships.

North America

The team has implemented innovative approaches to serve the clients in Americas to overcome the many operational challenges caused by the pandemic. More specifically, the region was able to accelerate new ways of engaging with our clients, participating in cross-regional employee enrichment opportunities while continuing to work on our key priorities for the region. North America also remained focused on the integration of Latin America and Buccellati, so as to enhance regional synergies and benefit from further operational excellence.

Japan

While demand previously driven by inbound tourism was largely affected by the pandemic, local clientele demand was resilient, with a successful execution of the Maisons' retail and e-commerce businesses. Despite the crisis, the region has maintained high operational service levels for both retail and wholesale customers and drove acceleration of the digital transformation journey, including the expansion of e-commerce platforms for the Specialist Watchmakers.

CENTRAL SUPPORT FUNCTIONS

Technology

Amidst a global pandemic, the financial year saw an immense acceleration in the digitalisation of global and multi-Maison platforms, with a strong focus on delivering initiatives supporting new retail. With the priority on China, we launched a number of Maison specific flagship stores on Alibaba's Tmall Luxury Pavilion and introduced new technologies into our Richemont landscape in China. This was accompanied by the creation of new websites for several of our Maisons in all markets.

A strong and flexible foundation has been started by the move of our hosting infrastructure to the cloud, enabling the Group to harness the power of data and bring new insights into the client experience. This, together with application programming interface ('API') platforms, has facilitated project acceleration and business autonomy. The successful roll-out of Richemont's Enterprise Resource Planning ('ERP') platform in China was achieved during a challenging climate of severe travel restrictions and remote working.

The luxury new retail drive will continue during the coming financial year, whilst also continuing the extension of our ERP platform to other markets; and in parallel, transforming Group Technology activities to bring the department always closer to the business.

Real Estate

The Real Estate function supports the Group and its Maisons with their acquisition and construction development of new boutiques, along with the negotiation of savings and rent reductions in connection with boutique closures and reduced activity related to Covid-19 or other unforeseen events. Real Estate also supports the Building and Office Services ('BOS') function, which handles the facility management (space planning, construction and maintenance) and all office-related services.

This year, the main retail projects were the openings of numerous stores in China, A. Lange & Söhne in Dubai, the renovation of the Panerai flagship in Singapore, the newly renovated Van Cleef & Arpels boutique on Place Vendôme in Paris and a new Cartier boutique in San Diego, California. The other projects included a new office for YOOX NET-A-PORTER in Hong Kong, a new facility for our corporate IT team in Switzerland and the renovation of our Korean headquarters.

Industry and Customer Service

The mission of the Group Industry and Services function is to define and execute the Group's industry, customer service, supply chain/logistics, responsible sourcing and research and innovation strategies, operate our industrial and logistics backbone, and support the Maisons in their manufacturing and supply chain development.

In the past year, our team has been in the frontline of our response to the disruption caused by the Covid-19 pandemic, enabling business continuity in the safest conditions, providing strong support and protection to all colleagues. Thanks to the measures taken and the flexibility of all stakeholders, the activities of the function have continued to be fulfilled throughout the year.

Richemont pursued its logistics re-engineering and investment programmes, which were launched in Switzerland and North America. Product and trade compliance, supported by the Chemical Compliance Center, continues to extend its Awareness Enforcement plan, both up- and downstream, in order to ensure adherence to strict standards and continued market access. Richemont's internal manufacturing entities play an important role in the Maisons' sourcing strategy, with a secure and competitive offer in both watch and jewellery components and with a tailored approach in Italy for the leather goods activity.

Our efforts will continue in the coming years, ensuring business continuity as well as efficiency by pooling the Group's capacities while maintaining the ability to adapt to demand. Richemont's Research & Innovation teams are working in close relationship with our Maisons and Manufactures to deliver innovative solutions and bring more value to our customers. From their base in the EPFL Campus of Microcity in Neuchâtel, our teams are able to leverage a worldwide network of scientific, academic and industrial partners. In collaboration with the Group CSR management and Research and Innovation, the responsible sourcing team will continue its efforts to support all Maisons and entities to understand and map their supply chains, in order to quantify and improve their social impact of and to reduce their environmental footprint.

Human Resources

Richemont's Human Resources teams are curious and agile, passionate about growing talents and supporting our business priorities. The Group empowers all of its 35 000 employees to be 'values ambassadors' whilst respecting the high-end heritage and *savoir faire* of its Maisons and the Group as a whole.

Human Resources has one common vision, to excite in our colleagues a sense of belonging within a Group that crafts the future of luxury, by creating for all our people a stimulating and meaningful world of opportunities, and where everyone experiences a rich journey of becoming a fulfilled and passionate luxury professional.

The HR teams believe strongly that people-centricity, shared values, equal opportunities to grow and develop, innovation and technology with a human touch result in long-term performance.

The teams demonstrated care and empathy to help all colleagues navigate the sanitary crisis, reacted quickly to shift from office to home as needed and ensured a safe working environment was offered to all colleagues. They also provided frameworks and guidance to our local HR teams across the world to safeguard our commitment to our colleagues.

As we look forward to next year, we maintain our ambition to be an inclusive community dedicated to our colleagues and a resilient partner of our Maisons and Functions, enabling them to navigate through accelerated change in their business environment.

Financial review

in €m	2021	2020	% change
Sales	**13 144**	14 238	-8%
Cost of sales	**(5 283)**	(5 627)	
Gross profit	**7 861**	8 611	-9%
Net operating expenses	**(6 383)**	(7 093)	-10%
Operating profit	**1 478**	1 518	-3%
Net financial income/(costs)	**25**	(337)	
Share of post-tax results of equity-accounted investments	**12**	17	
Profit before taxation	**1 515**	1 198	+26%
Taxation	**(226)**	(267)	-15%
Profit for the year	**1 289**	931	+38%
Analysed as follows:			
Attributable to owners of the parent company	**1 301**	933	
Attributable to non-controlling interests	**(12)**	(2)	
Profit for the year	**1 289**	931	+38%
Earnings per share – diluted basis	**€ 2.296**	€ 1.646	+39%

Any references to Hong Kong SAR, Macau SAR and Taiwan within this financial review are to Hong Kong SAR, China; Macau SAR, China; and Taiwan, China respectively.

Sales

Richemont has reported a strong performance in exceptional circumstances. Due to closures of points of sales, logistics centres and manufacturing sites, as well as the halt in international tourism resulting from the Covid-19 pandemic, sales contracted by 26% at actual exchange rates and by 25% at constant exchange rates in the first half of the financial year. As initial lockdown measures began to ease, the Group's Maisons and businesses demonstrated remarkable agility and resilience to adapt to clients' demands, with sales growing by 12% and by 17% at actual and constant exchange rates, respectively, in the second half of the financial year compared to the same period in the prior year. In the fourth quarter of the financial year, sales increased by 30% and 36% year-on-year at actual and constant exchange rates, respectively. Overall, the decline in sales for the year was contained to 8% at actual exchange rates and to 5% at constant exchange rates.

At actual exchange rates, sales in the Middle East and Africa were broadly in line with the prior year. Double-digit sales progression in Asia Pacific, fuelled by mainland China's triple-digits increase in sales, mitigated the decline in other regions.

Online retail sales grew by 6% for the year, supported by triple-digit increases at our Maisons, emphasising the success of the Group's ongoing digital transformation. Sales in the Group's directly operated boutiques were broadly in line with the prior year and showed growth at constant exchange rates, demonstrating our Maisons' ability to overcome widespread temporary closures. The pronounced 27% decrease in wholesale sales reflected exposure to travel retail, as well as multi-brand retailers' lower exposure to online retail and relatively longer temporary store closures in Europe versus other regions.

The Jewellery Maisons sales exceeded pre-Covid levels with 3% growth, highlighting the continued strength of Cartier and Van Cleef & Arpels. The other business areas experienced a decline in sales for the full year, with all business areas returning to growth in the latter part of the year.

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

Gross profit

At € 7 861 million, gross profit was 9% lower than the prior year, and gross margin stood at 59.8% of sales. The 70 basis point reduction in gross margin is mainly due to lower levels of manufacturing capacity utilisation, the impact of a stronger Swiss franc on costs, higher gold prices and a higher sales mix towards locations with relatively higher import duties, such as mainland China.

Operating profit

Operating margin increased to 11.2% compared to 10.7% a year ago with operating profit being 3% lower to € 1 478 million. This 50 basis point margin improvement reflects tight control of net operating expenses, which decreased by 10% and outpaced the rate of sales decline. The Group also benefited, albeit to a lesser extent, from short-time work subsidies, government grants and rent relief, all directly linked to Covid-19 relief measures.

Selling and distribution expenses declined by 8%, in line with sales. Stringent cost management and the aforementioned rent relief and subsidies more than offset higher depreciation linked to capital investments in prior years. Communication expenses, down 27%, contracted sharply, partly due to the cancellation of physical events, and represented 7.8% of Group sales, down from 9.9% in the prior year. Fulfilment expenses of € 356 million, recorded across the Group's e-commerce activities, primarily at the Online Distributors, grew by 1%. Administrative expenses decreased by 5%, despite a stronger Swiss franc and continued expenditure in IT and digital, notably in 'new retail' initiatives. Excluding short-time work subsidies and government grants, administrative expenses declined by 2%. Other operating expenses of € 272 million included the impact of the amortisation of intangibles recognised on acquisitions, primarily relating to the Online Distributors and Buccellati.

Profit for the year

Profit for the year increased by 38% to € 1 289 million. This € 358 million increase included a € 294 million reversal in net foreign exchange losses on monetary items and a € 255 million improvement in the fair value of financial instruments, both of these items unrealised and non-cash effected at 31 March 2021. Earnings per share (1 'A' share/10 'B' shares) increased by 39% to € 2.296 on a diluted basis.

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the year ended 31 March 2021 was € 1 316 million (2020: € 984 million). Basic HEPS for the year was € 2.328 (2020: € 1.742), diluted HEPS for the year was € 2.322 (2020: € 1.736). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 30.3 of the Group's consolidated financial statements.

Cash flow

At € 3 218 million, cash flow generated from operating activities was € 848 million higher than last year due to a resilient operating profit and strict cash protection measures. Reductions in inventory and increased creditor balances, partially offset by an increase in receivables, resulted in an inflow from working capital of € 529 million.

Net investment in tangible fixed assets amounted to € 372 million, a € 196 million reduction over the prior year. Investments primarily related to the selective renovation and relocation of existing boutiques in the Maisons' store network and continued investments in technology, primarily at the Online Distributors.

The 2020 dividend of 1.00 per share (1 'A' share/10 'B' shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2020. The overall dividend cash outflow in the period amounted to € 529 million (2019: € 1 017 million).

During the year under review, the Group did not acquire any treasury shares to hedge executive share options. However, within the framework of the 2020 equity-based shareholder loyalty scheme, the Group received 17.8 million warrants (see note 31.2) at no cost in respect of treasury shares held on the date of issue and purchased a further 89.0 million warrants at a total cost of € 15 million (2020: € nil). These warrants will be used, together with the treasury shares, to provide a comprehensive hedge of the Group's potential obligations arising from its share option and restricted share unit plans. Proceeds from the exercise of share options by executives and other activities related to the hedging programme amounted to a net cash inflow of € 32 million (2020: € 13 million).

Balance sheet

At 31 March 2021, inventories amounted to € 6 319 million, a € 339 million decline over the prior year (2020: € 6 658 million). Inventories represented 18.3 months of cost of sales (2020: 17.8 months).

At 31 March 2021, the Group's net cash position rose to € 3 393 million (2020: € 2 395 million). The € 998 million improvement versus the prior year can be attributed to the significant € 848 million increase in cash flow from operating activities and a € 184 million reduction in investment in tangible fixed assets. This improvement more than compensated for the € 253 million (US$ 300 million) investment in convertible notes issued by Farfetch, as announced on 5 November 2020. 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 francs, euros and US dollars.

Shareholders' equity represented 51% of total equity and liabilities compared to 57% in the prior year.

Proposed dividend

In view of the Group's strong results and improving economic environment, the Board has proposed a dividend of CHF 2.00 per 'A' share/10 'B' shares.

The dividend will be paid as follows:

	Gross dividend per 1'A' share/ 10 'B' shares	Swiss withholding tax @ 35%	Net payable per 1'A' share/ 10 'B' shares
Dividend	CHF 2.00	CHF 0.70	CHF 1.30

The dividend will be payable following the annual general meeting; which is scheduled to take place in Geneva on Wednesday 8 September 2021.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Monday 20 September 2021. Both will trade ex-dividend from Tuesday 21 September 2021.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Thursday 23 September 2021 and is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Wednesday 29 September 2021 and is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividend payable to South African Depository Receipt holders may be found in a separate announcement dated Friday 21 May 2021 on SENS, the Johannesburg Stock Exchange news service.

Review of operations

Sales by region

in €m	2021	2020	Constant exchange rates*	Actual exchange rates
Europe	**2 955**	4 298	-30%	-31%
Asia Pacific	**5 937**	4 992	+22%	+19%
Americas	**2 388**	2 806	-10%	-15%
Japan	**940**	1 212	-21%	-22%
Middle East and Africa	**924**	930	+4%	-1%
	13 144	14 238	-5%	-8%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2020.

The following comments on Group sales refer to year-on-year movements at constant exchange rates and include Online Distributors unless otherwise stated.

Europe

Sales in Europe, down 30%, were the most severely impacted by the pandemic, given travel restrictions, curfews and the temporary closures of stores as well as a number of distribution centres in the first quarter of the financial year. The region also suffered from a halt in tourism, only partially mitigated by increased spending from domestic clientele. All main markets excluding Russia recorded double-digit declines.

However, in the final quarter of the financial year, the year-on-year decrease in sales was limited to 7%.

Excluding Online Distributors, the Maisons' online retail sales grew by triple-digits. Overall, online retail recorded a single-digit sales increase, partially mitigating double-digit sales declines in the wholesale and retail channels. All business areas recorded lower sales.

Europe's contribution to Group sales declined from 30% a year ago to 23%. It remained the Group's second largest region after Asia Pacific.

Asia Pacific

Asia Pacific enjoyed the best performance of all regions, with sales increasing by 22%, with three consecutive quarters of growth during the fiscal year and a 106% increase in the final quarter of the financial year.

While the region was the first to suffer from the outbreak of Covid-19, it was also the first to see sales rebound sharply as early as May 2020 in mainland China. Triple-digit sales growth in mainland China more than offset declines in locations affected by a halt in tourism, notably Hong Kong SAR and South Korea. Mainland China benefited from the repatriation of previously outbound tourist demand and increased domestic spending.

Strong double-digit sales growth in the retail and online retail channels more than offset slightly lower sales in the wholesale channel. The Jewellery Maisons and Specialist Watchmakers both posted double-digit sales growth in the region for the full year.

Asia Pacific accounted for the largest share of Group sales at 45%, a notable increase from 35% in the prior year, reflecting the region's relative outperformance.

Americas

Sales in the Americas declined by 10%, reflecting the aforementioned pandemic-related factors, primarily in the first quarter of the financial year. However, the region then benefited from three consecutive quarters of improvement, with 21% growth in the fourth quarter of the financial year.

Good growth in online retail sales could not compensate for sales declines in the other channels. Among our business areas, the Jewellery Maisons posted growth.

The region contributed 18% of Group sales compared to 20% in the prior year.

Japan

Sales in Japan decreased by 21% due to the Covid-19 pandemic and its resulting impact on trading conditions. However, in the third quarter of the financial year sales turned positive, with 15% growth in the fourth quarter.

Sales grew strongly in the online retail channel but contracted in the other channels. All business areas registered lower sales.

Japan accounted for 7% of Group sales, broadly in line with the prior year.

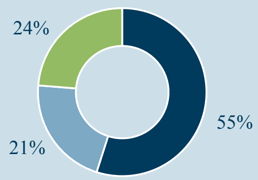
Middle East and Africa

Sales in the Middle East and Africa increased by 4% for the financial year. The region benefited from the return of international tourism in the second half, a repatriation of sales from some locations with travel restrictions, the internalisation of the Jewellery Maisons' operations in Saudi Arabia and the development of the Maisons' online offer.

Robust growth in retail and online retail sales more than offset lower wholesale sales. Equally, double-digit increases at the Jewellery Maisons and Online Distributors more than compensated for lower sales in the other business areas.

The contribution of the Middle East and Africa to Group sales was maintained at 7% of Group sales.

Sales by distribution channel



in €m	2021	2020	Constant exchange rates*	Actual exchange rates
Retail	**7 248**	7 338	+2%	-1%
Online retail	**2 794**	2 646	+9%	+6%
Wholesale and royalty income	**3 102**	4 254	-25%	-27%
	13 144	14 238	-5%	-8%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2020.

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

Retail

Retail sales grew by 2%, driven by high single-digit growth at the Jewellery Maisons in an environment affected by recurring periods of store closures due to the Covid-19 pandemic. Fourth quarter sales saw a remarkable rebound with 62% growth year-on-year, partly due to less demanding comparatives, and 22% growth compared to 2019.

Strong sales in Asia Pacific and the Middle East and Africa more than compensated for lower sales in the other regions.

Overall, the Maisons' 1 190 directly operated boutiques increased their contribution to Group sales from 51% in the prior financial year to 55% in this financial year.

Online retail

Online retail generated 9% sales growth from Group Maisons and Online Distributors, with increases across all regions. In the fourth quarter of the financial year, sales rose by 22%, partly supported by new flagship stores on Alibaba's Tmall Luxury Pavilion.

Online retail sales at our Maisons recorded triple-digit growth, driven by the Jewellery Maisons and Specialist Watchmakers. They accounted for 7% of Group sales excluding Online Distributors. Overall, the share of online retail rose to 21% of Group sales from 19% a year ago.

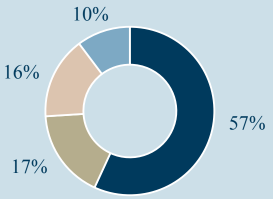
Wholesale

The Group's wholesale sales decreased by 25%, with fourth quarter sales up by 1% year-on-year.

Sales declined in all regions, although the contraction in Asia Pacific was limited to 1%. Temporary store closures at franchise and multi-brand retail partners, notably in travel retail, combined with lower digital penetration, weighed on wholesale sales, which declined across all business areas.

The contribution of the Group's wholesale channel amounted to 24% of Group sales compared to 30% in the prior financial year.

Sales and operating results by segment



Jewellery Maisons

in €m	2021	2020	Change
Sales	**7 459**	7 217	+3%
Operating results	**2 309**	2 077	+11%
Operating margin	**31.0%**	28.8%	+220 bps

The Jewellery Maisons demonstrated their continued strength by delivering 3% sales growth at actual exchange rates and 7% at constant exchange rates. The increase in sales was driven by solid retail sales and a triple-digit acceleration in online sales. The enduring appeal of Cartier, Van Cleef & Arpels and Buccellati led to a significant rebound in sales from the low points in April and May 2020, when more than 50% of the Maisons' network was closed. Sales at the end of the financial year exceeded pre-Covid levels. The Jewellery Maisons' teams displayed exceptional reactivity and agility in managing capacity utilisation to meet both a sharp decrease in demand in the first half of the financial year contrasted with a strong acceleration in the second half of the year, finishing the year with a 54% sales rebound in the fourth quarter of the financial year. Overall, jewellery sales grew vigorously, with watch sales contracting moderately. Cartier, Van Cleef & Arpels and Buccellati continued to nurture their iconic collections, notably with *Clash Supple* and *Santos* for Cartier, *Frivole* and *Perlée* for Van Cleef & Arpels and *Opera Tulle* for Buccellati.

Performance was driven by double-digit sales increases in Asia Pacific and the Middle East and Africa, with lower sales in other regions.

Operating results increased by 11%, reflecting a combination of higher sales, strong cost discipline, and the agility to mitigate impacts of a stronger Swiss franc and higher gold prices. Operating margin also improved, rising by 220 basis points to 31.0%.

The Jewellery Maisons focused investment on client-centric digital initiatives and selective store renovations. These investments included for Cartier the renovation of the Dubai Mall and Paris Saint Honoré boutiques, and for Van Cleef & Arpels new flagship stores on Alibaba's Tmall Luxury Pavilion and at Wuxi Center 66 in mainland China. A new jewellery workshop was opened to support Van Cleef & Arpels' jewellery growth, while Buccellati pursued its international development with seven new stores (net). Buccellati also secured its iconic location in Rome on Via Dei Condotti.

Specialist Watchmakers

in €m	2021	2020	Change
Sales	**2 247**	2 859	-21%
Operating results	**132**	304	-57%
Operating margin	**5.9%**	10.6%	-470 bps

The 21% decline in Specialist Watchmakers' sales reflected a 38% decrease in sales in the first half of the financial year followed by a marked improvement in the second half of the year, with sales up 10% year-on-year in the final quarter of the year. The double-digit sales progression recorded in Asia Pacific for the year partially mitigated a contraction in the other regions. Of note is the successful breakthrough of the Specialist Watchmakers in mainland China, where sales grew by triple-digits, and the acceleration in their digital transformation. Online sales grew by triple-digits driven by a sharp acceleration of all digital initiatives, including the opening of flagship stores on Alibaba's Tmall Luxury Pavilion for IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget and Vacheron Constantin, and participation in Watches & Wonders fairs in Shanghai and Sanya. Notable collection performances included Piaget's *Possession* jewellery, Jaeger Le-Coultre's *Master* and *Reverso Tribute*, IWC Schaffhausen's *Portugieser* and *Pilot* watches, and Vacheron Constantin's *Overseas* and new *Égérie* collections.

Lower sales, higher gold prices, lower levels of manufacturing capacity utilisation, and a stronger Swiss franc were only partially mitigated by lower operating costs, resulting in a 57% decrease in operating results to € 132 million. A strong focus on cash protection drove inventories lower and reduced investment in tangible fixed assets, leading to a strong increase in cash flow generation. Most of the spend was targeted at select boutique renovations, new online flagship stores, new franchise store openings as well as research & development initiatives.

Online Distributors

in €m	2021	2020	Change
Sales	**2 197**	2 427	-9%
Operating results	**(223)**	(241)	+7%
Operating margin	**-10.2%**	**-9.9%**	-30 bps

Sales of Richemont Maisons' products made through NET-A-PORTER, MR PORTER, YOOX and THE OUTNET are reported under both the Maisons' and Online Distributors' business area reporting. In Group sales, these are subsequently eliminated as 'intersegment sales'.

The 9% decline in sales reflected the impact of widespread closures of distribution centres caused by Covid-19 in the first quarter of the financial year. However, the division saw an improvement in performance in the rest of the year, with sales up 3% in the fourth quarter. Regionally, there was good sales growth in the Middle East and Africa, due to the localisation of websites. The fashion business (YOOX and THE OUTNET) benefited from the highly competitive pricing environment in online fashion and registered higher sales, which partly offset lower sales at NET-A-PORTER and MR PORTER, due to the aforementioned pricing environment and inventory efficiency initiatives. FENG MAO saw continued progress: The NET-A-PORTER flagship store on Alibaba's Tmall Luxury Pavilion expanded and last September joined forces with Watches & Wonders Shanghai to launch a successful series of digital and offline events. Lower sales at Watchfinder reflected repeated periods of temporary store closures, particularly in the UK, and resilient, albeit lower, online sales. Of note is the recent acceleration of Watchfinder's 'part exchange' programme, now available in more than 80 Specialist Watchmaker stores.

Online Distributors reduced their operating loss to € 223 million. The € 18 million improvement versus the prior year reflected strict cost control with operating expenses contracting faster than sales. The EBITDA loss was halved to € 37 million and cash flow showed a marked improvement through tight inventory management. Targeted investments were directed towards information technology, mostly linked to NET-A-PORTER's global technology and logistics platform migration and other technical improvements, as well as strategic boutique openings for Watchfinder in Geneva and Paris.

Other

in €m	2021	2020	Change
Sales	**1 345**	1 788	-25%
Operating results	**(241)**	(141)	-71%
Operating margin	**-17.9%**	-7.9%	-1000 bps

'Other' includes the Group's Fashion & Accessories businesses, watch component manufacturing and real estate activities.

Sales in the 'Other' business area were 25% lower than the prior year, although the division saw a year-on-year sales increase of 12% in the fourth quarter of the financial year. Strength in mainland China limited the impact of declines in other locations. Performance was particularly affected by lower wholesale sales, reflecting a sharp contraction in travel retail. Retail sales were lower, with the exception of the Asia Pacific region, which was supported by the performance of dunhill and Montblanc. Online retail sales grew by strong double-digits, broad-based across most Maisons. Online sales accounted for 17% of total sales for this business area, compared to 9% a year ago. Overall, Serapian and Peter Millar showed the greatest resilience.

The year has been rich in developments with the arrival of Philippe Fortunato in September as CEO of Fashion & Accessories Maisons, new creative directors at Chloé, Alaïa and Montblanc, the highly acclaimed launch of AZ Factory, and a number of noteworthy launches, including the Montblanc *M_Gram* collection, the Chloé *Woody* tote, the dunhill *Lock Bag* and enrichment of the *G/FORE* collection at Peter Millar. The Fashion & Accessories Maisons accelerated their digital transformation with the opening of Alibaba's Tmall Pavilion flagship stores for Montblanc, Chloé and dunhill, and the relaunch of Peter Millar's e-commerce platform.

In the year under review, operating losses increased to € 241 million, primarily reflecting lower sales and lower gross margin, partially mitigated by significant cost reductions. Cash flow generation significantly improved.

Valuation adjustments on acquisitions

in €m	2021	2020	Change
Valuation adjustments on acquisitions	**(197)**	(196)	+1%

The amortisation of intangible assets and inventory adjustments made on acquisition are no longer shown in the operating results for the respective segments.

Corporate costs

in €m	2021	2020	Change
Corporate costs	**(296)**	(283)	+5%
Central support services	**(254)**	(249)	+2%
Other operating expense, net	**(42)**	(34)	+24%

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 business areas. The majority of corporate costs are incurred in Switzerland. For the year under review, they represented slightly over 2% of Group sales.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Corporate social responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons and our operating companies lies at the heart of the way we work. Richemont has reported its Corporate Social Responsibility ('CSR') progress every year since 2006. Richemont's 2021 Sustainability Report, including our latest developments and relationship with the United Nations Sustainable Development Goals ('SDGs'), will be available from July 2021 at www.richemont.com/en/home/sustainability/reporting-centre/

Transformational CSR Strategy

To meet our stakeholders' evolving expectations, the Group's Transformational CSR Strategy ('Strategy') was elaborated by the CSR Committee in collaboration with our Maisons and support functions. The Strategy includes our commitments over the short, medium and long term. We have named these distinct commitment groupings Foundational, Aspirational and Transformational. Altogether, the Strategy represents Richemont's Movement for Better Luxury.

The Strategy's four focus areas – people, sourcing, environment and communities – work together towards better luxury. The Strategy's three transversal issues – governance, engagement and innovation – bind those focus areas together. Each is summarised below. Their respective commitments, targets and performance indicators may be found in the full Sustainability Report.

Governance

The Group's activities are guided by a framework that helps Richemont managers, employees and suppliers to understand our expectations and commitments. The framework includes our Corporate Responsibility Policies, as well as codes of conduct for employees, suppliers and environmental management.

Internally, the Group monitors performance by focus area and by Maison, providing additional guidance and support when appropriate. This monitoring includes oversight of our Maisons' own CSR governance, planning and communications.

The Board oversees the Strategy and management's performance via its Ethics Sub-Committee (to February 2021) and its Governance and Sustainability Committee (from March 2021).

The entire Sustainability Report will be independently assured in 2021. This initiative will ensure continuous improvement in the quality of our report and reporting systems, as well as greater confidence for the users of our report, including investors, employees and candidates. In prior years, only the Group's carbon-emissions disclosures were independently assured.

Engagement

Richemont and its Maisons engage with stakeholder groups on a regular basis. These groups range from customers and employees to investors and suppliers. Regarding investors, we consult with our largest shareholders to determine their concerns and priorities regarding CSR issues and disclosures. We also engage with selected rating agencies on Environment, Social and Governance ('ESG') matters.

Richemont's annual Sustainability Report reflects the evolving expectations of those stakeholder groups regarding transparency. We continuously review the reporting environment in areas such as Task Force on Climate-related Financial Disclosures ('TCFD') for climate-sensitive scenarios, and the outcome of proposals from the Global Reporting Initiative ('GRI'), International Integrated Reporting Council ('IIRC'), Sustainability Accounting Standards Board ('SASB') and other value reporting standard setters.

To ensure continued alignment between stakeholder interests and our Strategy, two materiality analyses were conducted in 2019. The second analysis focused on stakeholders aged 25 or younger to better understand their expectations: the Gen-Z Edition.

At a local level, each Maison and platform has its own CSR structure, driving strong engagement and communications with employees and customers. This was boosted by the new corporate website, which provides a platform for more dynamic reporting, and the annual CSR Conferences, which bring together our local, international and corporate experts, further strengthening our networks.

A continuous programme of training for CSR representatives – Richemont's CSR Faculty, powered by the University of Cambridge Institute for Sustainability Leadership – ensures that momentum is maintained between annual conferences. In turn, that programme continuously supports our employee communication and engagement efforts.

Linked to our Strategy, a Group Identity project has identified values and behaviours which characterise Richemont. These appear on the new website and throughout new corporate materials such as the next edition of our Standards of Business Conduct.

Innovation

Our innovative practices range from new materials to new distribution models and from new ways to collaborate internally to new ways to improve customer service.

While we hope that every innovation adds to Richemont's prospects, only certain innovations contribute to our movement for better luxury. Those innovations include experimentation with circular business models, including pre-owned watches. Other long-term innovative commitments include traceability for certain materials and employee-centred career development.

The Environmental Performance Hub analyses the Life Cycle ('LCA') of the current and potential raw materials used in our Maisons' products. Such LCAs address carbon, biodiversity and certain social impacts and will guide our future sourcing decisions.

People

Richemont directly employs over 34 000 people in design, manufacturing, distribution, retail and support functions. Reflecting the location of our Maisons' manufacturing bases and international distribution centres, the majority of employees are based in Europe.

Training is a key component of our Maisons' success and is fully integrated in the performance and development appraisal process for every employee. The quality and longevity of our goods rely on highly skilled craftspeople, while our customers' satisfaction relies both on that quality and the passion of retail associates.

To preserve the skills of master craftsmen from one generation to the next, our Maisons engage a number of apprentices each year. The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP') and the Fondation de la Haute Horlogerie. Richemont also supports the Creative Academy in Milan, which promotes the integration of design talents within the Group.

Our Retail Academies provide platforms for recruiting and training personnel for our Maisons' boutiques across China and the US.

Growing attention to Diversity, Equity and Inclusion ('DEI') matters has prompted training about unconscious bias, senior appointments and many other measures across the Group, particularly during the year under review. The gathering of meaningful statistics has also progressed, enabling the identification of gaps to be filled and guiding our employment decisions. It is also guiding our decisions on supplier engagement for positive social impact, although that is at an earlier stage and will be developed as part of our Aspirational commitments.

Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore work with our suppliers to ensure their social and environmental impacts meet our standards: individually through our Supplier Code of Conduct, which is being updated to reflect our Strategy as well as the United Nations Guiding Principles for Business and Human Rights; and collectively through the Responsible Jewellery Council ('RJC').

Our Maisons are making good progress towards 100% RJC-certified gold. To minimise their environmental impact, they give preference to gold from recycled sources rather than large-scale mines. For both environmental and social reasons, certain Maisons also source gold from artisanal and small-scale mines through the Swiss Better Gold Initiative.

In addition to their responsible gold and diamond sourcing activities, our Maisons have mapped their supply chains for certified leather and packaging from sustainable sources. Each year, between 100 and 200 suppliers are audited as part of the regular relationship with our Maisons.

Environment

Our Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues.

The Group seeks to minimise its carbon emissions through energy-efficient building design and energy-saving measures in our activities. Building upon its current levels of renewable electricity sourcing worldwide, during the year under review Richemont committed to 100% renewable energy by 2025. In parallel, Richemont has a long-standing programme of carbon offset purchases to neutralise its measured emissions (Scope 1, Scope 2 and Scope 3 logistics and business travel). The main beneficiary of those offset purchases is the Lower Zambezi REDD+ Project, protecting forests close to that river. The costs of offset purchases are reinvoiced to the Maisons to increase awareness and to encourage energy efficiency.

Richemont has set long-term, science-based targets ('SBTs') to reduce its overall carbon intensity and absolute carbon emissions, as well as the environmental impact of its packaging, logistics and business travel. Our SBTs to 2025 and 2030 were submitted for independent assessment in May 2021. These reduction efforts build upon existing practices, which were rated 'A-' by CDP in 2020.

Communities

Our Maisons support programmes that reflect their historical and cultural background and the nature of their products, together with global and local community programmes. Individually, our employees contribute to the local communities in which they live and work in many ways, including volunteering.

Programmes include Cartier Philanthropy, Fondation Cartier pour l'art contemporain, Michelangelo Foundation for Creativity and Craftsmanship, Fondation de la Haute Horlogerie, Peace Parks Foundation and Laureus Sport for Good Foundation. The Group donates some € 30 million per year to these and other programmes.

Responsible Jewellery Council

The RJC promotes responsible, ethical, human rights, social and environmental practices in the gold, platinum and diamond supply chains. In 2019, the scope was enlarged to include silver, sapphires, emeralds and rubies. It is the leading standard for the watchmaking and jewellery industry and is a member of the ISEAL Alliance. Further information may be obtained at www.responsiblejewellery.com

The RJC's 1 400 corporate members span from mining houses to jewellery and watch retailers, and employ more than 300 000 people. All of our Maisons using gold, platinum and diamonds as well as YOOX NET-A-PORTER are members and independently certified against its mandatory Code of Practices Standard.

The RJC's voluntary Chain-of-Custody ('CoC') Standard supports claims for responsibly sourced gold and platinum. A growing number of our Maisons and their suppliers have already elected to become CoC certified and that Standard is the basis of our longer-term ambition to source 100% certified gold.

In December 2020, the RJC launched its 2030 Roadmap, aligning the principles embedded in its Code of Practices with the United Nations Sustainable Development Goals ('SDGs'). Richemont is co-Chairing the RJC's SDG Taskforce, which will determine the metrics and levers most appropriate to its broad membership, from mines to retail enterprises. Richemont's long-term partnership with the RJC will enable both to meaningfully contribute towards the SDGs.

RESPONSIBLE JEWELLERY COUNCIL

Peace Parks Foundation

Peace Parks Foundation is reconnecting Africa's wild spaces to create a future for humankind in harmony with nature.

For over 20 years, Peace Parks Foundation has challenged the traditional thinking of ring-fenced conservation areas and focused on building functional ecosystems that stretch beyond man-made borders. Through partnerships with governments and like-minded organisations, with the support of its dedicated donors, Peace Parks works with local communities to put systems and processes in place that strengthen the development, governance and protection of conservation areas.

In 2020, global lockdowns caused revenue streams to protected areas to dry up overnight. Peace Parks Foundation immediately reached out to its donors for support that could mitigate the severe impact travel restrictions would have on migrant workers and vulnerable communities. The German Government, through KfW Development Bank, responded in a massive way and through a Covid-19 emergency relief fund donated € 6 million for health and employment programmes that are meeting the most urgent needs of thousands of families who suffered a loss of livelihood.

Although border closures hampered rewilding efforts, Peace Parks Foundation managed to translocate more than 700 wild animals to Zambia's Simalaha Community Conservancy and reintroduce the first large resident predators, a clan of four hyena, to Zinave National Park in Mozambique.

More than ever before, there is a global awareness of the dangers that surround the illegal traffickin of wildlife and their products. During 2020, Peace Parks Foundation had many successes in reducing wildlife trafficking in southern Africa. The counter-trafficking canine unit operating in Maputo International

The large-scale transfrontier conservation efforts of Peace Parks Foundation aim to renew and preserve a natural world that can sustain and enable a tomorrow for humans and nature

A clan of four spotted hyena en route to Zinave National Park where they will be the first resident large predators in four decades

Airport, jointly founded by Mozambique's National Administration for Conservation Areas, African Wildlife Foundation and Peace Parks Foundation, apprehended a suspect attempting to smuggle products derived from the poaching of at least ten lions and four rhinos.

With support from the US Department of State's Bureau for International Narcotics and Law Enforcement Affairs, the five partner states of the Kavango Zambezi Transfrontier Conservation Area embarked on a collaborative initiative to improve capacity, synergy and effectiveness of customs and law enforcement agencies responsible for controlling the movement of goods through all 33 of Kavango Zambezi's ports of entry and exit. In Malawi, twelve intelligence and investigation officers were trained to bolster anti-poaching efforts in Nyika National Park and Vwaza Marsh Wildlife Reserve, whilst in South Africa, the Wildlife Zones Initiative was launched by the Department of Environment, Forestry and Fisheries in partnership with Peace Parks Foundation – an initiative that will see the country's rhinos being protected as a single national herd.

Peace Parks Foundation is deeply grateful for its donors' unwavering support and especially thanks Richemont for donating funds raised during its Finance Conference in 2020. Without this support, Peace Parks Foundation would not have been able to do its part in restoring tomorrow. With the effects of Covid 19 sure to linger for the foreseeable future, Peace Parks Foundation will heavily rely on its donor community and businesses to help overcome these intensified challenges

Contact

Werner Myburgh, CEO, Peace Parks Foundation
Tel: +27 (0)21 880 5100
E-mail: wmyburgh@ppf.org.za
Website: www.peaceparks.org

Laureus

It is more than two decades since Richemont's support brought Laureus Sport for Good to life, and its mission to end violence, discrimination and disadvantage has never been more important.

Originally conceived by Richemont Chairman Johann Rupert, Laureus Sport for Good was launched in response to Nelson Mandela's famous words at the inaugural Laureus World Sports Awards: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. It is more powerful than governments in breaking down racial barriers."

Sport's power to cross boundaries, unite communities and raise awareness of societal issues has become increasingly important and even more impactful in the 21 years since President Mandela said those words. In that time, Laureus has changed the lives of more than six million young people – each and every one of whom has benefited from the support that Richemont has provided

In 2020, like everyone, Laureus' work was made even harder by the impact of Covid-19. The young people supported by Laureus, more than 300 000 each year, were already those most at risk, already isolated, facing violence, poverty and lack of access to safe spaces, technology and opportunity. Their plight was exacerbated by the pandemic.

Ahead of the 2020 Laureus World Sports Awards, Laureus Academy Member Cafu visits the Laureus-supported Kicking Girls programme in Berlin

Thanks to the backing of Richemont, Laureus was able to adapt and keep supporting them. It brought together partners from around the world to launch the Sport for Good Response Fund, providing new grants to more than 80 organisations in 24 countries. It adapted existing grants to best serve the changing needs of the Laureus partners. As so many of those partners turned to digital delivery for the first time, Laureus worked with UNICEF to develop new online child safeguarding tools. It created new virtual spaces across multiple time zones for programme leaders to come together, sharing problems and solutions. And the Laureus Academy Members and Ambassadors, some of the greatest athletes of all time, stepped up, from fundraising for local health services to working to share the latest public health advice to as wide an audience as possible.

When considered alongside Richemont and our Maisons' sponsorships and involvement in sports events and properties around the world, Laureus provides an opportunity to showcase the power of sport not just for building brands or raising awareness, but for changing lives. Its work is aligned to the objectives of the United Nations Sustainable Development Goals, and has been proven by extensive research, also pioneered by Laureus, to help change young people's lives for the better.

Richemont is supporting Laureus in a variety of ways: sponsorship of the Laureus World Sports Awards by IWC Schaffhausen and Montblanc; donations from Richemont to support Laureus' programmes in Switzerland, India, North America, Germany and many other countries; and licence agreements with Maisons to allow the creation of Laureus-themed products. Richemont employees have been involved in a wide range of fundraising activities themselves, to personally raise funds to support Laureus' work.

Together, Laureus and Richemont continue to champion the concept that the power of sport can change the world, something now recognised by brands, governments, the United Nations and more. Sport for Good has truly become a global movement, but it is still deeply rooted in individual people in local communities.

That development, and the millions of lives changed as a result, underlines why Richemont is proud to support Laureus Sport for Good.

For more information, go to www.laureus.com

Michelangelo Foundation

The Michelangelo Foundation for Creativity and Craftsmanship is a private, not-for-profit, international foundation based in Geneva, Switzerland, founded in 2016 by Johann Rupert, its Chairman, and Franco Cologni, its Executive Vice Chairman. Its purpose is to champion craftsmanship, endorse and enable its artisans to sell their work, and to sustain and grow their business in the long term.

The highlight of 2020 for the Foundation was the launch in September of the Homo Faber Guide, a digital platform dedicated to fine craftsmanship. To date, it maps 28 European countries, 900 craftspeople and over 600 ateliers, museums, galleries, shops and experiences; connecting designers, collectors and craft enthusiasts with European excellence, and giving vital visibility to the Foundation's community of talented artisans. With weekly content updates and new countries added every three months, the Guide continues to grow.

Julien Feller, woodcarver, Belgium
One of the 900 artisans on the Homo Faber Guide

The constant evolution of this dynamic platform is made possible by a wide network of 'artisan hunters' on the ground in each country, and a privileged array of partner institutions, who source local craftspeople, enabling the Foundation to have a far reach. To facilitate the sourcing process, in 2020, the Foundation launched The Evaluation Tool, a digital assessment based on its signature eleven criteria of excellence, which permits a more conscious selection.

The Foundation collaborated with Richemont to create an insightful digital cultural programme entitled Homo Faber: The Roots of Luxury for the Group's global community. Masterminded by the Foundation's Executive Director, Alberto Cavalli, this engaging series of educational online talks and demonstrations revealed the expertise and characteristics that lie behind luxury through its criteria of excellence.

During the year under review, the Foundation has been active in its work linked to preserving and revitalising endangered crafts, notably forming an important partnership with the UK's Heritage Crafts Association, to extend their Red List of Endangered Crafts to a European level.

The Foundation looks forward to the second edition of the Homo Faber event in April 2022, dedicated to the Living Treasures of Europe and Japan. The event welcomes Japan as a guest of honour, with a rare exhibition of objects crafted by twelve National Living Treasures. Imagined by a line-up of world-renowned curators, the 16 exhibition spaces promise an exceptional showcase in Venice. Sustainability will be a key focus in the coming year, with the launch of a Green List that classifies craft by its eco-credentials, as well as the founding of a Refugee Programme, which will provide opportunity to skilled craftspeople who have migrated to Europe.

For more information on the Michelangelo Foundation, please visit: www.homofaberevent.com or www.homofaberguide.com

Contact

Pont de la Machine 1, 1204 Geneva, Switzerland
Tel: +41 (0)22 808 58 80
Email: info@michelangelofoundation.org
Website: www.michelangelofoundation.org

Board of Directors

1.

2.

3.

4.


1. Johann Rupert
Chairman
South African, born 1950

Mr Rupert was first appointed to the Board in 1988 and served as Chairman from 2002 to 2013. Following a sabbatical year, he was reappointed Chairman in September 2014. He is Chairman of the Nominations Committee and the Senior Executive Committee.

Mr Rupert is the Managing Partner of Compagnie Financière Rupert. He studied economics and company law at the University of Stellenbosch. After working for the Chase Manhattan Bank and Lazard Frères in New York, he founded Rand Merchant Bank in 1979. In 1985, he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. He also served as Chief Executive Officer from 2003 to 2004 and from 2010 to 2013. He is Non-executive Chairman of Remgro Limited and Chairman of Reinet Investments Manager S.A., the management company of Reinet Investments S.C.A.

Mr Rupert holds honorary doctorates in Law, Economics and Commerce, is Chairman of the Peace Parks Foundation and the Michelangelo Foundation.

2. Josua Malherbe
Non-executive Deputy Chairman
South African, born 1955

Mr Malherbe was appointed to the Board in 2010 as a Non-executive Director and has served as Deputy Chairman since September 2013. He also serves as Chairman of the Audit Committee and is a member of the Strategic Security and Nominations Committees.

He qualified as a Chartered Accountant from The South African Institute of Chartered Accountants in 1984 and worked with the predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank in 1985. In 1990 he joined Rembrandt Group Limited and was involved with Richemont at that time. Since its formation in 2000, he served first as Chief Executive Officer and then as Deputy Chairman of VenFin Limited until 2009 when that company was acquired by Remgro Limited.

Mr Malherbe continues to serve as a director of Richemont Securities S.A., Remgro Limited, Reinet Investments Manager S.A., and Pension Corporation Group Limited.

3. Jérôme Lambert
Group Chief Executive Officer
French/Swiss, born 1969

Mr Lambert was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He graduated from ESG Management School, Paris and completed post-graduate studies at the Swiss Graduate School of Public Administration.

Prior to joining the Group, he held financial roles in Switzerland's public postal and telecommunications service. Mr Lambert joined Jaeger-LeCoultre in 1996 as the Manufacturer's financial controller and became Chief Financial Officer three years later. In 2002, he was appointed its Chief Executive Officer and served in that role until June 2013. Mr Lambert then became Chief Executive Officer of Montblanc until March 2017. In addition, Mr Lambert has served as Chairman of A. Lange & Söhne since 2009 and was its Chief Executive for two years. In April 2017, Mr Lambert became the Group's Head of Operations, responsible for central and regional services and all Maisons other than Jewellery and Specialist Watchmakers. In November 2017, Specialist Watchmakers Maisons were added to his scope and he was named Group Operations Officer. Mr Lambert has been the Group Chief Executive Officer since September 2018.

4. Burkhart Grund
Chief Finance Officer
German/American, born 1965

Mr Grund was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He is a graduate in Business Administration of Georgia Southern University, US and completed his graduate studies in International Finance at Münster University, Germany.

Prior to joining the Group, he held various positions in the Finance department at Wella AG and was appointed Chief Financial Officer of the Wella subsidiary in Chile in 1996.

He moved to Richemont in 2000 to be Chief Financial Officer of Montblanc France, a position which he held until 2006 when he joined Van Cleef & Arpels as Vice President and Chief Financial Officer. In 2016, Mr Grund was appointed Group Deputy Finance Director, and became a member of the Senior Executive Committee. In August 2017, Mr Grund was appointed Group Chief Finance Officer.

Board of Directors continued

5. Nikesh Arora
Non-executive Director
American, born 1968

Mr Arora was appointed to the Board as a Non-executive Director in 2017 and is a member of the Nominations Committee.

He holds an M.S. in Business Administration from Northeastern University (1990-1992), an M.S. in finance from Boston College (1992-1994) and a B. Tech. in electrical engineering from the Institute of Technology at Banaras Hindu University (1985-1989).

Mr Arora is currently the Chairman and CEO of Palo Alto Networks, the world's largest independent cybersecurity company based in Santa Clara California. He has been in this role since 1 June 2018. Prior to this Mr Arora was President and Chief Operating Officer of SoftBank Group Corp., the global telecommunications company and technology investor; he worked at SoftBank from September 2014 till June 2016.

Prior to that Mr Arora has held a number of senior positions in the technology sector. He held various roles at Google since 2004, his last role being Senior Vice President and Chief Business Officer of Google, Inc. from 2009 until 2014. Prior to that Mr Arora worked at Deutsche Telekom AG where his last role was CMO of T-Mobile International; he was at DTAG from 1999 until 2004. Prior to this he was in financial roles at Putnam Investments and Fidelity Investments.

6. Nicolas Bos
President & Chief Executive Officer of Van Cleef & Arpels
French, born 1971

Mr Bos was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He is a graduate of the ESSEC Business School.

Mr Bos joined Richemont in 1992, initially working with the Fondation Cartier pour l'art contemporain in Paris. In 2000, he joined Van Cleef & Arpels as International Marketing Director. In 2009, he became Vice President and Creative Director and in 2010 was also appointed President of Van Cleef & Arpels, Americas. In January 2013, Mr Bos became global President and Chief Executive Officer of Van Cleef & Arpels.

Since September 2019, Mr Bos also oversees Buccellati.

7. Clay Brendish
Non-executive Lead Independent Director
British, born 1947

Mr Brendish was appointed to the Board as a Non-executive Director and the Lead Independent Director in 2017. He also serves as the Chairman of the Governance and Sustainability, Strategic Security and Compensation Committees and is a member of the Audit and Nominations Committees.

He holds a Master's degree in engineering from the Imperial College, London and also holds an honorary Doctor of Science degree from the University of London.

His professional background is in the Information Technology and Communications industry, having founded Admiral plc in 1979 (now part of CGI UK). He was a Non-executive Director of BT plc from 2002 to 2011 and Non-executive Director and Chairman of the Meteorological Office from 1995 to 2003. He was also a Trustee of the Economist Newspaper from 1999 to 2012. He was most recently Non-executive Chairman of Anite from 2005 to 2015 and of SThree from 2010 to April 2018. Prior to his nomination to the Board of Richemont, Mr Brendish served as an advisor to Richemont's Strategic Security Committee.

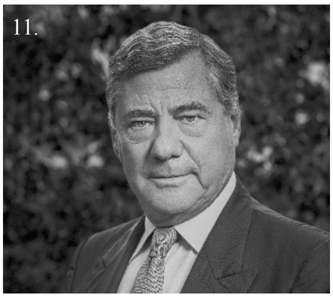
8. Jean-Blaise Eckert
Non-executive Director
Swiss, born 1963

Maître Eckert was appointed to the Board as a Non-executive Director in 2013 and is a member of the Audit and Nominations Committees.

He graduated from Neuchâtel University, Switzerland, and holds an MBA from Berkeley, University of California.

Maître Eckert has been a practising lawyer since 1989 and a Partner of Lenz & Staehelin since 1999, advising on national and international corporate, commercial and tax law.

Maître Eckert serves on the board of several Swiss companies, including PSA International SA and UL (Underwriters Laboratories) AG, and on the board of several not-for-profit organisations, including the Fondation pour la Musique et la Culture, Genève. He is also a member of a number of Swiss and international professional organisations.



9. Keyu Jin
Non-executive Director
Chinese, born 1982

Dr Jin was appointed to the Board as a Non-executive Director in 2017 and is a member of the Compensation and Nominations Committees.

She is a tenured Professor of Economics at the London School of Economics.

From Beijing, Dr Jin holds a BA, MA and PhD from Harvard University. Her specific areas of expertise are international macroeconomics, international finance and the Chinese economy.

10. Wendy Luhabe
Non-executive Director
South African, born 1957

Ms Luhabe was appointed to the Board in 2020 as a Non-executive Director and is a member of the Governance and Sustainability and Nominations Committees.

She obtained a Bachelor of Commerce from the University of Lesotho in 1981 and attended the Management Advancement Program at the University of the Witwatersrand. She also holds honorary doctorates in Commerce, including from her Alma Mater, the University of Fort Hare.

Ms Luhabe has extensive experience in luxury goods and is a social entrepreneur and economic activist with multiple honours for her pioneering contribution to the economic empowerment of women in South Africa. She is the founding Chair of Women in Infrastructure Development and Energy. She founded 'Bridging the Gap' and Women Private Equity Fund. She is also a founding member of Women Investment Portfolio Holdings. She created the Wendy Luhabe Foundation and established a scholarship at the University of Johannesburg.

Ms Luhabe is a previous Chair of Vodacom from 2000 to 2005, the Industrial Development Corporation ('IDC') from 2001 to 2009, the International Marketing Council ('IMC') from 2002 to 2009, Alliance Capital from 1997 to 2003, and Vendôme South Africa from 2001 to 2011. She has been a Non-executive Director of Tiger Brands from 1994 to 2001, Telkom from 1994 to 2003, the Johannesburg Stock Exchange from 2003 to 2011 and World Rugby from 2016 to 2018, among others.

She was a Trustee of The Duke of Edinburgh's International Award Foundation, and the founding Chancellor of the University of Johannesburg. She has served on the Boards of the IMD and ESSEC business schools, and recently stepped down as Chairman of the African Leadership University.

10. Wendy Luhabe continued

Ms Luhabe was a Non-executive Director of Pepkor from January 2019 and currently serves as Non-Executive Chairman since December 2020, she also serves as Non-Executive Chairman of Libstar since 2018, and as a Non-executive Director of the Social Justice Initiative, a non-profit organisation, since 2014.

11. Ruggero Magnoni
Non-executive Director
Italian, born 1951

Mr Magnoni was appointed to the Board as a Non-executive Director in 2006 and is a member of the Audit and Nominations Committees. In 2006, he became a partner of Compagnie Financière Rupert.

He graduated from Bocconi University and holds an MBA from Columbia University.

Mr Magnoni joined Lehman Brothers in 1977 and held a number of senior roles across that firm's international activities. In 2000, Mr Magnoni became Head of the European Private Equity division and Vice Chairman of Lehman Brothers Inc and in 2002, Chairman of Lehman Brothers International Italy. Between 2008 and 2013, Mr Magnoni served as Chairman of Nomura International plc's Investment Banking division for Europe, Middle East and Africa. He was a member of the Board of Overseers of Reinet Investments S.C.A. up to September 2009.

He is an investor and Board Director of two Italian listed industrial holding companies, IMMSI Spa and Intek Group, a member of the board of directors of Autostrade Lombarde and Società di Progetto Brebemi, as well as being Chairman of London-based, FCA-registered M&M Capital.

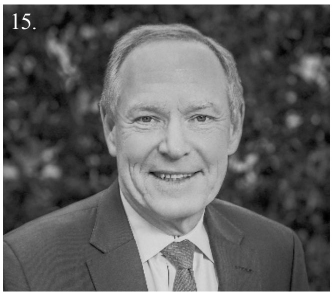
He is also involved with various philanthropic activities, including Fondazione Laureus Italia, Fondazione Dynamo Camp and Peace Parks Foundation.

12. Jeff Moss
Non-executive Director
American, born 1970

Mr Moss was appointed to the Board as a Non-executive Director in 2016 and is a member of the Nominations and Strategic Security Committees.

He holds a BA in Criminal Justice from Gonzaga University.

Board of Directors continued



12. Jeff Moss continued

Mr Moss is a computer and internet security expert and is the founder of Black Hat Briefings and DEF CON. Black Hat Briefings was created in 1997 and sold to CMP Media LLC in 2005. DEF CON was established in 1992 and is currently known as one of the world's largest hacker conventions. He served as Chief Security Officer of the Internet Corporation for Assigned Names and Numbers ('ICANN') from 2011 to 2013. Prior to this, Mr Moss served as a director at Secure Computing Corporation from 1998 to 2000.

He currently serves as a member of the Council on Foreign Relations, a Non-resident Senior Fellow at the Atlantic Council, a member of the Georgetown University School of Law Cybersecurity Advisory Committee, and a commissioner on the Global Commission for the Stability of Cyberspace ('GCSC').

13. Vesna Nevistic
Non-executive Director
Swiss/Croatian, born 1965

Dr Nevistic was appointed to the Board as a Non-executive Director in 2017 and is a member of the Audit and Nominations Committees.

She holds Swiss and Croatian citizenships and has a PhD in Electrical Engineering from the Swiss Federal Institute of Technology ('ETH') Zurich.

She has gained extensive international experience in consulting and investment banking, having been a Partner at McKinsey and Managing Director at Goldman Sachs. From 2009 to 2012, Dr Nevistic was a Group Managing Director and Head of Corporate Development at UBS, where she was part of the senior executive team that restructured the bank's operations following the financial crisis. She currently runs her own advisory boutique, focusing on corporate strategy and business transformations, and also serves as a Non-Executive Director at Samskip BV and Constellation Acquisition Corp I.

Dr Nevistic supports various non-profit organisations and is a member of the Finance Committee of the Swiss Study Foundation, and was a trustee at the Swiss Institute / Contemporary Art New York.

14. Guillaume Pictet
Non-executive Director
Swiss, born 1950

Mr Pictet was appointed to the Board as a Non-executive Director in 2010 and is a member of the Governance and Sustainability, Audit, Compensation and Nominations Committees.

14. Guillaume Pictet continued

He is a graduate of HEC, Lausanne University. His career in private banking has included membership of Darier Hentsch & Cie's senior management. He has also served as an international economist in Switzerland's Federal Department of Economic Affairs.

Since 1996, Mr Pictet has been a Founding Partner and Vice Chairman of de Pury Pictet Turrettini & Cie SA. He also serves as Chairman of Sécheron SA.

15. Alan Quasha
Non-executive Director
American, born 1949

Mr Quasha was appointed to the Board as a Non-executive Director in 2000 and is a member of the Nominations Committee.

He is a graduate of Harvard College, Harvard Business School, Harvard Law School, and New York University Law School. After practising law, he moved into commerce and since 1987 has been Chairman of Quadrant Holdings Inc.

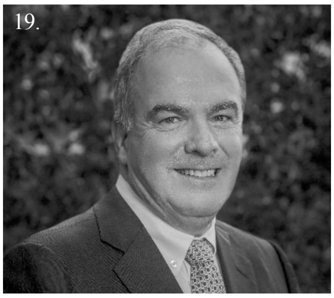
Mr Quasha served as a director of Richemont SA, Luxembourg from 1988 until 2000. He was Chief Executive Officer of North American Resources Limited between 1988 and 1998. He was a member of the Board of Overseers of Reinet Investments S.C.A. up to September 2009; he has indirect interests in certain investments held by Reinet and is involved as a manager of a fund in which Reinet has invested. He was a director of American Express Funds, a former Governor of the American Stock Exchange, and a former Chairman of the Visiting Committee of the Weatherhead Centre for International Affairs.

Mr Quasha is currently Chairman of Quadrant Holdings Inc.; Chairman of Brean Capital; Chairman of Arc Worldwide; Director of AdaptHealth Corp, where he chairs the Compensation Committee; Director of Carret Holdings, Inc.; and on the Advisory Board of Vanterra Capital. He is also Chairman of the Brain Trauma Foundation.

16. Maria Ramos
Non-executive Director
South African, born 1959

Ms Ramos was appointed to the Board as a Non-executive Director in 2011 and is a member of the Compensation and Nominations Committees.

She holds degrees from the University of the Witwatersrand (Bachelor of Commerce and a Bachelor of Commerce Honours in Economics) and from the University of London ('SOAS') – Master of Science in Economics. She also holds honorary doctorates from the University of Stellenbosch and Free State University. She obtained an Institute of Bankers' Diploma in 1983.



16. Maria Ramos continued

Ms Ramos, until February 2019, served as Chief Executive Officer of Absa Group Limited for a period of ten years. Before joining Absa (previously Barclays Africa Group Limited) in March 2009 as Group Chief Executive, Ms Ramos served as the Chief Executive of Transnet Limited. This followed an eight-year tenure as director general of South Africa's National Treasury (formerly the Department of Finance).

She has also served as a Non-executive and Independent Director on the boards of Sanlam Limited from 2004 to 2009, SABMiller PLC from 2008 to 2009, Remgro Limited from 2007 to 2009, the Interim Board of Public Investment Corporation ('PIC') from 2019 to 2020, and the Board of The Saudi British Bank from 2019 to 2020.

Ms Ramos currently serves on the boards of AngloGold Ashanti Ltd since June 2019, where she serves as Chair since December 2020, and Standard Chartered PLC from 1 January 2021.

She is a member of the Group of Thirty and co-Chaired the United Nations Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals (2018 to 2020). She also serves as a member of the International Advisory Board of the Blavatnik School of Government, Oxford University and is a member of the Bretton Woods Committee Advisory Council.

17. Anton Rupert
Non-executive Director
South African, born 1987

Mr Anton Rupert was appointed to the Board as a Non-executive Director in 2017 and is a member of the Strategic Security and Nominations Committees.

He was a director of Watchfinder.co.uk from July 2018 to December 2019 and serves as a Non-executive Director of Remgro Ltd. He is a partner of Compagnie Financière Rupert.

Mr Anton Rupert is a non-voting observer designated by Reinet Fund S.C.A., F.I.S. to the board of Carbon, Inc., a leading digital manufacturing platform and is a director of MQA Limited, a company specialised in innovative music coding technology. Since January 2021, he is a member of the Advisory Board of Asia Partners Fund LP I, a regional South East Asia private equity fund focused on growth stage technology-based opportunities.

He has knowledge of and insight into tech start-ups and has had extensive exposure to all of the Group's businesses. He brings valuable insight into changing consumer behaviour in digital marketing and web-based commerce.

18. Jan Rupert
Non-executive Director
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006 and is a member of the Strategic Security and Nominations Committees. He joined the Group as Manufacturing Director in 1999 and served as an Executive Director from 2006 to 2012. Mr Jan Rupert has served as a Non-executive Director since 2012.

Mr Jan Rupert is a graduate in mechanical engineering from Stellenbosch University, South Africa and has had an extensive career in production management in the tobacco and watchmaking industries. Prior to joining Richemont, he was Manufacturing Director of Rothmans International.

19. Gary Saage
Non-executive Director
American, born 1960

Mr Saage was appointed to the Board in 2010 and is a member of the Nominations Committee.

Mr Saage is a graduate of Fairleigh Dickinson University, US, and is a Certified Public Accountant.

Following an early career in public accounting with Coopers & Lybrand, he joined Cartier's US business in 1988. Between 1988 and 2006, he served as Chief Operating Officer of Richemont North America and of Alfred Dunhill in London. From 2006 to 2010, he served as Group Deputy Finance Director, subsequent to which he was appointed Chief Financial Officer, a position he held from 2010 to 31 July 2017. Since 1 August 2017, he has been serving as a Non-executive Director. In addition, he is the Chairman of Richemont North America and a Director of Peter Millar LLC.

Mr Saage is also a Non-executive Director of Arendale Holdings Corp.

20. Cyrille Vigneron
President & Chief Executive Officer of Cartier
French, born 1961

Mr Vigneron was appointed to the Board in 2016 and is a member of the Senior Executive Committee.

He is a graduate of the ESCP Europe (Ecole Supérieure de Commerce de Paris).

He was appointed Chief Executive Officer of Cartier in 2016. Prior to the role, Mr Vigneron was President of LVMH Japan and worked with Richemont from 1988 to 2013: principally with Cartier, rising to become Managing Director of Cartier Japan, President of Richemont Japan, and finally, Managing Director of Cartier Europe.

Corporate governance

Contents

Introduction
1. Group structure and shareholders
2. Capital structure
3. Board of Directors
4. Senior Executive Committee
5. Compensation, shareholdings and loans
6. Shareholder participation rights
7. Change of control and defence mechanisms
8. Auditor
9. Information policy

Introduction

Compagnie Financière Richemont SA (the 'Company' or 'Richemont') and its subsidiaries (together 'the Group') are committed to maintaining a high standard of corporate governance. The sections that follow provide information on the Group's structure, general shareholder information and details regarding the Board of Directors of the Company (the 'Board'), its committees, as well as the Company's Senior Executive Committee ('SEC'). They adhere to the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance ('DCG'). Cross-references to other sections of the report are provided where appropriate. In certain instances, where the issues contained in the DCG do not apply to Richemont or where the amounts involved are not material, no disclosure may be given. Additional information can be found in the Compensation report.

In addition to Swiss law, including inter alia the Swiss Code of Obligations ('CO'), the Financial Market Infrastructures Act of 19 June 2015 ('FinMIA') and all the relevant ordinances, as well as the 'Minder' Ordinance on Excessive Compensation of 20 November 2013, the Company complies with the Listing Rules of the SIX Swiss Exchange. With a secondary listing of the depository receipts issued by Richemont Securities SA ('Richemont Securities') in respect of the Company's shares, the Company also complies with the rules of the Johannesburg Stock Exchange, to the extent that they apply to companies with secondary listings there.

The Group's principles of corporate governance are codified in the Articles of Incorporation of the Company (the 'Articles'), in its Organisational Regulations and in the terms of reference of the Audit, Compensation, Governance and Sustainability, Nominations and Strategic Security Committees of the Board. The Articles and the Organisational Regulations of the Company are available on the Group's website at www.richemont.com/en/home/about-us/corporate-governance

The Group's corporate governance principles and practices are reviewed by the Audit Committee and the Board on an annual basis in the light of prevailing best practices.

The Board believes that the Company's corporate governance arrangements continue to serve its shareholders well. The Board is confident that the Group's governance structure reinforces its ability to deliver the Group's strategy of growing value for shareholders over the long term through the sustained growth of its Maisons and Online Distributors.

1. Group structure and shareholders

Group structure

The Company is a Swiss company with its registered office at 50, chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland.

The Group's luxury goods businesses are reported within: (i) Jewellery Maisons; (ii) Specialist Watchmakers; (iii) Online Distributors and (iv) Other. Each of the Maisons and Online Distributors in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central support functions and a regional functions structure around the world to provide specialised support in terms of distribution, finance, legal, IT and administration.

The market capitalisation and International Security Identification Number ('ISIN') of the Richemont 'A' shares are given in section 2 of this corporate governance report, which deals with the capital structure.

The Group holds an interest in one listed company: Dufry AG ('Dufry'). Dufry's registered office is in Basel, Switzerland and its registered shares are listed on the SIX Swiss Exchange with ISIN number CH0023405456. Further details regarding Richemont's shareholding in Dufry may be found in note 36 (for note 36 see page 121 of this report).

Details of the most significant non-listed companies within the Group are set out in note 41 ('Principal Group companies') to the Group's consolidated financial statements (for note 41 see page 135 of this report).

Significant shareholders

Compagnie Financière Rupert, a partnership limited by shares, having its registered office in Bellevue, Geneva, Switzerland, held 5 221 000 Richemont 'A' shares and 522 000 000 Richemont 'B' shares representing 10% of the Company's capital and 51% of its voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Messrs Ruggero Magnoni and Anton Rupert, both non-executive directors of the Company, and Prof Juergen Schrempp, are partners of Compagnie Financière Rupert.

As at 31 March 2021, there were no other significant shareholders in the Company, i.e. persons holding at least 3% of the voting rights. Disclosure notifications by significant shareholders of the Company can be viewed on the SIX Swiss Exchange's website at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Cross-shareholdings
Richemont does not hold an interest in any company which is itself a significant shareholder in the Group.

2. Capital structure

Capital
There are 522 000 000 'A' registered shares (''A' shares') and 522 000 000 'B' registered shares (''B' shares') in issue. Each 'A' share has a par value of CHF 1.00 and each 'B' share has a par value of CHF 0.10. The issued capital amounts to CHF 574 200 000. Further details are given in note 31 to the Group's consolidated financial statements (for note 31 see page 116 of this report).

Authorised and conditional capital
On 17 November 2020, the Company created two conditional capitals having an aggregate amount of CHF 24 200 000 allowing the Company to issue not more than 22 000 000 'A' and not more than 22 000 000 'B' shares upon exercise of shareholders warrants, to be issued under a shareholder loyalty scheme to be established by the Company.

The first conditional capital (the ''A' conditional capital') allows an increase of the Company's share capital by an aggregate amount of up to CHF 22 000 000, which represents 3.83% of the existing share capital of the Company. The 'A' conditional capital makes it possible to issue not more than 22 000 000 'A' shares, to be fully paid in, upon exercise of warrants to be issued by the Company or one of its subsidiaries to holders of 'A' shares (the 'A' warrants).

The second conditional capital (the ''B' conditional capital') allows an increase of the Company's share capital by an aggregate amount of up to CHF 2 200 000, which represents 0.38% of the existing share capital of the Company. The 'B' conditional capital makes it possible to issue not more than 22 000 000 'B' shares, to be fully paid in, upon exercise of warrants to be issued by the Company or one of its subsidiaries to holders of 'B' shares (the 'B' warrants).

Preferential subscription rights of shareholders are excluded for what regards the issuance of 'A' shares out of the 'A' conditional capital and of 'B' shares out of the 'B' conditional capital. The Board can set the terms of the 'A' warrants and of the 'B' warrants, as well as of the issuance of the new 'A' shares under the 'A' conditional capital and of new 'B' shares under the 'B' conditional capital.

The Company does not have any authorised share capital.

Changes in capital
Except for the creation of the 'A' conditional capital and the 'B' conditional capital referred to above, during the three-year period preceding the period ended 31 March 2021, there were no changes to the Company's capital structure. For movements in the reserve for treasury shares, please see the description in the section 'Share buy-back programmes' and the details in note 31 (for note 31 see page 116 of this report).

Shares, warrants, depository receipts and warrants receipts
Shares
The Company's 'A' shares are listed and traded on the SIX Swiss Exchange. The 'B' shares are not listed and are held by Compagnie Financière Rupert, as detailed above.

At 31 March 2021, Richemont's market capitalisation, based on a closing price of CHF 90.74 per share and a total of 522 000 000 'A' shares in issue, was CHF 47 366 million. The overall valuation of the Group at the year end, reflecting the value of both the listed 'A' shares and the unlisted 'B' shares, was CHF 52 102 million.

During the year under review, the highest closing price of the 'A' share was CHF 92.58 on 30 March 2021, and the lowest closing price of the 'A' share was CHF 49.96 on 3 April 2020.

The ISIN of the 'A' shares is CH0210483332 and their Swiss 'Valorennummer' 21048333.

According to Article 7 of the Articles, each share confers the right to one vote.

For Article 7 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Holders of 'A' shares and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

In respect of the financial year ended 31 March 2021, an ordinary dividend of CHF 2.00 per 'A' share and CHF 0.20 per 'B' share has been proposed for approval by the shareholders in September 2021. During the year under review, the shareholders approved a dividend of CHF 1.00 per 'A' share and CHF 0.10 per 'B' share.

Warrants
On 27 November 2020, as part of a shareholder loyalty scheme that was first announced on 7 August 2020, the Company issued 1 044 000 000 warrants relating to its 'A' shares ('A' warrants) and 1 044 000 000 warrants relating to its 'B' shares ('B' warrants). The Company delivered two 'A' warrants to the holder of each of its 'A' shares, and two 'B' warrants to the holder of each of its 'B' shares.

Sixty-seven 'A' warrants entitle eligible holders to purchase one 'A' share to be issued out of the Company's 'A' conditional capital at a price of CHF 67.00 (subject to adjustments) during an exercise period that is expected to run from 9 a.m. Central European Time ('CET') on 20 November 2023 until 12 noon CET on 22 November 2023. During the same period, sixty-seven 'B' warrants will entitle their holders to purchase one 'B' share at a price of CHF 6.70 (subject to adjustments). Holders of 'B' warrants will be deemed to have exercised a number of 'B' warrants that is equal to the number of 'A' warrants that will have been duly exercised, so that the number of issued 'A' shares and 'B' shares will remain equal.

The ISIN of the 'A' warrants is CH0559601544 and their Swiss 'Valorennummer' 55960154.

The ISIN of the 'B' warrants is CH0559601551 and their Swiss 'Valorennummer' 55960155.

The 'A' warrants have been listed on SIX Swiss Exchange since 27 November 2020 and are expected to be traded on that stock exchange until 15 November 2023. The 'B' warrants are not listed on any stock exchange.

More information on the Company's shareholder loyalty scheme, the 'A' warrants and the 'B' warrants can be obtained in the Company's 'Shareholder Information Memorandum' dated 19 October 2020, which can be consulted at www.richemont.com/en/home/investors/shareholder-information/shareholder-loyalty-scheme/

Depository Receipts
The 'A' shares are also listed and traded on the Johannesburg Stock Exchange in the form of depository receipts ('DRs') issued by Richemont Securities. Richemont Securities, a wholly-owned subsidiary of the Company, acts as Depository for the issuance, transfer and cancellation of the DRs. DRs trade in the ratio of ten DRs to each 'A' share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Richemont Securities as Depository, and the Company as Issuer. The Deposit Agreement was most recently amended in 2014 and supplemented on 15 October 2020 in connection with the Company's shareholder loyalty scheme.

The ISIN of the DRs is CH0045159024.

In its capacity as Depository, Richemont Securities holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities' interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2021, Richemont Securities held 62 417 496 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 12% of the listed 'A' shares.

Dividends received by Richemont Securities are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities and remitted to the holders of DRs. Non-South African resident holders of DRs may receive the dividends in Swiss francs, subject to their residence status.

Holders of DRs issued by Richemont Securities are not entitled to attend the shareholders' meeting of the Company or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities, which then represents the holders at such meetings.

Warrant receipts
On 2 December 2020, Richemont Securities issued 1 250 379 780 'A' warrant receipts in respect of each of the 'A' warrants that it had received in connection with the Company's shareholder loyalty scheme that was first announced on 7 August 2020 (see subsection 'Warrants' above).

Sixty-seven 'A' warrant receipts entitle eligible holders to purchase one DR during the exercise period (expected to run from 09.00 South Africa Standard Time ('SAST') on 17 November 2023 until 12.00 noon SAST on 21 November 2023), at a price corresponding to the rand equivalent of CHF 6.70 (as the case may be adjusted under the terms of the 'A' warrants), converted at the CHF/ZAR ask exchange rate on the last business day preceding the exercise period.

The 'A' warrant receipts have been listed on the Johannesburg Stock Exchange since 27 November 2020 and are expected to be traded on that stock exchange until 15 November 2023.

The ISIN of the 'A' warrant receipts is CH0562931086.

More information on the 'A' warrant receipts can be obtained in the 'Supplementary Information Memorandum to Richemont Securities SA Depositary Receipt Holders' dated 19 October 2020, which can be consulted at www.richemont.com/en/home/investors/shareholder-information/shareholder-loyalty-scheme/

Share buy-back programmes
Over the course of the preceding 21-year period ended 20 March 2020, the Group had repurchased a total of 34 552 934 former 'A' units and 42 681 876 'A' shares through the market to meet obligations under share option plans for executives. During the year under review, there were no 'A' shares repurchased through the market.

Taking into account the exercise of options by executives during the course of the year and other activities linked to the hedging programme, the balance held in treasury at 31 March 2021 was 8 553 036 'A' shares.

On 12 May 2017, Richemont announced a programme envisaging the buy-back of up to 10 000 000 of its own 'A' shares over a three-year period, linked to the requirements of the executive share option plan. Richemont's strategy is to maintain a hedge ratio of at least 90% of the commitments arising under the Group's share option plan. The share buy-back programme expired on 20 May 2020.

Details of the Group's share option plan are set out in the Compensation report from page 62 and in note 33 to the Group's consolidated financial statements (for note 33 see page 118 of this report). The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of share options granted to executives is set out in note 27 (for note 27 see page 113 of this report).

When 'A' shares are bought back, the cost value of the shares purchased in the market is deducted from shareholders' equity in the Group's consolidated statement of financial position. Gain or losses arising from the sale of shares are as a consequence of the exercise of options by executives, and are recognised within retained earnings directly in shareholders' equity. Details are given in note 31 (for note 31 see page 116 of this report).

Dividend-right certificates
There are no dividend-right certificates.

Transferability of shares

The Company's 'A' shares are issued as uncertificated securities within the meaning of the CO and as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities ('FISA'). Following entry in the Share Register, shareholders may request a statement in respect of their 'A' shares from the Company at any time. Shareholders do not have the right to request the printing and delivery of certificated 'A' shares. Certificates (individual share certificates or certificates representing several 'A' shares) may however be printed and delivered if considered appropriate by the Company. The transfer and encumbering of 'A' shares are carried out according to the provisions of the FISA. There are no restrictions on the transfer of 'A' shares. Transfers of the unlisted 'B' registered shares in the Company, which are held solely by Compagnie Financière Rupert, must be approved by the Board in accordance with Article 6 of the Articles. The limitations on transferability of shares may be removed by resolution of the general meeting of shareholders, with approval of the absolute majority of the votes attributed to the shares represented, in accordance with Article 18 of the Articles.

According to Article 6 of the Articles, nominees holding 'A' shares may under certain conditions be registered in the Share Register as shareholders with voting rights.

For Articles 6 and 18 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Convertible bonds and options

As at 31 March 2021, there are no convertible bonds or options issued by the Company other than the share options issued in the context of the Group's share option plan. The details of the Group's share option plan are set out in the Compensation report from page 62 and in note 33 to the Group's consolidated financial statements (for note 33 see page 118 of this report).

3. Board of Directors

Responsibilities and membership

In addition to the non-transferable and inalienable duties, the Board kept the powers and responsibilities which are stipulated in section 2.2.3 of the Organisational Regulations.

For section 2.2.3 of the Organisational Regulations see: https://www.richemont.com/media/xzudj4ou/20210318_company-regulations.pdf

The Board is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The Board is responsible for the preparation of the financial statements of the Company and of the Group and for the organisation of shareholder meetings.

With respect to the Board's membership and the qualities of its members as at 31 March 2021, ten nationalities are currently represented on the Board, which was composed of five executive directors and 15 non-executive directors with diverse professional and business backgrounds. The Board's Chairman is Mr Johann Rupert and its Deputy Chairman is Mr Josua Malherbe. Board members are proposed for election on an individual basis at each year's annual general meeting ('AGM') for a term of one year. All directors are eligible to stand for re-election each year, details of nominations being given in the notice of the AGM. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors.

Neither age nor the number of years served on the Board is deemed to affect a director's independence. Certain independent directors have served for more than ten years.

The non-executive directors are, without exception, indisputably independent in character and judgment. With the exception of Mr Gary Saage, all non-executive members of the Board were not previously members of the management of the Company or one of the Company's subsidiaries in the three financial years preceding the period under review. They bring to the Board an array of expertise and experience. The Board considers that the combination of experience and expertise has been a significant factor in contributing to the superior returns for shareholders generated by the Group since the listing of Richemont on the Swiss Stock Exchange in 1988. Photographs and biographies of the current Board members may be found on pages 45 to 49.

At the AGM on 9 September 2020, Ms Sophie Guieysse did not stand for re-election to the Board and Ms Wendy Luhabe was elected as a new member of the Board and appointed as a non-executive director.

In terms of its regular business, the Board generally meets for half a day to a full day, five times per annum. Further meetings on specific topics are held on an ad hoc basis. During the year under review, the Board held 14 meetings. In addition, Board members attended meetings with the senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Chairman and the Chief Finance Officer establish the agendas for the meetings of the Board. Directors may ask that an item be placed on the agenda for any meeting. Financial reports and supporting information in respect of agenda items are circulated to members of the Board in advance of each meeting. The Board may invite other managers and external advisors to attend meetings.

Professional background and other activities and functions

Details may be found on pages 45 to 49.

Activities outside the Group

The Articles (Article 26) limit the number of permitted mandates of Board members. Those activities include directorships in other organisations, including publicly quoted businesses.

For Article 26 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Corporate governance continued

Elections and terms of office
Each of the Chairman of the Board, the members of the Board, the members of the Compensation Committee and the Independent Representative are elected individually by the general meeting of shareholders. They serve for a term of one year, which expires at the end of the following AGM. They are eligible for re-election indefinitely.

Board evaluation
The Board and each of its permanent Committees conduct an annual self-assessment of their own role and effectiveness. This provides members of the Board the opportunity to reflect on their individual and collective performance. The respective Committee's conclusions are communicated to the Board.

Board Committees
In terms of the Group's framework of corporate governance, the Board has established the following standing committees: an Audit Committee; a Compensation Committee; a Governance and Sustainability Committee; a Nominations Committee and a Strategic Security Committee and. The current composition of these Committees is indicated below and in the biographical notes on Board members that may be found on pages 45 to 49. In addition to these five Board Committees, the Company's executive directors are members of the Senior Executive Committee.

Each Board Committee has its own written terms of reference outlining its duties and responsibilities and a Chairman elected by the Board. The Chairman of each Committee presents a summary of the proceedings of each Committee meeting to the Board. All Board Committees are entitled to invite members of senior management and external specialists to attend meetings for specific matters on an ad hoc basis.

Audit Committee
During the year under review, the six members of the Audit Committee were: Mr Josua Malherbe (Chairman); Mr Clay Brendish; Maître Jean-Blaise Eckert; Mr Ruggero Magnoni; Dr Vesna Nevistic; and Mr Guillaume Pictet. The members are all non-executive directors and, without exception, independent in character and judgment.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year under review, three meetings took place. The Chief Finance Officer, the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditor, attended all three meetings. The Committee has met in camera with the internal auditor during each of these three meetings. Other managers have been invited to attend these three meetings.

The Audit Committee acts in an advisory capacity to the Board, except for the appointment of its advisors for which it has a decision power. Its principal tasks are to:

- satisfy itself that the consolidated financial statements follow approved accounting principles and give a true and fair view of the Group's financial position and results;
- recommend to the Board the appointment, reappointment or dismissal of the external auditor and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both the external and internal auditor, the adequacy and effectiveness of the Group's accounting, financial and operational controls;
- oversee the effectiveness of the Group's Internal Audit function and liaise with the Head of Internal Audit on all matters of significance arising from the department's work;
- oversee the adequacy and effectiveness of risk management practices in the Group;
- examine and review the adequacy, effectiveness and integrity of the processes to assure the Group's compliance with all applicable laws and regulations; and
- ensure compliance with the Group's Code of Conduct for Dealings in Securities.

The Chairman of the Audit Committee reports the findings of each Committee meeting to the Board and makes recommendations to management on behalf of the Board.

During the year under review the Ethics Sub-Committee, being a sub-committee of the Audit Committee, was composed of the following two Audit Committee members, Mr Clay Brendish and Mr Guillaume Pictet. The Ethics Sub-Committee was dissolved in March 2021. The scope of its responsibilities had been mainly taken up by the newly established Board standing committee, the Governance and Sustainability Committee. The purpose of the Ethics Sub-Committee was, in collaboration with the Director of Corporate Social Responsibility, to review and recommend in an advisory capacity to the Audit Committee objectives, policies and procedures designed to maintain a business environment committed to high standards of ethics and business integrity.

Compensation Committee
During the year under review, the Compensation Committee was composed of Mr Clay Brendish (Chairman); Dr Keyu Jin; Mr Guillaume Pictet; and Ms Maria Ramos. The members are all non-executive directors and, without exception, indisputably independent in character and judgment. To assist it in its deliberations, the Committee may draw on support from the Group's internal specialists and external advisors, whose role is explained in the Company's Compensation report from page 62. Meetings of the Committee are held as necessary but at least four per annum and typically last one to two hours. During the year under review, the Committee met on eleven occasions and invited other managers or external advisors ten times.

The purpose of the Committee is to support the Board in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the general meeting of shareholders regarding the compensation of the Board and the Senior Executive Committee. The Compensation Committee can submit proposals to the Board on other compensation-related issues.

The Committee can appoint advisors. It has authority to establish the policy framework for the remuneration of the members of the senior management.

The Committee oversees the administration of the Group's long-term incentive plans for executive members of the Board and the members of the Senior Executive Committee. It approves, inter alia, the awards granted to executive directors and approves the awards made to other executives in aggregate, recognising that the Senior Executive Committee has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any material amendment to existing long-term incentive plans or the creation of any other long-term incentive plan pertaining to senior management.

Nominations Committee

The Nominations Committee acts in an advisory capacity to the Board, except for the appointment of its advisors for which it has a decision power. It consists of the non-executive directors meeting under the chairmanship of the Chairman of the Board. During the year under review, six meetings took place.

The principal functions of the Committee are to advise the Board in areas such as the composition and size of the Board and the criteria to be applied in the selection of new members of the Board and senior management. In addition, the Committee is responsible for the nomination of directors to serve on Board Committees.

Succession planning is established throughout the Group's operations. At the level of Board membership, the Nominations Committee is responsible for continuity as directors reach retirement or indicate their intention to resign.

The Group's succession plans seek to preserve the current balance of executive directors, former executive directors in a non-executive capacity, and non-executive directors who have not held operational responsibilities within the Group. While this balance will be preserved in the long term, as the continuity it brings to strategic discussions is one of the Group's strengths, the profile of individual appointments may vary from time to time. Such variations take account of the Board's evolving requirements in terms of experience and diversity.

Strategic Security Committee

The Strategic Security Committee acts in an advisory capacity to the Board. It also has authority to appoint advisors, and key officers responsible for security matters within the Group.

The Strategic Security Committee is composed of the following five non-executive directors: Mr Clay Brendish (Chairman); Mr Josua Malherbe; Mr Jeff Moss; Mr Anton Rupert; and Mr Jan Rupert.

To assist it in its deliberations, the Committee draws on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary and typically last half a day. The Committee met six times during the year under review and invited other managers to these meetings.

The purpose of the Committee is to advise the Board in all aspects of security policy. It aims to protect the Company's assets, including confidential business information and intellectual property, and its operations against intrusive actions. It also oversees the protection of Richemont's employees and physical assets.

Governance and Sustainability Committee

In March 2021, the Board established a Governance and Sustainability Committee.

The Governance and Sustainability Committee acts in an advisory capacity to the Board, except for the following areas: regarding environmental matters it shall review and approve management proposals regarding CO_2 targets, climate change and biodiversity; regarding social matters it shall review and approve management proposals regarding diversity, equity and inclusion as well as matters regarding human and workplace rights and positive social impacts within the Group's operations, its supply chain and the communities in which it operates; it shall further review and approve any material amendment to existing strategic plans relating to corporate social responsibility ('CSR'), environmental, social and governance ('ESG'), sustainability and any of their components; and it shall approve disclosures in the audited annual Sustainability Report and the Group's separate disclosures regarding Science-Based Targets and Diversity, Equity and Inclusion. It consists of the following non-executive directors: Mr Clay Brendish (Chairman); Ms Wendy Luhabe; and Mr Guillaume Pictet.

The purpose of the Committee is to support the Board in establishing and reviewing strategy, policies and guidelines with regard to ESG matters.

Corporate governance continued

Attendance

The attendance of each executive and non-executive director at Board and Committee meetings during the year under review are indicated in the following table.

	Board	Audit Committee	Compensation Committee	Governance and Sustainability Committee	Nominations Committee	Strategic Security Committee
Number of meetings	14	3	11	–	6	6
Johann Rupert	14	–	11	–	6	–
Josua Malherbe	14	3	–	–	6	6
Nikesh Arora	14	–	–	–	6	–
Nicolas Bos	14	–	–	–	–	–
Clay Brendish	14	3	11	–	6	6
Jean-Blaise Eckert	13	3	–	–	6	–
Burkhart Grund	14	3	10	–	–	6
Sophie Guieysse (until 9 September 2020)	5	–	4	–	–	–
Keyu Jin	14	–	10	–	6	–
Jérôme Lambert	14	2	10	–	–	6
Wendy Luhabe (from 9 September 2020)	4	–	–	–	3	–
Ruggero Magnoni	14	3	–	–	6	–
Jeff Moss	13	–	–	–	5	6
Vesna Nevistic	14	3	–	–	6	–
Guillaume Pictet	14	3	9	–	6	–
Alan Quasha	14	–	–	–	6	–
Maria Ramos	12	–	9	–	6	–
Anton Rupert	14	–	–	–	6	5
Jan Rupert	14	–	–	–	6	6
Gary Saage	14	3	11	–	6	6
Cyrille Vigneron	14	–	–	–	–	–

Control and risk management instruments

Management is responsible for implementing the strategic policies determined by the Board. Members of management are empowered to conduct the day-to-day strategic and operational administration of the Group including, inter alia, financial management. Senior management is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board. Management operates within the guidelines as set out in the Group Investment Procedures and such other policies and procedures as may from time to time be laid down by the Board. In addition, management provides the Board with appropriate support to consider and evaluate strategic alternatives.

The Board employs various reporting means and control mechanisms in order to monitor the way in which senior management exercises the authority delegated to it.

- Prior to each Board meeting, members of the Board receive a financial report, summarising recent Group, segmental and Maison financial performance as well as operational developments.
- Members of the Senior Executive Committee ('Senior Executives') report to the Board at each meeting. Supplementary reports are provided by the Company Secretary.
- The Group's employee performance review process requires that members of management are given clearly defined targets at the beginning of each financial year. The Senior Executives monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is interaction between the Board and other members of the management, for example, through the presence on a regular or ad hoc basis at Board Committee meetings. Members of the Board are also exposed to the decision-making process at the level of each Maison through their involvement with the annual reviews of the Maisons' strategies.
- The Group's Internal Audit function provides an objective means of assessing how the Group's risks are being managed and controlled. This function's independent status is reinforced by the direct reporting line from the Head of Internal Audit to the Chairman of the Audit Committee. The function performs financial and operational audits in accordance with a programme approved annually by the Audit Committee. This risk-based programme is designed to ensure that all business units as well as Group-wide issues are given sufficient audit coverage within an appropriate time frame. Summary reports from each audit are provided to the Audit Committee and discussed at its meetings. Progress with implementation of corrective actions is monitored on a regular basis.

The Group's risk profile is evolving, reflecting the volatile global macro and luxury environment. Enterprise risk management is a fundamental element of the Group's approach to risk management. A key goal is to ensure strong organisational alignment as to key risks facing the Group, which, if not mitigated, would prevent the Group from achieving its strategic objectives. To ensure that risks are identified and mitigated the Company has a risk management process which considers both strategic and operational risks ('Key Risks'). These Key Risks are identified through discussions with senior executives and reviewed and discussed at an annual meeting of the Senior Executive Committee. Following this meeting, a senior executive is appointed as Risk Coordinator for each Key Risk and is responsible for developing a risk mitigation plan ('Risk Mitigation Plan') and ensuring that mitigating actions are implemented. All identified Key Risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by management. A consolidated risk report, which includes the Risk Mitigation Plans prepared by the respective Risk Coordinator, is reviewed annually by the Audit Committee and the Board. The Key Risks identified include the risks associated with inter alia Security/Business Interruption, Business Transformation and Compliance, which can be explained as follows. The Group's success is highly dependent on its ability to respond to major business interruption events such as Covid-19 and to adapt to the secular changes in the luxury industry, caused by accelerating industry digitisation, increasing importance of customer-centricity, and volatility of socio-economic and geo-political environment. The Company is focusing on leveraging the Group's strategic investments and partnerships to cope with disruptive competitive market forces, by identifying new growth opportunities. Compliance risks and related monitoring requirements are rising, as regulators, financial institutions and governments are tightening the various legal frameworks where the Group and its Maisons are conducting business, in areas such as anti-bribery and corruption, anti-money laundering, international sanctions, anti-trust and competition, cybersecurity and data privacy, labour & employment and product/trade and sourcing. The Company has established a Legal and Regulatory Compliance Committee to discuss compliance priorities and analyses of various legal and regulatory monitoring tools.

4. Senior Executive Committee

Except where the law, the Articles or the Organisational Regulations of the Company provide otherwise, the Board has delegated the entire management of the Company to the Senior Executive Committee. The exact scope of the Senior Executive Committee's powers is outlined in Section 3.2 of the Organisational Regulations of the Company, which can be consulted here: https://www.richemont.com/media/xzudj4ou/20210318_company-regulations.pdf

Corporate governance continued

The Senior Executive Committee during the year under review comprised: Mr Jérôme Lambert, the Chief Executive Officer; Mr Burkhart Grund, the Chief Finance Officer; Mr Nicolas Bos, Chief Executive Officer of Van Cleef & Arpels; Mr Cyrille Vigneron, Chief Executive Officer of Cartier; Mr Frank Vivier, the Chief Transformation Officer; until 12 June 2020, Ms Sophie Guieysse, the Group Human Resources Director; Mr Emmanuel Perrin, the Head of Specialist Watchmakers Distribution; and from 1 September 2020, Mr Philippe Fortunato, the Chief Executive Officer of Fashion & Accessories Maisons. Their biographical details and other activities may be found on: www.richemont.com/senior-executive-committee

Mr Lambert, the Group Chief Executive Officer, who works in partnership with his fellow senior executives on the Board: Cyrille Vigneron, Chief Executive of Cartier, Nicolas Bos, Chief Executive of Van Cleef & Arpels and Burkhart Grund, Chief Finance Officer, lead the development of strategic plans reflecting the long-term objectives and priorities established by the Board.

In accordance with section 3.1 of the Organisational Regulations, the Chairman of the Board oversees the convening of meetings of the Board and ensures the liaison between the Board and the Senior Executive Committee. Other managers were invited to participate on an ad hoc basis at the Chairman's discretion.

The Senior Executive Committee meets on an ad hoc basis to review matters associated with the implementation of the Group's strategic policies. During the year under review the Committee met 24 times.

For section 3.1 of the Organisational Regulations see: https://www.richemont.com/media/xzudj4ou/20210318_company-regulations.pdf

Activities outside the Group

The Articles (Article 36) limit the number of permitted mandates of Senior Executives. Those activities include directorships in other organisations, including publicly quoted businesses.

For Article 36 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Committees reporting to the Senior Executive Committee

From time to time, committees of the Senior Executive Committee may be established to determine the Group's policy in specific business areas, including finance, health and safety matters and corporate social responsibility.

5. Compensation, shareholdings and loans

Details of compensation-related matters are given in the Compensation report from page 62.

6. Shareholder participation rights

Voting rights

Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint a third party to represent them at the meeting. In addition, an independent representative is appointed at each general meeting by shareholders for a term of one year expiring at the end of the following year's AGM.

There is no limit on the number of shares that may be held by any given party. Pursuant to Article 6 of the Articles, the voting rights attaching to those shares are only restricted if the shares are either unregistered or are held by a registered nominee with at least 1% of the share capital of the Company and that nominee has declined the Company's request to provide certain details regarding the owners. Further details of this restriction may be found in Article 6 of the Articles.

For Article 6 see : www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

The Company 'A' and 'B' shares have equal rights to share in the dividends and capital of the Company; 'B' shareholders are entitled to receive 10% of the dividend per share paid to 'A' shareholders and hold 9.1% of the Company's capital. However, despite the differing par values of the 'A' and 'B' shares, each 'B' share conveys the same voting rights as each 'A' share, in normal circumstances, at shareholder meetings. Richemont 'B' shareholders therefore control 50% of the votes at shareholder meetings. The 'B' registered shares are entirely held by Compagnie Financière Rupert (see section 1 above). In accordance with Swiss company law, certain resolutions, notably those relating to the purpose of the Company, its capital structure, the transfer of its registered office or its dissolution, require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

The relevant date to determine the shareholders' right to participate in the general meeting of shareholders on the basis of the registrations appearing in the share register is set by the Board and is stipulated in the notice of meeting.

Statutory quorums

The general meeting of shareholders is the Company's ultimate decision-making forum. Resolutions of the general meeting are generally passed by an absolute majority of the votes represented at the meeting. As detailed above, certain resolutions may require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

Further details on quorum and requisite majorities may be found in Article 18 of the Articles.

For Article 18 see: www.richemont.com/media/8d88cb444844e38/articles-of-incorporation.pdf

Convocation of the general meeting of shareholders and inclusions of items on the agenda
It is contemplated that the AGM, in respect of the financial year ended 31 March 2021, will be held on 8 September 2021 at the Four Seasons Hotel des Bergues, Geneva. However, it is to be noted that the Company is constantly monitoring developments regarding the Covid-19 and preparing in the event any changes for the annual meeting are necessary or appropriate. In case of changes, such as the date or location or a requirement that shareholders exclusively exercise their rights through the independent representative appointed by the Company, the Company will announce the change in advance and post the relevant details, including instructions on how shareholders can exercise their rights, in its notice and on the Company's website: http://www.richemont.com. The notice period and agenda in respect of the meeting follow the requirements of Swiss company law.

Holders of a minimum of one million 'A' shares in the Company with a par value of CHF 1 million may request that an item be placed on the meeting agenda.

7. Change of control and defence mechanisms

In terms of the FinMIA and its implementing ordinances, the Company has not elected to 'opt out' or 'opt up' in respect of the provisions relating to the obligations for an acquirer of a significant shareholding to make a compulsory offer to all shareholders. In accordance with FinMIA, any party that would directly or indirectly, or acting in concert with third parties, acquire more than 33⅓% of the voting rights of the Company would therefore be obliged to make an offer to acquire all of the listed equity securities of the Company.

No specific provisions exist in the Articles or Organisational Regulations of the Company which would seek to limit or block any takeover bid. No special contractual relationships exist between Group companies and directors or members of senior management which would protect management or act as a deterrent to a change of control of the Company.

The rules of the long-term compensation plans for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the immediate vesting of benefits due to participants in the event of a change of control taking place.

8. Auditor

The external auditor reports to the Board through the Audit Committee, which also supervises the Group's relationship with the auditor.

PricewaterhouseCoopers SA were reappointed by the Company's shareholders at the 2020 AGM as the auditor of the Company's financial statements and the Group's consolidated financial statements. They were appointed for a period of one year and, being eligible, will stand for a further period of office of one year at this year's AGM.

PricewaterhouseCoopers was initially appointed as auditor of the Company and the Group in 1993 (as Coopers & Lybrand). Mr Guillaume Nayet, the lead auditor, assumed that role in September 2018. In accordance with Swiss law, the lead auditor rotates at least once every seven years.

In the year under review, total fees and expenses paid or accrued as payable to PricewaterhouseCoopers for the audit of the financial statements of the Company, the Group, its subsidiaries were € 9.3 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 1.1 million, primarily relating to tax compliance services.

The scope of services provided by the external auditor is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditor is also kept under close review. The Audit Committee further assesses the effectiveness of external audit and the independence and objectivity of the external auditors, reviews the level of remuneration to be paid to the external auditors and approves the fees to be paid for the audit of the financial statements of the Company and the Group.

A questionnaire-based evaluation, in which the Finance Director of every subsidiary is consulted, forms the basis of an annual review of the external auditor's performance. The results of the evaluation are reviewed by the Audit Committee.

Representatives of PricewaterhouseCoopers attended three meetings of the Audit Committee held during the year as well as the meeting of the Committee held on 19 May 2021 at which the financial statements were reviewed. The Audit Committee has also met in camera with the external auditor during the course of these three meetings.

9. Information policy

The Group reports to shareholders in accordance with the requirements of Swiss law and the guidance provided by the SIX Swiss Exchange. The annual report is the principal source of financial and business information for shareholders. The Group's announcement of the results for the financial year is issued in May each year.

In addition to the regulatory annual and interim reports, Richemont publishes trading statements in July covering the Group's performance during the first quarter of its financial year, and in January covering the Group's performance during the third quarter of its financial year and the pre-Christmas trading period. Ad hoc announcements are made in respect of matters, which the Board considers to be of significance to shareholders, in accordance with the specific guidelines laid down by the SIX Swiss Exchange.

The annual report is distributed to all parties who have asked to be placed on the Group's mailing list, including holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Group's website.

Corporate governance continued

All news announcements other than the annual financial report are distributed by email. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by email (secretariat@cfrinfo.net) or by registering on the Group's website at https://www.richemont.com/en/home/contact-us/subscribe-to-our-news/

Copies of the annual and interim reports, results announcements, trading statements, and the sustainability report may also be downloaded from the Richemont website at https://www.richemont.com/en/home/media/press-releases-and-news/, and copies of the Company's ad hoc announcements on the Group's website at www.richemont.com/company-announcements. Copies of the Articles, together with its Organisational Regulations, are also available on the website.

The Group presents its annual and interim results to analysts and major investors each year. The presentations take place in Geneva and are simultaneously broadcast over the internet to anyone who registers to view it. The presentation is downloadable from the website. A replay of the broadcast is available on the Group's website within 24 hours of the presentation and a transcript of the presentation shortly thereafter.

Statutory and regulatory announcements are published in the Swiss Official Gazette of Commerce and, in certain cases, by the SIX Swiss Exchange.

The Company's registered office is 50, chemin de la Chênaie CP 30, 1293 Bellevue, Geneva, Switzerland. The Company's telephone number is: +41 (0) 22 721 3500 and its website is: www.richemont.com

Contact addresses are:

Secretariat: Swen H. Grundmann, Company Secretary. Tel: +41 (0) 22 721 3500 – Email: secretariat@cfrinfo.net

Investor and Media: Sophie Cagnard, Group Corporate Communications Director; James Fraser, Investor Relations Executive.
Tel: +41 (0) 22 721 3003 – Email: investor.relations@cfrinfo.net (investor relations)
Tel: +41 (0) 22 721 3507 – Email: pressoffice@cfrinfo.net (press enquiries)

Corporate calendar

A corporate calendar of relevant dates is displayed below and on the Group's website at www.richemont.com/en/home/investors/corporate-calendar. (The calendar on the website is updated if and when new information becomes available.)

Next events	Date
Sustainability report publication	mid-July 2021
Trading update for the quarter ended 30 June 2021	16 July 2021
Annual General Meeting	8 September 2021
Interim results announcement	November 2021
Interim results presentation	November 2021
Interim report publication (web version only)	November 2021
Trading update for the quarter ended 31 December 2021	January 2022

Compensation report

Letter from the Chairman of the Compensation Committee

Clay Brendish, Chairman

Dear Shareholders,

On behalf of the Compensation Committee, I am pleased to present our Compensation report for the year ended 31 March 2021.

The past year has been one of significant change and uncertainty for the Group, and the Committee has worked closely with Group management to address the impact of the Covid-19 pandemic on the Group's compensation arrangements. Ensuring that measures were implemented to share the consequences fairly at all levels of the organisation was paramount. This effort was led by our Chairman, Mr Johann Rupert, who volunteered to reduce his own salary by 50%. Senior Executive Committee members also proposed, and the Committee approved, an exceptional reduction in base salary of 20% which applied throughout the year ended 31 March 2021. Short-term incentives paid to Senior Executive Committee members in June 2020, with respect to performance in FY20, were also reduced by 25% while long-term incentives awarded in December 2020 were cut by 50%, in line with the reduction in dividend payment. Salaries for other senior executives were also reduced by 20% during the first half of the year. Fees paid to non-executive members of the Board of Directors were also reduced.

More globally, the Committee reviewed proposals to ensure that remuneration policies reward fairly the exceptional efforts of the Group's employees during this difficult year, while taking into account the wider economic circumstances in which cost reduction and conservation of cash are critical.

Looking to the future, the Group is working on a new proposal for the compensation of its most senior executives, including members of the Senior Executive Committee, with a focus on ensuring that performance, which is in line with the Group's strategic objectives, is rewarded and incentivised. More details on any changes as a result of this review will be communicated in next year's compensation report.

At the AGM in September 2020, shareholders once again approved the remuneration proposals by a large majority. Specifically, shareholders were asked to approve the maximum amount of fixed Board compensation from the 2020 AGM to the 2021 AGM; the maximum amount of fixed Senior Executive Committee compensation for the 2022 financial year and the variable compensation of the Senior Executive Committee for the 2020 financial year. The actual compensation paid to the Board for the period from the 2019 AGM to the 2020 AGM and to the Senior Executive Committee with respect to fixed compensation for the 2020 financial year was within amounts previously approved by the shareholders.

The Compensation report that follows describes the Group's guiding principles, philosophy and policies for setting the compensation of members of the Board and the Senior Executive Committee. The report complies with the relevant articles of the Swiss Code of Obligations, the Swiss Code of Best Practice, and the Ordinance against Excessive Compensation ('OEC'). The compensation for the financial year under review, as detailed on pages 72 to 74, has been audited by the Group's auditors, PricewaterhouseCoopers.

On behalf of the Board, we would like to thank you for your continued support on executive compensation matters.

We look forward to receiving comments from our investors.

Clay Brendish
Compensation Committee Chairman

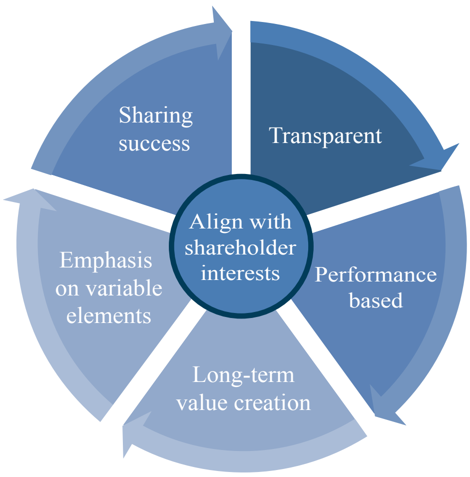
Contents

1. Richemont's compensation principles
2. Compensation Committee
3. Long-term incentive plans
4. Compensation of the Board of Directors
5. Compensation of the Senior Executive Committee
6. Compensation governance
7. Compensation report for the financial year under review
8. Related party transactions
Report of the statutory auditor

1. Richemont's compensation principles

Our compensation-setting philosophy

The primary objective of the Group's compensation strategy is to align variable compensation paid to senior executives to total shareholder returns over the long term, while attracting and retaining key talent in the face of competition from other multinational groups.



Members of the Senior Executive Committee are rewarded in line with the level of their authority and responsibility within the organisation. An executive's total compensation comprises both fixed and variable elements. Short-term incentives are paid in cash and are awarded to executives in May, based on performance during the previous financial year. These are complemented by long-term awards under the Group's share option and performance share unit plans, which serve to both retain key executives and to ensure that the interests of these executives are aligned to the values of the Group, including a focus on capital allocation for long-term strategic purposes and the development of a culture of creativity and responsibility within the Maisons.

The variable remuneration of each Senior Executive is dependent on performance against certain, pre-defined Key Performance Indicators ('KPIs'). These measures are both quantitative, reflecting the performance of the Group or Maison in terms of sales, operating profit and cash generation, and qualitative, with respect to individual and collective management performance.

Non-executive directors receive fixed compensation only and are not eligible for awards under the Group's short- or long-term incentive schemes.

Comparative group benchmarking

To ensure that the Group remains competitive in its compensation arrangements, benchmarking surveys are periodically considered by the Committee. A comprehensive benchmarking survey was performed in early 2020 which covered both the Senior Executive Committee and other key positions within the Group, focusing on base salaries, target bonuses, long-term incentives, and total direct compensation levels.

In benchmarking the remuneration of these executives, the Group considered compensation practices in a selection of multinational groups which it considers to be its peers. The criteria for selection included: industry focus on luxury goods; size in term of revenue and headcount; listed companies; and international presence in relevant geographies. These peers were identified as follows:

- multinational Groups active in the Luxury Goods industry, such as LVMH, Kering and Hermès, amongst others; and
- international groups headquartered in Europe and Switzerland with significant global presence.

As a point of reference, the Group targets at least the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for superior performance.

2. Compensation Committee

The Compensation Committee ('the Committee') is a committee of the Board of Directors, responsible for reviewing and establishing the Group's compensation policies and strategy. The core responsibilities of the Committee include agreeing the compensation of the executive director members of the Board and the Senior Executive Committee and setting the compensation of the non-executive directors and the Chairman of the Board of Directors. The compensation of all other members of senior management is regularly reviewed by the Committee.

The Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the Senior Executive Committee and of management for all other members of senior management. The Committee may amend or reject these recommendations. The Chairman of the Committee reports to the full Board of Directors on the discussions and decisions taken at each Committee meeting.

Compensation report continued

2. Compensation Committee continued

Members of the Committee are appointed by the shareholders of the Company for a term of one year. During the year ended 31 March 2021, the composition of the Committee was as follows:

Compensation Committee
Clay Brendish (Chairman)
Keyu Jin
Guillaume Pictet
Maria Ramos

The Committee meets four times a year, with additional meetings scheduled as required. During the year ended 31 March 2021, the Committee met eleven times. The Group Chief Executive Officer, Group Chief Finance Officer and Group Human Resources Director (or equivalent) also attend Committee meetings but are not present when decisions are taken regarding their own compensation.

3. Long-term incentive plans

The Group operates the following long-term incentive plans for Group and Maison executives. Awards are made on an annual basis.

Share options

The main features of the Group's share option plan are as follows:

Plan	Employee share option plan
Strike price	Market value of share on grant date
Vesting period	Tranches over periods of three to six years from grant date
Expiry date	Nine years from date of grant
Vesting conditions	• Continued employment with the Group. • The share options granted between 2008 and 2015 include a performance condition correlated to other luxury goods companies upon which vesting is conditional; those granted from 2016 onwards do not have performance conditions.
Termination of employment	• In the event that an option holder retires, all outstanding share options vest immediately. • All outstanding options vest immediately in the event that the option holder dies or has to end employment with the Group due to injury or permanent disability. • If an option holder terminates employment with the Group for another reason, unvested share options are forfeited.
Hedging of obligations	• Buy-back of 'A' shares or warrants immediately prior to grant date, if needed. • Awards do not result in the issue of new share capital.
Dividends	No entitlement prior to exercise
Compensation value at date of grant	Based on valuation principles of IFRS 2, excluding employer's social security costs
Awards in year ended 31 March 2021	0.7 million share options were granted at strike price of CHF 75.84 Total award was reviewed and approved by the Committee, as were individual awards to Senior Executive Committee members

Restricted and Performance Share Unit Plan

Under the Restricted Share Unit ('RSU') plan, employees receive 'A' shares after a fixed vesting period. Awards granted to senior executives are also subject to performance conditions which may reduce the number of shares vesting (Performance Share Units, or 'PSU'). The main features of this plan are as follows:

Plan	Restricted/Performance Share Unit Plan
Vesting period	Tranches over periods of three to five years from grant date
Vesting conditions	• Continued employment with the Group. • For PSU only, achievement of quantitative performance conditions as set by the Compensation Committee for each grant.
Termination of employment	• In the event that an unit holder retires, all outstanding RSU or PSU vest immediately, subject to local restrictions in the country of employment. • All outstanding RSU or PSU vest immediately in the event that the unit holder dies or has to end employment with the Group due to injury or permanent disability. • If a unit holder terminates employment with the Group for another reason, unvested RSU/PSU are forfeited. • Accelerated vesting of RSU/PSU is never granted to any member of the Senior Executive Committee, even in the case of retirement.
Hedging of obligations	• Buy-back of 'A' shares or warrants immediately prior to grant date, if needed. • Awards do not result in the issue of new share capital.
Dividends	No entitlement prior to vesting
Compensation value at date of grant	Based on valuation principles of IFRS 2, excluding employer's social security costs
Awards in year ended 31 March 2021	0.8 million RSU and PSU were granted. Total award was reviewed and approved by the Committee, as were individual awards to Senior Executive Committee members

The number of PSU awards made in 2021 which will ultimately vest depends on value creation within the Group over the three years following the grant date. The average growth in the value of the Group, based on a predefined formula of reported Operating Profit and Free Cash Flow, is compared to the value on the grant date and the number of awards which vest adjusted accordingly.

Long-term retention plan

The Long-term Retention Plan ('LRP') is a cash incentive plan primarily used as a retention tool for key positions within the Group. For each eligible participant, the awards are set at the grant date at between 50% and 150% of the target short-term cash incentive awarded for the previous year (which varies as a percentage of fixed salary depending on employment grade) and become payable, typically after three further years of service. The level of the award granted is determined based on the current position, as well as on the employee's individual performance and potential, while ensuring consistency across the Group. In exceptional circumstances a higher percentage may be awarded. Exceptionally in the year ended 31 March 2020, LRP were granted to certain employees in lieu of RSU awards. These LRP awards vest in tranches over three, four and five years.

Long-term incentive plan

Prior to March 2018, the Group also operated a cash-settled Long-Term Incentive Plan ('LTIP'), which linked a major part of the compensation packages of senior Maison executives to the increase in value of the business area for which they were responsible. LTIP awards were made annually and typically vested after three years, with the option for payment to be deferred by one year under certain circumstances. The executive received a percentage of the increase in value of the Maison from the date of grant to the vesting date, based on a fixed formula taking into account sales (with a weighting of 8% of total value), EBITDA (40%) and cash contribution (52%), with the vesting value being an average of the preceding two years' valuations. Cash contribution is calculated, for the purposes of the LTIP calculation, as changes in working capital, reduced by capital expenditure and adjusted for tax and the cost of capital. EBITDA is equal to the Maison's operating profit before depreciation and amortisation charges.

The cash payout made in July 2020 to Maison senior executives reflects the performance of the Maison during the three-year period from March 2017 to March 2020, as well as some payments which had been deferred from the previous year as permitted by the plan. Payments due in 2020 to certain senior executives of the Group were deferred by one year, as a result of the current Covid-19 outbreak and related disruption to the Group's activities and will be paid in summer 2021.

Compensation report continued

4. Compensation of the Board of Directors

Compensation paid to non-executive directors for the period is summarised below.

	Fees and other benefits CHF	Consultancy fees CHF	Social security cost CHF	Total CHF	Prior year CHF
Board of Directors					
Johann Rupert (Chairman)	1 350 000	–	145 838	**1 495 838**	3 093 068
Non-executive directors	3 233 827	853 750	118 038	**4 205 615**	4 832 288
Total	4 583 827	853 750	263 876	**5 701 453**	7 925 356

Two Board members, Mr Magnoni and Mr Anton Rupert, have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

Chairman

The total compensation awarded to the Chairman of the Board of Directors, Mr Johann Rupert, is reviewed annually by the Committee. During the period under review, the fixed remuneration of the Chairman was reduced by 50%. No variable compensation was awarded.

Non-executive directors

Non-executive directors are entitled to receive an annual base retainer of CHF 100 000, plus a fee of CHF 25 000 for each Board meeting attended. This fee is reduced to CHF 6 000 for participation by telephone. From April 2020, the attendance fee was reduced by 20% to CHF 20 000 per meeting. Fees were waived in full by all board members for any additional board meeting held outside of the normal cycle as a result of the Covid-19 pandemic; nine such meetings were held during the financial year for which no attendance fees were paid.

Non-executive directors who are also Committee members are entitled to receive further fees per meeting attended.

Committee attendance fees	Chairman	Member
Audit Committee	CHF 20 000	CHF 15 000
Ethics sub-committee	CHF 7 500	CHF 5 000
Compensation Committee	CHF 15 000	CHF 10 000
Strategic Security Committee	CHF 15 000	CHF 10 000

Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's share option plan or other long-term incentive plans. There is no scheme to issue shares to non-executive directors.

Executive directors

The executive directors of the Board are all members of the Senior Executive Committee and do not receive any compensation for their role as members of the Board.

Shareholder approval

At the annual general meeting, the shareholders of the Company will be asked to approve the compensation of the Board of Directors for the period from AGM 2021 to AGM 2022. Compared to the amount approved in the prior year, the remuneration of the Board of Directors is expected to increase.

5. Compensation of the Senior Executive Committee

In the year under review the members of the Senior Executive Committee were:

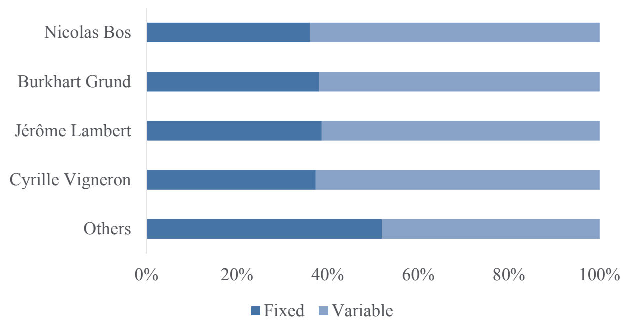
Senior Executive Committee	
Nicolas Bos	President & Chief Executive Officer, Van Cleef & Arpels
Philippe Fortunato[2]	CEO of Fashion & Accessories Maisons
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Emmanuel Perrin	Head Specialist Watchmakers Distribution
Cyrille Vigneron	President & Chief Executive Officer, Cartier
Frank Vivier	Chief Transformation Officer
Sophie Guieysse[1]	Former Group Human Resources Director

1. Until 12 June 2020.
2. From 1 September 2020.

The Chairman of the Board of Directors also attends meetings of the Senior Executive Committee when required.

The objective of the Group's compensation policy is to favour variable (short- and long-term incentives) over fixed compensation. The split for the Group's Senior Executives for the year ended 31 March 2021 was as follows:

Variable compensation as a percentage of total



Compensation of the Senior Executive Committee for the period is summarised below.

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share-based awards CHF	Social security cost CHF	Total CHF	Prior year CHF
Variable paid in:			*Cash*	*Equity*			
Senior Executive Committee							
Nicolas Bos	1 322 970	112 518	1 404 700	1 137 899	290 789	**4 268 876**	9 209 157
Burkhart Grund	1 223 927	111 392	1 227 000	941 371	140 776	**3 644 466**	6 030 497
Sophie Guieysse[1]	360 913	42 893	–	–	15 031	**418 837**	3 057 031
Jérôme Lambert	1 595 573	111 395	1 515 000	1 192 393	174 987	**4 589 348**	8 058 405
Cyrille Vigneron	1 483 652	111 154	1 507 000	1 169 120	145 988	**4 416 914**	7 180 545
Other	3 425 435	322 425	1 955 000	1 882 691	264 413	**7 849 964**	7 851 447
Total	9 412 470	811 777	7 608 700	6 323 474	1 031 984	**25 188 405**	41 387 082

1. Sophie Guieysse stepped down from the Senior Executive Committee on 12 June 2020 and from the Board of Directors on 9 September 2020 but remained an employee of the Group until 31 March 2021. The amounts shown above represent salary and benefits paid to Ms Guieysse during the period in which she acted as a Director of the Company. All amounts paid to her subsequent to this period are included in the line 'Other SEC members'. This includes salary, other benefits and short-term incentives for the year ended 31 March 2021 and a non-compete agreement signed with Ms Guieysse on her departure. No share-based awards were made; however, share options awarded in prior years have vested on 31 March 2021 and Ms Guieysse retains her allocated PSU, which remains subject to the performance conditions described at page 65.

Changes in the level of compensation awarded to members of the Senior Executive Committee reflect the reduction in base salary mentioned above and a reduction in the value of long-term incentive awards.

Fixed compensation of the Senior Executive Committee

Base salary

The base salary reflects the position, qualifications and responsibilities of the executive, taking into account the external market value for the position in the market in which the individual is based. It is paid on a monthly basis in cash. The level of base salary is reviewed annually in accordance with the Group's salary review process, which takes place in May. In determining the level of any increase to base salary, consideration is given to the Group's performance, the role and responsibilities of the individual and the results of benchmarking studies.

During the year ended 31 March 2021, base salaries of all Committee members were voluntarily reduced by 20%.

Benefits

Senior Executive Committee members also receive benefits in line with their duties and responsibilities and may include company car and medical insurance subsidy.

The Company also operates a retirement foundation in Switzerland which provides benefits on a defined contribution basis. Each executive has a retirement account to which the executive and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. A Group contribution of up to 13.05% was applied in the year on salaries to a ceiling of CHF 860 400.

Executives are reimbursed for travel and other necessary business expenses incurred in the performance of their duties.

Variable compensation of the Senior Executive Committee

Executives also benefit from a short-term cash incentive plan and awards granted under the Group's share option and PSU plans. The Committee considers these components in total to ensure there is an appropriate balance between reward for short-term success and long-term retention. Targets used to determine the payout levels for both the variable short-term incentives and the variable long-term incentives are considered by the Committee on an annual basis prior to the start of the next financial year. The Group does not provide for any transaction-specific success fees for its executives.

Short-term cash incentives

Short-term incentives are paid in cash annually and relate to performance in the previous financial year.

The determination of the level of short-term cash incentive comprises both quantitative and qualitative components, each with a pre-set target and a maximum percentage of base salary. The mix of quantitative and qualitative targets are aligned with the Group's business priorities for the year ahead, encouraging individual creativity and business development, as well as delivering continued profit growth and value creation. The short-term incentive target is set at 75% of base salary, with a maximum cap of 150% of base salary.

The quantitative component of the short-term cash incentive is assessed on actual Group or Maison turnover, operating profit and cash generation, being operating cash flow after capital expenditure and lease payments, compared against the current year's budget. Each of these three measures has equal weighting in the calculation. As the budget for the year ended 31 March 2021 was prepared before the full impact of the Covid-19 pandemic was clear, the assessment of short-term incentive awards for the current period is compared to prior year results. The qualitative component is assessed on performance against both individual and collective strategic targets, measuring contributions towards growing brand equity, enhancing the client journey, driving initiatives on ESG and enhancing the people experience in the organisation.

Compensation report continued

The total short-term incentive awards achieved represented on average 81% of base salary (before voluntary reduction). The individual figures for the Group's executive directors are as follows:

	Quantitative (% of salary)		Qualitative (% of salary)		Total (% of salary)	
	Target	Actual	Target	Actual	Target	Actual
Nicolas Bos	*41%*	42%	*34%*	44%	*75%*	86%
Burkhart Grund	*41%*	43%	*34%*	39%	*75%*	82%
Jérôme Lambert	*41%*	43%	*34%*	37%	*75%*	80%
Cyrille Vigneron	*41%*	47%	*34%*	37%	*75%*	84%

In addition, the Compensation Committee may decide to use its discretion in assessing the qualitative aspect of performance to take into account exceptional performance during the year.

Long-term variable components
The target long-term variable award is set at 112.5% of base salary with a maximum cap of 150% of base salary. The number of share options and performance share units awarded will depend on value creation of the business area for which they are responsible. The Committee has discretion to adjust the final award to take into account current market conditions, long-term and strategic decision-making, amongst other factors. For awards made in December 2020 with respect to performance during the year ended 31 March 2020, the Committee accepted a proposal by management that the value of the long-term incentive award be further reduced by 50%.

Long-term variable incentives are awarded under the Group's share option and PSU plans, with the award based on the estimated fair value of a share option at the time of the award.

The share options and PSU vest in tranches after three, four and five years. The cost to the Group of this plan is equal to the fair value of the share options or PSU awards, which is charged to net profit over the vesting period. The total fair value of share options granted to members of the Senior Executive Committee during the year was CHF 2.0 million and of PSU was CHF 4.3 million. There may also be a cash outflow on grant, as the Group repurchases its own shares and warrants in order to meet its obligations under this plan.

Gains made by executives on exercising the share options depend on changes in the share price since the date of the award and, other than employer's social security contributions thereon, do not represent a cost to the Group. Once vested, share options can be exercised at any time until expiry, nine years after initial grant.

The award of share options and PSU requires retrospective approval from shareholders at the AGM. Following such approval, a revised fair value is determined for accounting purposes only.

Seven members of the Senior Executive Committee received share options and PSU in December 2020. Based on the fair value at grant dates, the value of these awards was as follows:

	Options awarded	PSU awarded	Total IFRS value (CHF)	Multiple of base salary[1]
Nicolas Bos	17 988	10 793	1 137 899	70%
Burkhart Grund	14 881	8 929	941 371	63%
Jérôme Lambert	18 849	11 310	1 192 393	63%
Cyrille Vigneron	18 482	11 089	1 169 120	65%
Other SEC members	29 763	17 857	1 882 691	63%

1. Calculated on full salary, before reduction of 20% for the year ended 31 March 2021.

Long-term incentive awards are approved by the Compensation Committee after the end of the financial year to which the award relates. The grant date is determined by the date on which the award, including any performance conditions and/or strike price, is communicated to the recipient, which falls after the date of the Compensation report. For this reason, this report presents details of awards made during the period under review, which relate to performance in the previous year.

Details of options held by members of the Board and the Senior Executive Committee under the Group's share option plan at 31 March 2021 were as follows:

	Number of options						
	1 April 2020	Granted	Exercised	Lapsed	31 March 2021	Average strike price CHF	Earliest exercise period
Board of Directors							
Nicolas Bos	247 013	17 988			**265 001**	84.23	Apr 2021
Burkhart Grund	247 582	14 881	20 000		**242 463**	82.66	Apr 2021
Jérôme Lambert	259 937	18 849			**278 786**	84.47	Apr 2021
Gary Saage	715 000		280 000		**435 000**	79.61	Apr 2021
Cyrille Vigneron	283 571	18 482			**302 053**	84.14	Apr 2021
Senior Executive Committee							
Senior Executives	286 079	29 763	13 334		**302 508**	85.36	Apr 2021
	2 039 182	99 963	313 334	–	**1 825 811**		

The share options held by Mr Gary Saage, Non-executive Director, were awarded in his previous role as an executive director of the Company.

Details of Performance Share Units held by members of the Board and the Senior Executive Committee under the Group's PSU plan at 31 March 2021 were as follows:

	Number of units					
	1 April 2020	Granted in year	Vested in year	Cancelled in year	31 March 2021	Earliest vesting date
Board of Directors						
Nicolas Bos	43 208	10 793	–	–	**54 001**	Aug 2022-Dec 2025
Burkhart Grund	40 549	8 929	–	–	**49 478**	Aug 2022-Dec 2025
Jérôme Lambert	47 629	11 310	–	–	**58 939**	Aug 2022-Dec 2025
Cyrille Vigneron	46 809	11 089	–	–	**57 898**	Aug 2022-Dec 2025
Senior Executive Committee						
Senior Executives	67 314	17 857	–	–	**85 171**	Aug 2022-Dec 2025
	245 509	59 978	–	–	**305 487**	

Shareholder approval

At the annual general meeting, the shareholders of the Company will be asked to approve the fixed compensation of the Senior Executive Committee for the next full financial year, being the twelve months to 31 March 2023. Total fixed compensation is expected to remain stable over the period then ended.

Shareholders will also be requested to retrospectively approve the variable compensation paid and accrued during the current year to 31 March 2021, as follows.

	CHF
Variable remuneration for the year to 31 March 2021	
Short-term incentives for the year ended 31 March 2021	**7 608 700**
Long-term incentive awards	**6 323 474**
Employer's social security	**971 460**
Total	**14 903 634**

Compared to the prior year, changes in the total amount of variable compensation are due to a reduction in the number of share options and PSU, which were awarded in December 2020 in relation to performance in the financial year ended 31 March 2020.

6. Compensation governance

Severance

There are no arrangements in place to provide for any severance benefit or other special departure payments for any director or any member of the Senior Executive Committee, other than their contractual and legal rights. In general, the duration of the contractual notice period is six months. In certain cases, the employing entity is required to provide twelve months' notice.

Clawback

In addition to applicable statutory provisions, the Group's long-term incentive plans include provisions allowing the Group to reclaim, in full or in part, distributed compensation as a result of special circumstances.

Upon termination of employment as a result of serious misconduct, including fraud as defined by the applicable criminal law and violation of the Group's Standards of Business Conduct, all awards granted and outstanding, whether vested or unvested, lapse immediately without any compensation.

In the event of termination of employment for another reason, other than retirement, death or disability, awards which are unvested at the date of termination of employment lapse immediately without any compensation.

External consultants

The Group also uses external consultants for advice on remuneration matters. During the year, external advice was received from a number of professional firms including PricewaterhouseCoopers, Deloitte and Lenz & Staehelin. None of these firms received any additional remuneration-related mandates from those consultations; however, Lenz & Staehelin also received fees for legal and tax advice (see page 129). PricewaterhouseCoopers is the Company and Group's external auditor.

Change of control

The rules of the share option plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the vesting of benefits due to participants in the event of a change of control taking place.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Allotment of shares

No shares were allotted to directors or members of senior management during the year under review.

Share ownership

Details of the shareholdings of the members of the Board of Directors in the Company are disclosed on page 132 of this report. Directors are encouraged to acquire and hold shares in the Company.

Trading in Richemont shares

The exercise of options and transactions in Richemont shares and related securities by any current director or member of the Senior Executive Committee and their related parties is promptly notified to the SIX Swiss Exchange ('SIX'). These notifications are simultaneously published by SIX.

Governance

The Company's Articles of Association contain provisions relating to compensation-related articles with respect to compensation principles (Article 38) and the binding votes of the annual general meeting (Article 39). Shareholders are required to approve prospectively the remuneration of the Board of Directors and the fixed compensation of the Senior Executive Committee, while variable compensation is approved retrospectively. The Articles also include provisions for the remuneration of new members of the Senior Executive Committee (Article 39).

The following compensation will be proposed to the shareholders for approval at the AGM:

	Period covered
Board of Directors	
Fixed compensation	AGM 2021 – AGM 2022
Senior Executive Committee	
Fixed compensation	April 2022 – March 2023
Variable compensation	April 2020 – March 2021

The Articles of Association can be found at: www.richemont.com/corporate-governance

7. Compensation report for the financial year under review

The Ordinance against Excessive Compensation ('OEC') allows the Board of Directors to identify a corporate body to which management can be delegated for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the following executives:

Nicolas Bos	President & Chief Executive Officer, Van Cleef & Arpels
Philippe Fortunato	CEO of Fashion & Accessories Maisons
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Cyrille Vigneron	President & Chief Executive Officer, Cartier
Frank Vivier	Chief Transformation Officer

The former Group Human Resources Director, Sophie Guieysse, also served as a member of the Senior Executive Committee for the period to 12 June 2020.

Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the OEC.

The total compensation of the members of the Board of Directors and the Senior Executive Committee amounted to CHF 5.7 million and CHF 25.2 million respectively, including pension contributions, benefits in kind and all other aspects of compensation. The highest paid executive was Jérôme Lambert, with a total compensation of CHF 4.6 million.

The measurement basis for each component of compensation is described below:

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: accruals basis.
- Pension: contributions paid or increased in accrued value depending upon the pension plan type.
- Share options and PSU: total fair value, as determined at the date of award of the share options granted in the year, the share option value being determined in accordance with the valuation methodology of IFRS 2.
- Employer's social security: amounts are presented on a cash paid basis for short-term compensation and estimated, based on fair value at grant date and mandatory employer social security contributions which provide rights up to the maximum future state benefit, for long-term incentives.

All amounts are stated gross before the deduction of any related tax or amounts due by the employee.

Compensation report continued

AUDITED

Compensation for the financial year to 31 March 2021

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Post-employment benefits CHF	Social security cost[5] CHF	Total CHF
Board of Directors						
Johann Rupert	1 350 000	–	–	–	145 838	**1 495 838**
Josua Malherbe	300 000	–	–	–	23 942	**323 942**
Nikesh Arora	200 000	233 750	–	–	–	**433 750**
Clay Brendish	417 500	–	–	–	–	**417 500**
Jean-Blaise Eckert	245 000	–	–	–	–	**245 000**
Keyu Jin	250 000	–	–	–	–	**250 000**
Wendy Luhabe[3]	110 000	–	–	–	9 304	**119 304**
Ruggero Magnoni[2]	–	–	–	–	–	**–**
Jeff Moss	240 000	–	–	–	–	**240 000**
Vesna Nevistic	245 000	–	–	–	–	**245 000**
Guillaume Pictet	320 000	–	–	–	24 348	**344 348**
Alan Quasha	200 000	–	–	–	–	**200 000**
Maria Ramos	250 000	–	–	–	20 955	**270 955**
Anton Rupert[2]	–	–	–	–	–	**–**
Jan Rupert	240 000	–	–	–	18 378	**258 378**
Gary Saage	200 000	620 000	16 327	–	21 111	**857 438**
Total	4 567 500	853 750	16 327	–	263 876	**5 701 453**

	Fixed components		Variable components			
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share-based awards[1] CHF	Social security cost[5] CHF	Total CHF
Variable paid in:			*Cash*	*Equity*		
Senior Executive Committee						
Nicolas Bos	1 322 970	112 518	1 404 700	1 137 899	290 789	**4 268 876**
Burkhart Grund	1 223 927	111 392	1 227 000	941 371	140 776	**3 644 466**
Sophie Guieysse[4]	360 913	42 893	–	–	15 031	**418 837**
Jérôme Lambert	1 595 573	111 395	1 515 000	1 192 393	174 987	**4 589 348**
Cyrille Vigneron	1 483 652	111 154	1 507 000	1 169 120	145 988	**4 416 914**
Other SEC members	3 425 435	322 425	1 955 000	1 882 691	264 413	**7 849 964**
Total	9 412 470	811 777	7 608 700	6 323 474	1 031 984	**25 188 405**
Total compensation						**30 889 858**

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (either shares or share options) after completion of the vesting period of between 3 and 5 years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 33 to the consolidated financial statement.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

3. From 9 September 2020.

4. Sophie Guieysse stepped down from the Senior Executive Committee on 12 June 2020 and from the Board of Directors on 9 September 2020 but remained an employee of the Group until 31 March 2021. The amounts shown above represent salary and benefits paid to Ms Guieysse during the period in which she acted as a Director of the Company. All amounts paid to her subsequent to this period are included in the line 'Other SEC members'. This includes salary, other benefits and short-term incentives for the year ended 31 March 2021 and a non-compete agreement signed with Ms Guieysse on her departure. No share-based awards were made; however, share options awarded in prior years have vested on 31 March 2021 and Ms Guieysse retains her allocated PSU, which remains subject to the performance conditions described at page 65.

5. Social security costs are the employer's contribution on all components of compensation (see above).

Compensation for the financial year to 31 March 2020

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Post-employment benefits CHF	Social security cost[4] CHF	Total CHF
Board of Directors						
Johann Rupert	2 700 000	–	–	–	393 068	**3 093 068**
Josua Malherbe	335 000	–	–	–	26 368	**361 368**
Nikesh Arora	181 000	637 500	–	–	–	**818 500**
Clay Brendish	435 000	–	–	–	–	**435 000**
Jean-Blaise Eckert	270 000	–	–	–	–	**270 000**
Keyu Jin	246 000	–	–	–	–	**246 000**
Ruggero Magnoni[2]	–	–	–	–	–	**–**
Jeff Moss	275 000	–	–	–	–	**275 000**
Vesna Nevistic	270 000	–	–	–	–	**270 000**
Guillaume Pictet	325 000	–	–	–	23 395	**348 395**
Alan Quasha	200 000	–	–	–	–	**200 000**
Maria Ramos	246 000	–	–	–	19 321	**265 321**
Anton Rupert[2]	–	–	–	–	–	**–**
Jan Rupert	275 000	–	–	–	21 631	**296 631**
Gary Saage	224 895	775 000	24 228	–	21 950	**1 046 073**
Total	5 982 895	1 412 500	24 228	–	505 733	**7 925 356**

	Fixed components		Variable components			
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives[5] CHF	Stock option award[1] CHF	Social security cost[4] CHF	Total CHF
Variable paid in:			*Cash*	*Equity*		
Senior Executive Committee						
Nicolas Bos[3]	1 686 296	114 799	3 220 000	3 783 914	404 148	**9 209 157**
Burkhart Grund	1 521 576	113 180	542 000	3 507 593	346 148	**6 030 497**
Sophie Guieysse[4]	809 615	93 818	266 000	1 753 834	133 764	**3 057 031**
Jérôme Lambert[3]	2 005 684	112 947	1 442 000	4 164 872	332 902	**8 058 405**
Cyrille Vigneron	1 834 015	114 834	826 000	4 079 666	326 030	**7 180 545**
Other SEC members[3]	2 402 590	272 002	636 000	4 103 562	437 293	**7 851 447**
Total	10 259 776	821 580	6 932 000	21 393 441	1 980 285	**41 387 082**
Total compensation						**49 312 438**

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (either shares or share options) after completion of the vesting period of between 3 and 5 years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 33 to the consolidated financial statements.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

3. During the year to 31 March 2020, Mr Nicolas Bos, Mr Jérôme Lambert and Mr Emmanuel Perrin also received a cash payout as a result of a long-term incentive award made in 2016 as compensation for their positions as brand executives at that time; these amounts are not included in the above table.

4. Social security costs are the employer's contribution on all components of compensation (see above).

AUDITED

AUDITED

8. Related party transactions

In addition to their duties as non-executive directors, Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group during the year. Fees for those services, amounting to CHF 0.6 million and CHF 0.2 million respectively, are included in the compensation disclosures above. The consultancy services provided to the Group are in connection with the Group's business development, digital and business transformation strategies.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling CHF 1.3 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.2 million to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni is Vice-Chairman of the Foundation.

In the prior year, M&M Capital Limited, a company in which Mr Ruggero Magnoni is Chairman and shareholder, received a fee of CHF 2.5 million. No such transactions took place in the current year.

Payments to former directors

Mr Alain-Dominique Perrin, a former director of the Group, provided consulting services to the Group during the year. Fees for these services amounted to CHF 4.6 million. The consultancy services provided to the Group are in connection with business development and marketing-related activities, in particular ensuring that matters related to communication, products and distribution are appropriate and consistent with the identity and strategy of the Group's Maisons.

Loans to members of governing bodies

As at 31 March 2021, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the Senior Executive Committee. In accordance with the Group's Articles of Association (Article 38), the Group does not extend loans to current or former members of the Board or Senior Executive Committee. There were also no non-business-related loans or credits granted to relatives of any member of the Board or Senior Executive Committee.

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

We have audited the pages 72 to 74 of the accompanying compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Guillaume Nayet	Louise Rolland
Audit expert Auditor in charge	

Geneva, 20 May 2021

Consolidated financial statement

Directors' Report

The Board of Directors of Compagnie Financière Richemont SA ('Richemont' or 'the Company') is pleased to submit its report on the activities of the Company, its subsidiaries and equity-accounted investments (together, 'the Group') for the year ended 31 March 2021 The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2021 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 145 to 149

Further information on the Group's activities during the year under review is given in the financial review on pages 33 to 39

Consolidated financial statement

		Page
Consolidated balance sheet		78
Consolidated statement of comprehensive income		79
Consolidated statement of changes in equity		80
Consolidated statement of cash flow		81
Notes to the consolidated financial statement		82
1.	*General information*	82
2.	*Summary of significant accounting policies*	82
3.	*Risk assessment*	83
4.	*Critical accounting estimates and assumptions*	83
5.	*Segment information*	84
6.	*Property, plant and equipment*	88
7.	*Goodwill*	89
8.	*Other intangible assets*	92
9.	*Leases*	94
10.	*Investment property*	97
11.	*Equity-accounted investments*	98
12.	*Taxation*	100
13.	*Other non-current assets*	102
14.	*Inventories*	103
15.	*Trade receivables and other current assets*	103
16.	*Derivative financial instruments*	104
17.	*Assets held for sale*	105
18.	*Cash and cash equivalents*	105
19.	*Borrowings*	105
20.	*Employee benefits obligation*	106
21.	*Provisions*	109

		Page
22.	*Other long-term financial liabilities*	110
23.	*Trade and other current liabilities*	110
24.	*Revenue*	111
25.	*Other operating (expense)/income*	112
26.	*Operating profit*	113
27.	*Employee benefits expense*	113
28	*Government grants*	113
29.	*Finance costs and income*	114
30.	*Earnings per share*	114
31	*Equity*	116
32.	*Dividends*	118
33	*Share-based payments*	118
34.	*Cash flow generated from operations*	120
35.	*Liabilities arising from financing activities*	120
36.	*Financial instruments: fair values and risk management*	121
37.	*Financial commitments and contingent liabilities*	128
38.	*Related-party transactions*	128
39.	*Business combinations*	133
40.	*Ultimate parent company*	134
41.	*Principal Group companies*	135
42.	*Events after the reporting date*	137
Report of the statutory auditor		138

Company financial statement

Compagnie Financière Richemont SA	145
Report of the statutory auditor	150

Consolidated balance sheet
at 31 March

	Notes	2021 €m	2020 €m
Assets			
Non-current assets			
Property, plant and equipment	*6*	**2 583**	2 774
Goodwill	*7*	**3 456**	3 465
Other intangible assets	*8*	**2 436**	2 623
Right of use assets	*9*	**3 339**	3 164
Investment property	*10*	**220**	282
Equity-accounted investments	*11*	**187**	180
Deferred income tax assets	*12*	**614**	600
Financial assets held at fair value through profit or loss	*36*	**506**	10
Financial assets held at fair value through other comprehensive income	*36*	**377**	115
Other non-current assets	*13*	**435**	447
		14 153	13 660
Current assets			
Inventories	*14*	**6 319**	6 658
Trade receivables and other current assets	*15*	**1 369**	1 246
Derivative financial instruments	*16*	**12**	44
Financial assets held at fair value through profit or loss	*36*	**5 550**	4 362
Assets held for sale	*17*	**79**	29
Cash at bank and on hand	*18*	**7 877**	4 462
		21 206	16 801
Total assets		**35 359**	30 461
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	*31*	**334**	334
Treasury shares	*31*	**(490)**	(539)
Hedge and share option reserves	*31*	**419**	368
Cumulative translation adjustment reserve		**2 626**	3 133
Retained earnings	*31*	**14 885**	13 840
		17 774	17 136
Non-controlling interests	*41*	**110**	123
Total equity		**17 884**	17 259
Liabilities			
Non-current liabilities			
Borrowings	*19*	**5 937**	3 951
Lease liabilities	*9*	**2 927**	2 702
Deferred income tax liabilities	*12*	**258**	351
Employee benefit obligations	*20*	**65**	168
Provisions	*21*	**55**	56
Other long-term financial liabilities	*22*	**97**	99
		9 339	7 327
Current liabilities			
Trade payables and other current liabilities	*23*	**2 537**	2 047
Current income tax liabilities		**550**	446
Borrowings	*19*	**–**	1
Lease liabilities	*9*	**590**	612
Derivative financial instruments	*16*	**114**	30
Provisions	*21*	**248**	262
Bank overdraft	*18*	**4 097**	2 477
		8 136	5 875
Total liabilities		**17 475**	13 202
Total equity and liabilities		**35 359**	30 461

The notes on pages 82 to 137 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2021 €m	2020 €m
Revenue	*24*	**13 144**	14 238
Cost of sales		**(5 283)**	(5 627)
Gross profit		**7 861**	8 611
Selling and distribution expenses		**(3 241)**	(3 512)
Communication expenses		**(1 030)**	(1 415)
Fulfilment expenses		**(356)**	(352)
Administrative expenses		**(1 484)**	(1 560)
Other operating expenses	*25*	**(272)**	(254)
Operating profit		**1 478**	1 518
Finance costs	*29*	**(295)**	(504)
Finance income	*29*	**320**	167
Share of post-tax results of equity-accounted investments	*11*	**12**	17
Profit before taxation		**1 515**	1 198
Taxation	*12*	**(226)**	(267)
Profit for the year		**1 289**	931
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)	*20*	**118**	(81)
Tax on defined benefit plan actuarial gains/(losses)	*12*	**(15)**	10
Fair value changes on financial assets held at fair value through other comprehensive income		**202**	(272)
		305	(343)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the year		**(517)**	568
– reclassification to profit or loss		**9**	–
Cash flow hedging			
– reclassification to profit or loss, net of tax		**4**	3
		(504)	571
Other comprehensive income, net of tax		**(199)**	228
Total comprehensive income		**1 090**	1 159
Profit attributable to:			
Owners of the parent company		**1 301**	933
Non-controlling interests		**(12)**	(2)
		1 289	931
Total comprehensive income attributable to:			
Owners of the parent company		**1 103**	1 162
Non-controlling interests		**(13)**	(3)
		1 090	1 159
Earnings per ‘A’ share/10 ‘B’ shares attributable to owners of the parent company during the year (expressed in € per share)			
Basic	*30*	**2.302**	1.651
Diluted	*30*	**2.296**	1.646

The notes on pages 82 to 137 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March

	Notes	Share capital €m	Treasury shares €m	Other reserves €m	Cumulative translation adjustment reserve €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
		Equity attributable to owners of the parent company							
Balance at 1 April 2019		334	(560)	324	2 564	14 289	16 951	88	17 039
Comprehensive income									
Profit for the year		–	–	–	–	933	933	(2)	931
Other comprehensive income		–	–	3	569	(343)	229	(1)	228
		–	–	3	569	590	1 162	(3)	1 159
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*31*	–	21	–	–	(8)	13	–	13
Employee share option plan		–	–	41	–	–	41	–	41
Tax on share option plan	*12*	–	–	–	–	–	–	–	–
Changes in non-controlling interests		–	–	–	–	5	5	38	43
Initial recognition of put options over non-controlling interests		–	–	–	–	(19)	(19)	–	(19)
Dividends paid	*32*	–	–	–	–	(1 017)	(1 017)	–	(1 017)
		–	21	41	–	(1 039)	(977)	38	(939)
Balance at 31 March 2020		**334**	**(539)**	**368**	**3 133**	**13 840**	**17 136**	**123**	**17 259**
Comprehensive income									
Profit for the year		**–**	**–**	**–**	**–**	**1 301**	**1 301**	**(12)**	**1 289**
Other comprehensive income		**–**	**–**	**4**	**(507)**	**305**	**(198)**	**(1)**	**(199)**
		–	**–**	**4**	**(507)**	**1 606**	**1 103**	**(13)**	**1 090**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*31*	**–**	**49**	**–**	**–**	**(17)**	**32**	**–**	**32**
Acquisition of warrants on own equity	*31*	**–**	**–**	**–**	**–**	**(15)**	**(15)**	**–**	**(15)**
Employee share option plan		**–**	**–**	**43**	**–**	**–**	**43**	**–**	**43**
Tax on share option plan	*12*	**–**	**–**	**4**	**–**	**–**	**4**	**–**	**4**
Warrants issued on own equity	*31*	**–**	**–**	**–**	**–**	**76**	**76**	**–**	**76**
Warrants distributed to shareholders	*31*	**–**	**–**	**–**	**–**	**(76)**	**(76)**	**–**	**(76)**
Dividends paid	*32*	**–**	**–**	**–**	**–**	**(529)**	**(529)**	**–**	**(529)**
		–	**49**	**47**	**–**	**(561)**	**(465)**	**–**	**(465)**
Balance at 31 March 2021		**334**	**(490)**	**419**	**2 626**	**14 885**	**17 774**	**110**	**17 884**

The notes on pages 82 to 137 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2021 €m	2020 €m
Cash flows from operating activities			
Operating profit		**1 478**	1 518
Adjustment for non-cash items	*34*	**1 554**	1 606
Changes in working capital	*34*	**529**	(327)
Cash flow generated from operations		**3 561**	2 797
Interest received		**83**	109
Interest paid		**(179)**	(181)
Dividends from equity-accounted investments	*11*	**–**	3
Dividends from other investments		**1**	15
Taxation paid		**(248)**	(373)
Net cash generated from operating activities		**3 218**	2 370
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*39*	**(33)**	(245)
Acquisition of equity-accounted investments		**–**	(1)
Proceeds from disposal of, and capital distributions from, equity-accounted investments		**50**	–
Acquisition of property, plant and equipment		**(386)**	(570)
Proceeds from disposal of property, plant and equipment		**14**	2
Payments capitalised as right of use assets		**–**	(2)
Acquisition of intangible assets		**(127)**	(165)
Acquisition of investment property		**(1)**	(4)
Investment in money market and externally managed funds		**(11 430)**	(8 422)
Proceeds from disposal of money market and externally managed funds		**10 085**	8 600
Acquisition of other non-current assets and investments		**(379)**	(30)
Proceeds from disposal of other non-current assets and investments		**12**	11
Net cash used in investing activities		**(2 195)**	(826)
Cash flows from financing activities			
Proceeds from borrowings	*35*	**2 072**	–
Corporate bond issue transaction costs	*35*	**(8)**	–
Repayment of borrowings	*35*	**(85)**	(365)
Dividends paid		**(529)**	(1 017)
Proceeds from sale of treasury shares		**32**	13
Acquisition of warrants on own equity		**(15)**	–
Contributions received from non-controlling interests		**–**	34
Lease payments – principal	*35*	**(561)**	(588)
Net cash used in financing activities		**906**	(1 923)
Net change in cash and cash equivalents		**1 929**	(379)
Cash and cash equivalents at the beginning of the year		**1 985**	2 347
Exchange (losses)/gains on cash and cash equivalents		**(134)**	17
Cash and cash equivalents at the end of the year	*18*	**3 780**	1 985

The notes on pages 82 to 137 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2021

1. General information

Compagnie Financière Richemont SA ('the Company'), its subsidiaries and equity-accounted investments (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's interests encompass several of the most prestigious names in the luxury industry including Cartier, Van Cleef & Arpels, Buccellati, A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis, Vacheron Constantin, Watchfinder, YOOX NET-A-PORTER ('YNAP'), Alaïa, Chloé, Montblanc, Peter Millar, Purdey, Serapian and AZ Factory.

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

These consolidated financial statements have been approved by the Board of Directors of the Company ('the Board') for issue on 20 May 2021 and are subject to approval at the shareholders' general meeting due to be held on 8 September 2021.

2. Summary of significant accounting policies

2.1. Basis of preparation
These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations (together 'IFRS').

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income.

Except as described in note 2.2 below, the policies set out in notes 2.3 to 2.6 have been consistently applied to the periods presented.

2.2. Adoption of new accounting standards
Other than the accounting standards mentioned below, no other amendments to IFRS effective for the financial year ended 31 March 2021 have a material impact on the Group.

Amendment to IFRS 16, *Covid-19 related rent concessions*

On 1 April 2020, the Group has early adopted the amendments to IFRS 16, *Covid-19 related rent concessions*. As a result, rent concessions agreed with landlords since 1 April 2020 as a direct result of the Covid-19 pandemic have not been treated as a lease modification. This amendment applies to all concessions related to lease payments originally due on or before 30 June 2021, extended to 30 June 2022 by a further amendment. The amount recognised in profit or loss for the year ended 31 March 2021 as a result of this practical expedient is € 67 million.

2.3. Basis of consolidation
The consolidated financial statements include the accounts of the Company and its subsidiary undertakings together with the Group's share of the results and net assets of equity-accounted investments.

(a) Subsidiary undertaking
Subsidiary undertakings are defined as those undertakings that are controlled by the Group and are consolidated from the date control commences until the date control ceases. Control of an undertaking exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. The accounts of subsidiary undertakings are drawn up at 31 March of each year. Uniform accounting policies have been adopted.

(b) Associates and joint ventures
Associated undertakings are defined as those undertakings, not classified as subsidiary undertakings, where the Group is able to exercise a significant influence. Significant influence is presumed to exist where the Group holds between 20% and 50% of the voting rights of another entity. Joint ventures are those arrangements where the Group has joint control and rights to the net assets of the arrangement.

2.4. Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Swiss francs. The consolidated financial statements are presented in millions of euros (the 'presentation currency'). Management believes that this currency is more useful to the users of the consolidated financial statements.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the average exchange rates prevailing during the period. The average rates approximate actual rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies
The assets and liabilities of foreign operations that have a functional currency different from the presentation currency are translated to euro at the closing exchange rates at the reporting date.

The income, expenses and cash flows of foreign operations are translated to euro at the average exchange rates.

All resulting foreign exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.5. Impairment of non-financial assets

All non-financial assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be fully recoverable, with the exception of intangible assets that have an indefinite useful life which are not subject to amortisation and so are tested annually for impairment. The Group has identified goodwill as the only category of intangible asset with an indefinite life.

Assets which do not generate cash flows independently of other assets are allocated to a cash-generating unit ('CGU') for impairment testing. The CGUs are made up of assets grouped at the lowest levels for which there are separately identifiable cash flows, subject to an operating segment ceiling. An impairment loss is recognised, if necessary, for the amount by which a CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a CGU's fair value, less costs of disposal, and its value-in-use.

2.6. Other accounting policies

Details of the other accounting policies adopted by the Group can be found in the note to the financial statements to which they relate.

2.7. New standards and interpretations not yet adopted

Certain new accounting standards and amendments issued by the IASB and interpretations issued by the IFRS Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. None are expected to have a significant impact on the Group's consolidated financial statements.

3. Risk assessment

The Company has a risk management process which considers both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by Group management. A consolidated risk report, which includes risk mitigation plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors. For further details, refer to page 57 of the Group's annual report.

For any risks identified which relate to accounting and financial reporting, and to reduce the risk to the financial statements arising from material misstatement, whether due to fraud or error, the Group's internal control system framework defines relevant control measures which are implemented across the Group and appropriately monitored.

4. Critical accounting estimates and assumptions

The Group is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgments in the process of applying its accounting policies. Estimates and assumptions applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the consolidated financial statements. Principal matters involving significant estimates, assumptions or judgments relate in particular to:

(a) Inventories

The Group records a provision against its inventories for damaged and slower-moving items. This provision is based on estimates made by management taking into consideration various factors including historical experience, estimated future demand, discontinuations and product development.

The provision is assessed at each reporting date by the respective Maison or subsidiary company and is adjusted accordingly. Details of the movements in the provision are provided in note 14.

(b) Taxation

The Group is subject to income taxes in a number of jurisdictions due to its wide geographical presence. There are a number of transactions and calculations on which the ultimate tax determination is uncertain. Management exercises judgment, within a strict and objective process framework, in determining the adequate current income tax provision including amounts in relation to uncertain tax positions. The amounts accrued are based on management's interpretation of the specific tax law and on adherence to internationally accepted rules and practice. New information may become available that causes the Group to change its assessment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Details of the Group's tax liabilities are given in note 12.

(c) Recoverable amount of cash-generating units for goodwill impairment testing

Goodwill is tested annually for impairment. The recoverable amounts of CGUs are determined based either on the value-in-use of the CGU, or on its fair value less costs of disposal. In both cases, these calculations require the use of estimates for sales growth, EBITDA margins, other future cash flows, discount rates and terminal growth rates.

Details of the goodwill impairment testing done in the year are given in note 7.

4. Critical accounting estimates and assumptions continued

(d) Impact of the Covid-19 outbreak

During the year ended 31 March 2021, the Covid-19 pandemic led to a significant slow-down of the global economy, temporary closures of the Group's sales network and distribution centres and an almost complete halt in international travel.

At the date of these financial statements, the impact and duration of the outbreak and the related measures taken to control it remain uncertain. In preparing these financial statements, these uncertainties have been considered throughout. Inventory provisions have been updated where necessary; given the nature of the Group's inventories, additional provisions were limited. The impact of reduced levels of production has been excluded from the valuation of inventory. In assessing the carrying value of its non-current assets, the Group has performed its annual impairment testing of CGUs. This testing was based on updated cash flow forecasts which consider current assumptions on the timing and scale of the economic recovery from the Covid-19 pandemic, including that online retail would recover faster than the retail and wholesale channels. Additional impairment testing of the Group's extensive boutique network was performed wherever indicators of impairment were identified. The Group has sufficient liquidity to meet its obligations, supplemented by the issue of € 2 billion corporate bonds in May 2020 (see note 19), and the credit risk arising from trade receivables is not considered to have significantly increased.

The Group's position remains that, despite a significant short-term impact, long-term market conditions remain unlikely to change. It continues to monitor on a regular basis the evolution of the pandemic and the related responses and to update its expectations when necessary.

5. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the chief operating decision maker ('CODM') in making strategic decisions. Each operating segment is managed separately by a dedicated Chief Executive Officer and management team allowing management to maintain and develop the specific identity of each Maison or distributor. These operating segments have been aggregated into reportable segments as follows:

- **Jewellery Maisons** – businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Buccellati, Cartier and Van Cleef & Arpels.
- **Specialist Watchmakers** – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin.
- **Online Distributors** – businesses whose primary activity is the online sale of luxury goods. This group comprises Watchfinder and YNAP.

In order to determine which operating segments share similar economic characteristics and thus meet the criteria for aggregation, management has focused on the distribution network, product mix and gross margin structure of the Maisons.

Other operating segments include Alaïa, Chloé, dunhill, Montblanc, Peter Millar, Purdey, Serapian, AZ Factory, investment property companies and other manufacturing entities. None of these segments meet the quantitative thresholds for determining reportable segments.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional functions are allocated to individual operating segments using allocation keys most relevant to the nature of the expense being allocated. Unallocated corporate costs represent the costs of the Group's corporate operations which are not attributed to the segments.

Performance measurement is based on segment contribution before corporate costs, unallocated valuation adjustments on acquisitions, interest and tax, as management believes that such information is most relevant in evaluating the results of segments relative to other entities that operate within similar markets.

5. Segment information continued

(a) Information on reportable segments continued

Revenue by business area is as follows:

Year to 31 March 2021	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue €m
Revenue						
External revenue	**7 456**	**2 239**	**2 197**	**1 252**	**–**	**13 144**
Inter-segment revenue	**3**	**8**	**–**	**93**	**(104)**	**–**
	7 459	**2 247**	**2 197**	**1 345**	**(104)**	**13 144**

Year to 31 March 2020	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue €m
Revenue						
External revenue	7 215	2 856	2 427	1 740	–	14 238
Inter-segment revenue	2	3	–	48	(53)	–
	7 217	2 859	2 427	1 788	(53)	14 238

The operating result by business area is as follows:

	2021 €m	2020 €m
Operating result		
Jewellery Maisons	**2 309**	2 077
Specialist Watchmakers	**132**	304
Online Distributors	**(223)**	(241)
Other	**(241)**	(141)
	1 977	1 999
Elimination of internal transactions	**(6)**	(2)
Impact of valuation adjustments on acquisitions	**(197)**	(196)
Unallocated corporate costs	**(296)**	(283)
Consolidated operating profit before finance and tax	**1 478**	1 518
Finance costs	**(295)**	(504)
Finance income	**320**	167
Share of post-tax results of equity-accounted investments	**12**	17
Profit before taxation	**1 515**	1 198
Taxation	**(226)**	(267)
Profit for the year	**1 289**	931

	2021 €m	2020 €m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	**520**	488
Specialist Watchmakers	**252**	260
Online Distributors	**186**	171
Other	**194**	206
Unallocated	**370**	367
	1 522	1 492

In the year to 31 March 2021, impairment charges were included within Specialist Watchmakers and Other segments of € 2 million and € 2 million respectively. A further charge of € 10 million is included within unallocated corporate costs (2020: € 45 million was included in the ‘Other’ segment).

5. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	2021 €m	2020 €m
Segment assets		
Jewellery Maisons	**3 561**	3 506
Specialist Watchmakers	**1 539**	1 616
Online Distributors	**955**	1 006
Other	**951**	1 050
	7 006	7 178
Eliminations	**(49)**	(17)
	6 957	7 161

	2021 €m	2020 €m
Total segment assets	**6 957**	7 161
Property, plant and equipment	**2 583**	2 774
Goodwill	**3 456**	3 465
Other intangible assets	**2 436**	2 623
Right of use assets	**3 339**	3 164
Investment property	**220**	282
Equity-accounted investments	**187**	180
Deferred income tax assets	**614**	600
Financial assets at fair value through profit or loss	**6 056**	4 372
Financial assets at fair value through other comprehensive income	**377**	115
Other non-current assets	**435**	447
Other receivables	**731**	743
Derivative financial instruments	**12**	44
Cash at bank and on hand	**7 877**	4 462
Assets held for sale	**79**	29
Total assets	**35 359**	30 461

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

	2021 €m	2020 €m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**266**	309
Specialist Watchmakers	**64**	99
Online Distributors	**113**	172
Other	**44**	89
Unallocated	**47**	124
	534	793

5. Segment information continued

(b) Information about geographical areas

Each operating segment operates on a worldwide basis. External sales presented in the four main geographical areas where the Group's operating segments operate are as follows:

	2021 €m	2020 represented €m
Europe	**2 955**	4 298
United Kingdom	**646**	1 024
France	**411**	739
Italy	**411**	582
Switzerland	**254**	464
Other Europe	**1 233**	1 489
Middle East and Africa	**924**	930
Asia	**6 877**	6 204
China	**4 366**	3 085
– of which mainland China	***3 633***	*1 797*
– of which Hong Kong SAR and Macau SAR	***733***	*1 288*
Japan	**940**	1 212
South Korea	**653**	818
Other Asia	**918**	1 089
Americas	**2 388**	2 806
United States	**2 136**	2 457
Other Americas	**252**	349
	13 144	14 238

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for online transactions. Prior period amounts have been re-presented for consistency with the current period presentation; specifically, sales for Germany and Spain are now included within Other Europe and sales for Italy are presented separately.

The total non-current assets, other than financial instruments and deferred tax assets, located in Switzerland, the Company's domicile, and the rest of the world are as follows:

	2021 €m	2020 €m
Italy	**4 295**	4 374
United Kingdom	**2 030**	2 082
Switzerland	**1 837**	1 960
United States	**1 133**	1 152
France	**1 123**	996
Rest of the world	**2 106**	2 232
	12 524	12 796

Segment assets are allocated based on where the assets are located.

5. Segment information continued

(c) Information about products

External sales by product are as follows:

	2021 €m	2020 €m
Jewellery	**5 553**	5 205
Watches	**4 085**	4 816
Clothing	**1 636**	1 792
Leather goods and accessories	**1 129**	1 415
Writing instruments	**308**	383
Other	**433**	627
	13 144	14 238

(d) Major customers

Sales to no single customer represented more than 10% of total revenue.

6. Property, plant and equipment

Accounting policy

All property, plant and equipment is shown at cost less accumulated depreciation and impairment. Depreciation on property, plant and equipment is calculated using the straight-line method over the asset's estimated useful life, up to the following limits:

- Buildings 40 years
- Plant and machinery 20 years
- Fixtures, fittings, tools and equipment 15 years

Residual values and useful lives are reviewed annually and adjusted if appropriate. Neither assets under construction nor land are depreciated.

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2019					
Cost	1 413	950	3 125	199	5 687
Depreciation	(475)	(610)	(1 874)	–	(2 959)
Net book value at 1 April 2019	938	340	1 251	199	2 728
Exchange adjustments	40	11	7	1	59
Acquisition through business combinations	2	1	4	–	7
Additions	14	54	379	166	613
Disposals	(1)	(1)	(8)	(2)	(12)
Depreciation charge	(62)	(69)	(384)	–	(515)
Impairment charge	–	(2)	(37)	–	(39)
Reclassified to right of use assets	(39)	–	(17)	–	(56)
Reclassified to assets held for sale	11	–	(22)	–	(11)
Transfers and reclassifications	37	10	104	(151)	–
31 March 2020					
Cost	1 505	1 035	3 349	213	6 102
Depreciation	(565)	(691)	(2 072)	–	(3 328)
Net book value at 31 March 2020	940	344	1 277	213	2 774

6. Property, plant and equipment continued

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2020					
Cost	**1 505**	**1 035**	**3 349**	**213**	**6 102**
Depreciation	**(565)**	**(691)**	**(2 072)**	**–**	**(3 328)**
Net book value at 1 April 2020	**940**	**344**	**1 277**	**213**	**2 774**
Exchange adjustments	**(32)**	**(8)**	**(34)**	**(5)**	**(79)**
Acquisition through business combinations (note 39)	**1**	**–**	**1**	**–**	**2**
Additions	**10**	**30**	**190**	**176**	**406**
Disposals	**(4)**	**–**	**(7)**	**(11)**	**(22)**
Depreciation charge	**(67)**	**(67)**	**(361)**	**–**	**(495)**
Impairment charge	**–**	**–**	**(4)**	**–**	**(4)**
Reclassified to assets held for sale (note 17)	**4**	**–**	**(3)**	**–**	**1**
Transfers and reclassifications	**10**	**3**	**102**	**(115)**	**–**
31 March 2021					
Cost	**1 472**	**1 026**	**3 311**	**258**	**6 067**
Depreciation	**(610)**	**(724)**	**(2 150)**	**–**	**(3 484)**
Net book value at 31 March 2021	**862**	**302**	**1 161**	**258**	**2 583**

Land and buildings comprise mainly manufacturing facilities, retail boutiques, offices and distribution centres.

Impairment charges of € 4 million are included in selling and distribution expenses (2020: € 39 million included in other expenses).

Committed capital expenditure not reflected in these financial statements amounted to € 99 million at 31 March 2021 (2020: € 23 million).

7. Goodwill

Accounting policy
Goodwill is allocated to the CGUs' for the purpose of impairment testing that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling. It is tested annually for impairment and carried at cost less accumulated impairment losses.

	€m
Cost at 1 April 2019	3 354
Exchange adjustments	9
Goodwill arising on business combinations	103
Impairment charge	(1)
Cost at 31 March 2020	**3 465**
Exchange adjustments	**(7)**
Adjustment to goodwill arising from prior year business combinations	**4**
Impairment charge	**(6)**
Cost at 31 March 2021	**3 456**

The goodwill balance arising from the Buccellati acquisition in the prior year has been adjusted since 31 March 2020 following definitive completion of the acquisition, which led to an increase in consideration paid and in goodwill of € 4 million. No changes were made to the value of the net assets acquired in this business combination. IFRS 3 allows a twelve-month measurement period from acquisition date to complete the initial accounting; as the adjustment is not significant in terms of the total goodwill balance, the prior period has not been restated.

7. Goodwill continued

Impairment testing for goodwill

The Group considers its Maisons and individual Online Distributors to be the appropriate CGUs for goodwill allocation. The balance at 31 March is allocated as follows:

	2021 €m	2020 €m
Jewellery Maisons	**1 134**	1 135
Specialist Watchmakers	**432**	443
Online Distributors	**1 715**	1 709
Other Maisons	**175**	178
	3 456	3 465

Cartier and YNAP CGUs each have an allocation of goodwill which is considered significant when compared to the total goodwill balance.

The Cartier CGU includes goodwill of € 820 million (2020: € 824 million). The discounted cash flow model on which the value-in-use calculation is based includes five years of cash flows and assumes sales and EBITDA growth of 1% (2020: 1%) and a terminal growth rate of 2.2% (2020: 2.2%), with operating margins remaining stable over the period. The growth rate is based on conservative assumptions given the significant level of headroom in prior years. The pre-tax discount rate used is 7.46% (2020: 7.07%).

Goodwill allocated to the YNAP CGU amounts to € 1 549 million (2020: € 1 549 million). The discounted cash flow model on which the fair value less cost of disposal calculation is based includes ten years of cash flows, based on the long-term nature of the investment, and assumes sales growth of between 15% and 23% per annum, or 18.5% CAGR (2020: 17% CAGR), based on management forecasts and external industry analysis and a terminal growth rate of 2.25% (2020: 2.25%), with EBITDA margins expected to improve over the period to a level consistent with expected performance of an online luxury retailer. The pre-tax discount rate used is 10.44% (2020: 8.88%). The valuation was confirmed by using comparable multiples for other listed groups in the luxury e-commerce industry. It is classified as Level 3 in the IFRS fair value hierarchy.

A reasonably possible change in key assumptions at 31 March 2021 used for the Cartier CGU would not cause the carrying amount to exceed the recoverable amount. With respect to the YNAP CGU, the estimated recoverable amount of the CGU exceeded its carrying value by € 1 789 million. The following reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount.

	Key assumption	Change
Terminal growth	**2.25%**	-5.55 ppt
Discount rate	**10.4%**	+2.28 ppt
Revenue growth (CAGR)	**18.5%**	-4.55 ppt
Long-term EBITDA margin	**15.0%**	-20.9%

No other CGU has an allocation of goodwill which is significant in comparison with the total carrying amount. For the majority of the Group's CGUs, representing a total goodwill allocation of € 559 million, the recoverable value is calculated using value-in-use. For each CGU, the discounted cash flow model used for impairment testing considers five years of cash flows and a long-term growth rate based on the long-term inflation rate. Sales growth projections are based on Maison and Online Distributor management forecasts and growth rates which are fixed at the low end of the Group's past experience. EBITDA margins are assumed to remain stable compared to the margin achieved by the CGU in the current year unless there are Maison-specific reasons to assume otherwise. For certain Maisons or Online Distributors that are at the beginning of significant expansion or realignment, the calculation of the recoverable value, which may be based on fair value less cost of disposal where appropriate, includes ten years of cash flows, with sales growth projections including input from independent external analysis on the luxury industry, supplemented by CGU-specific adjustments when deemed necessary, or on historic growth rates experienced by peers.

7. Goodwill continued

As a result of this impairment testing, two CGUs were identified (Buccellati and Watchfinder) for which reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount. The goodwill allocated to these CGUs amounts to €107 million and € 166 million respectively. The estimated recoverable value for these CGUs exceeded the carrying value by € 84 million and € 46 million respectively. The following reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount:

	Key assumption	Change
Buccellati CGU		
Terminal growth	**2.25%**	-3.15 ppt
Discount rate	**9.0%**	+1.39 ppt
Revenue growth (CAGR)	**22.7%**	-4.87 ppt
Long-term EBITDA margin	**35.0%**	-19.3%
Watchfinder CGU		
Terminal growth	**2.25%**	-2.90 ppt
Discount rate	**10.9%**	+1.23 ppt
Revenue growth (CAGR)	**19.0%**	-3.02 ppt
Long-term EBITDA margin	**10.0%**	-14.0%

In all cases, the expected impact of the Covid-19 pandemic is reflected in the forecast cash flows for each CGU. The Group's assumption remains that despite the short-term impact, long-term market conditions remain broadly unchanged, with online retail recovering more quickly than traditional distribution channels.

At 31 March 2021, goodwill impairments totalling € 6 million have been identified arising from one CGU included within 'Specialist Watchmakers' for segmental reporting (note 5) (2020: € 45 million arising from three CGUs, of which € 1 million related to goodwill). Impairment charges are included in 'Other operating expenses'.

8. Other intangible assets

Accounting policy

Other intangible assets are shown at cost less accumulated amortisation and impairment. Amortisation of other intangible assets is calculated using the straight-line method over the asset's estimated useful life, or contractual life if applicable, up to the following limits:

• Software and related licences	15 years
• Development costs	10 years
• Intellectual property-related	50 years
• Distribution rights	5 years
• Leasehold rights	20 years

Costs that are directly associated with developing, implementing or improving identifiable software products having an expected benefit beyond one year are recognised as other intangible assets. Costs associated with maintaining software are expensed as incurred.

Leasehold rights represent premiums paid to parties other than the lessor at the inception of operating leases and are amortised over their expected useful lives or, if shorter, the lease period.

Costs incurred on development projects, including internally generated costs, are recognised as other intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. These assets are amortised from the commencement of commercial production of the product. Other development expenditures and research expenditures are expensed as incurred.

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2019					
Cost	2 455	268	596	218	3 537
Amortisation	(258)	(155)	(236)	(131)	(780)
Net book value at 1 April 2019	2 197	113	360	87	2 757
Exchange adjustments	(33)	1	–	4	(28)
Acquisition through business combinations	107	6	1	–	114
Additions:					
– internally developed	–	–	45	33	78
– other	13	1	84	–	98
Disposals	(33)	–	(1)	(2)	(36)
Amortisation charge	(162)	(25)	(145)	(23)	(355)
Impairments	(2)	–	(3)	–	(5)
31 March 2020					
Cost	2 496	256	677	165	3 594
Amortisation	(409)	(160)	(336)	(66)	(971)
Net book value at 31 March 2020	2 087	96	341	99	2 623

8. Other intangible assets continued

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2020					
Cost	**2 496**	**256**	**677**	**165**	**3 594**
Amortisation	**(409)**	**(160)**	**(336)**	**(66)**	**(971)**
Net book value at 1 April 2020	**2 087**	**96**	**341**	**99**	**2 623**
Exchange adjustments	**39**	**(1)**	**–**	**(4)**	**34**
Acquisition through business combinations (note 36)	**10**	**3**	**–**	**–**	**13**
Additions:					
– internally developed	**–**	**–**	**39**	**33**	**72**
– other	**1**	**–**	**54**	**–**	**55**
Disposals	**–**	**–**	**–**	**(1)**	**(1)**
Amortisation charge	**(161)**	**(24)**	**(151)**	**(24)**	**(360)**
Transfers and reclassifications	**–**	**–**	**1**	**(1)**	**–**
31 March 2021					
Cost	**2 553**	**241**	**713**	**165**	**3 672**
Amortisation	**(577)**	**(167)**	**(429)**	**(63)**	**(1 236)**
Net book value at 31 March 2021	**1 976**	**74**	**284**	**102**	**2 436**

Other intangible assets at 31 March 2021 includes intellectual property-related assets, specifically the trading names 'NET-A-PORTER' and 'YOOX', which have a carrying value of € 1 563 million (2020: € 1 610 million). The assets have a remaining useful life of 17 years. No other individual intangible assets are material to the Group.

Amortisation of € 24 million (2020: € 23 million) is included in cost of sales; € 28 million (2020: € 25 million) is included in selling and distribution expenses; € 116 million (2020: € 112 million) is included in administration expenses; and € 192 million (2020: € 195 million) is included in other expenses.

Committed capital expenditure not reflected in these financial statements amounted to € 23 million at 31 March 2021 (2020: € 25 million).

9. Leases

Accounting policy
The Group leases various boutiques, offices, warehouses and manufacturing facilities under non-cancellable lease arrangements.

A right of use asset and corresponding lease liability is recognised with respect to all lease agreements in which the Group is the lessee, except for short-term leases (where the lease term is twelve months or less), leases with variable rentals not based on an observable index and leases of low- value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the incremental borrowing rate, which is based on the rate at which the Group would be able to borrow funds in the same jurisdiction over the same term as the lease agreement. The lease liability is subsequently measured using the effective interest rate method.

The right of use asset is based on the initial measurement of the lease liability, adjusted for any payments made at or before the commencement date and for initial direct costs, including key money. It is subsequently measured at cost less accumulated depreciation and impairment charges. Depreciation is charged on a straight-line basis over the lease term.

The lease term used to determine the lease liability and the useful life of the right of use asset is based on the lease agreement, excluding renewal options unless these options are contractual, the specific terms of the additional rental period are included in the initial lease agreement and the Group has a reasonable expectation of exercising the option. Termination options are ignored unless the Group already has the intention to exercise the option at the commencement date.

Lease concessions agreed after 1 April 2020 for lease payments due before 30 June 2022 as a direct result of the Covid-19 pandemic are not treated as a lease modification. Any change resulting from such an agreement is recorded in profit and loss for the period.

The Group has a number of commitments under non-cancellable lease contracts relating to boutiques, offices and manufacturing facilities. Leases are negotiated on an individual basis and may contain escalation clauses, renewal rights and termination options, depending on standard practices in the local market and on the Group's desire to maintain flexibility in its asset base.

Right of use assets at 31 March are as follows:

	Land and buildings €m	Other assets €m	Total €m
1 April 2019			
Carrying amount at date of initial application	3 022	23	3 045
Net book value at 1 April 2019	3 022	23	3 045
Exchange adjustments	20	–	20
Acquisition through business combinations	62	–	62
Additions	629	15	644
Depreciation charge	(606)	(12)	(618)
Remeasurement	7	–	7
Transfers	3	–	3
31 March 2020			
Gross value	3 743	44	3 787
Depreciation	(606)	(17)	(623)
Net book value at 31 March 2020	3 137	27	3 164

9. Leases continued

	Land and buildings €m	Other assets €m	Total €m
1 April 2020			
Gross value	**3 743**	**44**	**3 787**
Depreciation	**(606)**	**(17)**	**(623)**
Net book value at 1 April 2020	**3 137**	**27**	**3 164**
Exchange adjustments	**(85)**	**(1)**	**(86)**
Acquisition through business combinations (note 39)	**19**	**–**	**19**
Additions	**700**	**16**	**716**
Depreciation charge	**(650)**	**(13)**	**(663)**
Impairment charge	**(4)**	**–**	**(4)**
Remeasurement	**193**	**–**	**193**
31 March 2021			
Gross value	**4 499**	**58**	**4 557**
Depreciation	**(1 189)**	**(29)**	**(1 218)**
Net book value at 31 March 2021	**3 310**	**29**	**3 339**

'Other assets' includes plant & machinery, fixtures, fittings, tools and equipment.

Total lease liabilities are as follows:

	31 March 2021 €m	31 March 2020 €m
Non-current lease liabilities	**(2 927)**	(2 702)
Current lease liabilities	**(590)**	(612)
	(3 517)	(3 314)

The maturity of the Group's lease liabilities is as follows:

31 March 2021	2021 Carrying value €m	2021 Contractual cash flows €m	2020 Carrying value €m	2020 Contractual cash flows €m
Less than one year	**(590)**	**(642)**	(612)	(669)
Between 1-2 years	**(512)**	**(555)**	(595)	(650)
Between 2-3 years	**(429)**	**(463)**	(411)	(447)
Between 3-4 years	**(349)**	**(377)**	(346)	(376)
Between 4-5 years	**(267)**	**(301)**	(282)	(306)
More than 5 years	**(1 370)**	**(1 543)**	(1 068)	(1 238)
	(3 517)	**(3 881)**	(3 314)	(3 686)

9. Leases continued

Included within operating profit are the following expenses, which are not reflected in the lease liabilities:

	2021 €m	2020 €m
Short-term leases	**59**	83
Low-value asset leases	**11**	24
Variable rental payments	**400**	368
Other	**1**	–
	471	475

Interest charges recognised during the period amounted to € 65 million (2020: € 74 million) (note 29).

The Group has applied the practical expedient permitted by IFRS 16 (paragraph 46B) and, as a result, rent concessions agreed with landlords since 1 April 2020 as a direct result of the Covid-19 pandemic have not been treated as a lease modification. The amount recognised in profit or loss for the year ended 31 March 2021 as a result of this practical expedient is € 67 million.

Certain boutique leases contain a variable element, based most commonly on percentage of sales, which links rental payments to boutique revenue. Cash outflows arising from variable rental contracts for the period amounted to € 383 million (2020: € 368 million), which represented 36% of the total rental payments made (2020: 32%). Variable rentals are not reflected in the lease liabilities above. In addition, some lease agreements contain extension clauses, which would allow the Group to extend the lease for a specific additional period. Cash flows under such clauses are generally included in the lease liabilities above if the lease terms of the extended period are specified in the original lease agreement.

The total cash outflow for leases for the period amounted to € 1 070 million (2020: € 1 129 million).

At 31 March 2021, the Group had commitments totalling € 102 million for lease agreements which had not yet commenced (2020: € 340 million).

10. Investment property

Accounting policy

Investment property consists of land and buildings held to earn rental income or for capital appreciation, or both, and not for use in the operating or administrative activities of the Group. Where only an insignificant portion of the whole property is for own use the entire property is recognised as an investment property. Otherwise the part of the property used internally is recognised within property, plant and equipment.

Investment property is measured at cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method over the asset's expected useful life, up to a maximum of 40 years. Land is not depreciated.

	€m
1 April 2019	
Cost	287
Depreciation	(5)
Net book value at 1 April 2019	282
Additions:	
– subsequent expenditure	4
Depreciation	(4)
31 March 2020	
Cost	291
Depreciation	(9)
Net book value at 31 March 2020	282

	€m
1 April 2020	
Cost	**291**
Depreciation	**(9)**
Net book value at 1 April 2020	**282**
Exchange adjustments	**1**
Additions:	
– subsequent expenditure	**1**
Depreciation	**(4)**
Transfer to assets held for sale	**(60)**
31 March 2021	
Cost	**231**
Depreciation	**(11)**
Net book value at 31 March 2021	**220**

The Group owns investment properties located in Canada, France and Denmark. During the year, a property with carrying value of € 60 million was transferred to assets held for sale (note 17).

Independent property valuers performed market valuations of the Group's properties as at 31 March 2021. These independent property valuers hold appropriate recognised professional qualifications and have recent experience in the location and category of properties being valued. The fair value of the properties was determined using the income approach considering recent market transactions, supported by market knowledge and the current and future rental income potential arising from the existing leases.

10. Investment property continued

The fair value is considered as Level 3 in the fair value hierarchy as described in IFRS. The most significant inputs considered in the valuation were the capitalisation rates of between 3.00% and 4.50% and the current and future level of rental income per square metre. The fair value of the Group's investment properties was determined to be € 240 million at 31 March 2021 (2020: € 339 million for four properties).

Investment properties with a net book value of € 36 million are pledged as security for long-term liabilities at 31 March 2021 (2020: € 35 million).

There was no committed capital expenditure on investment properties which is not reflected in the balance sheet (2020: € 1 million).

The Group leases out its investment properties. Rental income of € 2 million was received in the year to 31 March 2021 and included as other operating income (2020: € 2 million). The minimum rental payments under non-cancellable leases receivable at 31 March are not significant. Repairs and maintenance expenses of € 3 million (2020: € 5 million) related to income-generating properties are included as other operating expenses.

11. Equity-accounted investments

Accounting policy
Associated undertakings and joint ventures ('equity-accounted investments') are accounted for using the equity method.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group's interest in the equity-accounted investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investment, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investment.

Goodwill arising on the acquisition of equity-accounted investments is included in the carrying value of the equity-accounted investment and is tested for impairment whenever events or changes in circumstance indicate that the carrying amount of the investment may not be fully recoverable.

	€m
At 1 April 2019	182
Exchange adjustments	(2)
Acquisition of equity-accounted investments	1
Disposal of equity-accounted investments	(7)
Dividend received	(3)
Share of post-tax results	9
Share of other comprehensive income	–
At 31 March 2020	**180**
Exchange adjustments	**3**
Disposal of equity-accounted investments	**(1)**
Share of post-tax results	**5**
Share of other comprehensive income	**–**
At 31 March 2021	**187**

11. Equity-accounted investments continued

The value of equity-accounted investments at 31 March 2021 includes goodwill of € 43 million (2020: € 43 million).

The Group's share of post-tax results of equity-accounted investments includes the gain on disposal of the investments in E_Lite SpA of € 5 million and a loss on deemed disposal of the investment in Montblanc India Retail Private Limited of € 1 million.

The Group's principal equity-accounted investments at 31 March 2021 are as follows:

		2021 interest held (%)	2020 interest held (%)	Country of incorporation	Country of operation
Associates					
Greubel Forsey SA	Watchmaker	**20**	20	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	**35**	35	Switzerland	Switzerland
Schwab-Feller AG	Watch component manufacturer	**20**	20	Switzerland	Switzerland
Kering Eyewear SpA	Eyewear manufacturer/distributor	**30**	30	Italy	Worldwide
Joint ventures					
Laureus World Sports Awards Limited	Sports Awards	**50**	50	United Kingdom	Worldwide
DPS Beaune SAS	Jewellery manufacturer	**33**	33	France	France
New Bond Street JV Jersey Unit Trust	Investment entity	**48**	48	United Kingdom	United Kingdom
New Bond Street JV II Unit Trust	Investment entity	**46**	46	United Kingdom	United Kingdom
Montblanc India Retail Private Limited[1]	Distributor	**100**	51	India	India

1. Montblanc India Retail Private Limited was classified as a joint venture due to the terms of the agreement between the Group and the joint venture partner.

During the period, the Group acquired the remaining share capital of Montblanc India Retail Private Limited. This entity is now fully consolidated and no longer classified as a joint venture. As a result of this transaction, the existing shareholding was remeasured to fair value prior to the deemed disposal.

Notes to the consolidated financial statements continued

12. Taxation

Accounting policy

Current tax is the expected tax payable or receivable on the taxable profits/(losses) of Group companies, calculated using local tax rates enacted or substantively enacted at the reporting date, and includes adjustments in respect of previous years, where applicable.

Deferred tax is provided using the liability method in accordance with IAS 12 and is determined using the tax rates and laws enacted or substantively enacted when the deferred tax is realised or settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and equity-accounted investments, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax effect is also recognised directly in equity or in other comprehensive income.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

12.1. Deferred income tax

Deferred income tax assets

	1 April 2019 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2020 €m
Depreciation	39	(1)	3	–	1	42
Provision for inventories	95	1	(23)	–	5	78
Provision for impairment of receivables	3	–	3	–	–	6
Employee benefit obligations	27	–	3	10	–	40
Unrealised gross margin elimination	458	3	(31)	–	5	435
Tax losses carried forward	93	–	51	–	1	145
Equity-settled share plans	10	–	(5)	–	–	5
Leases	–	2	19	–	14	35
Other	146	–	(12)	7	25	166
	871	5	8	17	51	952
Offset against deferred tax liabilities for entities settling on a net basis	(277)					(352)
	594					600

	1 April 2020 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2021 €m
Depreciation	**42**	**–**	**11**	**–**	**6**	**59**
Provision for inventories	**78**	**(3)**	**(9)**	**–**	**6**	**72**
Provision for impairment of receivables	**6**	**–**	**(3)**	**–**	**–**	**3**
Employee benefit obligations	**40**	**–**	**3**	**(15)**	**–**	**28**
Unrealised gross margin elimination	**435**	**(10)**	**(21)**	**–**	**4**	**408**
Tax losses carried forward	**145**	**1**	**94**	**–**	**1**	**241**
Equity-settled share plans	**5**	**–**	**7**	**4**	**–**	**16**
Leases	**35**	**(18)**	**13**	**–**	**6**	**36**
Other	**166**	**(3)**	**33**	**–**	**(18)**	**178**
	952	**(33)**	**128**	**(11)**	**5**	**1 041**
Offset against deferred tax liabilities for entities settling on a net basis	**(352)**					**(427)**
	600					**614**

€ 558 million of deferred tax assets are expected to be recovered after more than twelve months (2020: € 433 million).

12. Taxation continued

12.1. Deferred income tax continued

Deferred income tax liabilities

	1 April 2019 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2020 €m
Depreciation	(46)	(1)	(5)	–	(1)	(53)
Provision for inventories	(82)	(3)	1	–	(2)	(86)
Undistributed retained earnings	(41)	–	(2)	–	–	(43)
Intangible assets recognised on acquisition	–	3	22	–	(472)	(447)
Leases	–	(3)	(5)	–	(14)	(22)
Other	(466)	3	(3)	(3)	417	(52)
	(635)	(1)	8	(3)	(72)	(703)
Offset against deferred tax assets for entities settling on a net basis	277					352
	(358)					(351)

	1 April 2020 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2021 €m
Depreciation	**(53)**	**2**	**5**	**–**	**(5)**	**(51)**
Provision for inventories	**(86)**	**3**	**29**	**–**	**(10)**	**(64)**
Undistributed retained earnings	**(43)**	**–**	**(9)**	**–**	**–**	**(52)**
Intangible assets recognised on acquisition	**(447)**	**(8)**	**44**	**–**	**(1)**	**(412)**
Leases	**(22)**	**16**	**(10)**	**–**	**(6)**	**(22)**
Other	**(52)**	**2**	**(50)**	**–**	**16**	**(84)**
	(703)	**15**	**9**	**–**	**(6)**	**(685)**
Offset against deferred tax assets for entities settling on a net basis	**352**					**427**
	(351)					**(258)**

€ 621 million of deferred tax liabilities are expected to be settled after more than twelve months (2020: € 617 million).

Unrecognised deferred tax assets and liabilities

Deferred tax assets are recognised for losses carried forward when it is considered likely that the losses will be utilised against future taxable profits, based on estimated future profitability in the relevant tax jurisdiction. The Group has not recognised a deferred tax asset in respect of tax losses of € 3 119 million (2020: € 839 million). The majority of these losses relate to transactions in previous years, often with no impact on the Group's consolidated profit or loss as reported under IFRS; in the current period, developments within certain legal entities resulted in a change to management's judgment of the potential and prospective recoverability of losses associated with those entities. A significant portion of these losses relate to entities in which the majority of income is taxable at 0%. € 1 224 million of the unrecognised tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2020: € 771 million). The remainder of the unrecognised tax losses have maximum expiration dates of between five and seventeen years.

Additionally, the Group has not recognised deferred tax liabilities in relation to unremitted earnings from its subsidiaries which are not expected to be distributed in the foreseeable future amounting to € 213 million (2020: € 182 million).

12. Taxation continued

12.2. Taxation charge

Taxation charge for the year:

	2021 €m	2020 €m
Current tax	**363**	283
Deferred tax charge/(credit)	**(137)**	(16)
	226	267

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax results of equity-accounted investments. The rates for the years ended 31 March 2021 and 2020 were 15.1% and 22.6% respectively.

The taxation charge on the Group's profit before tax differs from the amount that arises using the local statutory tax rates applicable to profits of the consolidated companies as follows:

	2021 €m	2020 €m
Profit before taxation	**1 515**	1 198
Share of post-tax results of equity-accounted investments	**(12)**	(17)
Adjusted profit before taxation	**1 503**	1 181
Tax on adjusted profit calculated at statutory tax rate	**210**	165
Difference in tax rates	**(56)**	91
Non-taxable income	**(20)**	(9)
Non-deductible expenses net of other permanent differences	**9**	1
Utilisation and recognition of prior year tax losses	**(2)**	(3)
Non-recognition of current year tax losses	**29**	28
Withholding and other income taxes	**57**	8
Prior year adjustments	**(1)**	(14)
Taxation charge	**226**	267

The statutory tax rate applied of 14% (2020: 14%) reflects the average rate applicable to the main Swiss-based operating companies.

13. Other non-current assets

Accounting policy
Included within other non-current assets is the Group's collection of heritage pieces, held primarily for presentation purposes to promote the Maisons and their history and not intended for sale. These assets are held at cost less any impairment in value. The residual values of such pieces are generally equal to or in excess of cost.

	2021 €m	2020 €m
Maisons' collections	**285**	288
Lease deposits	**125**	133
Loans and receivables	**7**	6
Other assets	**18**	20
	435	447

At 31 March 2021, non-current loans and receivables included a receivable due from equity-accounted investments of € 2 million (2020: € nil).

The carrying values of lease deposits, loans and receivables approximate their fair values. There are no overdue or impaired amounts included in deposits, loans and receivables.

14. Inventories

Accounting policy
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using either a weighted average or specific identification basis depending on the nature of the inventory. The cost of finished goods and work in progress comprises raw materials, direct labour, related production overheads and, where applicable, duties and taxes. For inventories sold through the fashion division of YNAP, cost is determined in accordance with the average cost methodology by product category, which includes acquisition costs and costs incurred to bring inventories to their current location and condition.

	2021 €m	2020 €m
Raw materials and work in progress	**1 963**	2 096
Finished goods	**5 179**	5 379
	7 142	7 475
Provision for inventories	**(823)**	(817)
	6 319	6 658

The cost of inventories recognised as an expense and included in cost of sales amounted to € 4 672 million (2020: € 5 043 million).

The Group reversed € 92 million (2020: € 106 million) of previous inventory write-downs during the year as the goods were sold at an amount in excess of the written-down value. The amount reversed has been credited to cost of sales.

The Group recognised € 276 million (2020: € 221 million) of write-down of inventories within cost of sales.

15. Trade receivables and other current assets

Accounting policy
The carrying value of trade receivables represents the original invoice amount, being the fair value at initial recognition, less provision for impairment. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the simplified approach to measuring expected credit losses ('ECL') based on lifetime ECL, as permitted by IFRS 9. A provision for impairment is established when there is evidence, based on historic experience and knowledge of the Group's customer base, that the counterparty is credit impaired or that the Group will not be able to collect all amounts due, according to the original terms of the receivables. Impairment losses are recognised in profit or loss for the period. Other receivables include credit card receivables.

	2021 €m	2020 €m
Trade receivables	**661**	533
Less: provision for impairment	**(23)**	(30)
Trade receivables – net	**638**	503
Other receivables	**308**	280
Current financial assets	**946**	783
Sales return asset	**54**	50
Current income tax asset	**57**	61
Prepayments and other	**312**	352
	1 369	1 246

Trade and other receivables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months. Due to their short maturity, the fair values of trade and other receivables approximate to their book values.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers. The maximum exposure to credit risk is equal to the carrying value.

15. Trade receivables and other current assets continued

The movement in the provision for impairment of trade and other receivables was as follows:

	2021 €m	2020 €m
Balance at 1 April of prior year	**(30)**	(21)
Provision charged to profit or loss	**(14)**	(23)
Utilisation of provision	**6**	3
Reversal of unutilised provision	**13**	11
Exchange differences	**2**	–
Balance at 31 March	**(23)**	(30)

At 31 March 2021, trade and other receivables of € 34 million (2020: € 36 million) were impaired.

Receivables past due but not impaired:

	2021 €m	2020 €m
Up to three months past due	**30**	58
Three to six months past due	**3**	6
Over six months past due	**3**	12
	36	76

16. Derivative financial instruments

The Group uses currency forwards, being commitments to purchase or sell foreign currencies.

The nominal amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the reporting date but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The fair value of publicly traded derivatives, securities and investments is based on quoted market prices at the reporting date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

The nominal amounts and fair values of derivative instruments held are as follows:

	Nominal amount		Fair value assets		Fair value liabilities	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Currency forwards	**3 477**	4 399	**12**	44	**(114)**	(30)

The contractual maturity of the nominal value of derivative instruments held is as follows:

	Less than 6 months		Between 6 and 12 months		After 12 months	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Currency forwards	**1 820**	2 800	**1 657**	1 599	**–**	–

Nominal amount

Nominal amount represents the sum of all contract volumes outstanding at the year end.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

17. Assets held for sale

At 31 March 2021, assets with net book value of € 79 million are presented as Held for Sale, including an investment property with net book value of € 60 million located in Paris. The sale of these assets, which are not allocated to operating segments in note 5, are expected to be completed in the coming financial year.

18. Cash and cash equivalents

	2021 €m	2020 €m
Cash at bank and on hand	**7 877**	4 462
Bank overdrafts	**(4 097)**	(2 477)
	3 780	1 985

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The effective interest rate on cash at bank was 0.6% (2020: 1.0%). The effective interest rate on bank overdrafts was 0.7% (2020: 0.9%).

19. Borrowings

Accounting policy
Borrowings, including corporate bonds, are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

	2021 €m	2020 €m
Non-current:		
Corporate bonds	**5 922**	3 935
Secured bank borrowings	**15**	16
	5 937	3 951
Current:		
Unsecured bank borrowings	**–**	1
	–	1
Total borrowings	**5 937**	3 952

The Group's borrowings are denominated in the following currencies:

	2021 €m	2020 €m
Euro	**5 922**	3 937
Other	**15**	15
	5 937	3 952

The Group's borrowings are all subject to fixed interest rates.

19. Borrowings continued

Other than the corporate bonds, the Group has fixed rate DKK borrowings totalling € 15 million for which the rates of 0.79% are fixed until September 2021. The DKK loans are secured on the Group's investment property located in Copenhagen. The fair values of these fixed rate borrowings are not significantly different to the carrying value.

The following corporate bonds, which are listed on the Luxembourg Stock Exchange, have been issued by a subsidiary of the Group based in Luxembourg, Richemont International Holding SA.

	2021 €m	2020 €m
1.00% € 1 500 million bond maturing in 2026 issued at 98.784%	**1 485**	1 482
1.50% € 1 250 million bond maturing in 2030 issued at 98.701%	**1 234**	1 232
2.00% € 1 000 million bond maturing in 2038 issued at 97.805%	**976**	975
2.00% € 250 million bond maturing in 2038 issued at 98.557%	**246**	246
0.75% € 500 million bond maturing in 2028 issued at 99.884%	**496**	–
1.125% € 850 million bond maturing in 2032 issued at 99.732%	**846**	–
1.625% € 650 million bond maturing in 2040 issued at 98.387%	**639**	–
	5 922	3 935

20. Employee benefit obligations

Accounting policy

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive post-employment, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair values of plan assets. The defined benefit obligations are calculated on a regular, cyclical basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields available at reporting dates on high-quality corporate or government bonds (in countries with no deep corporate bond market) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the terms of the related pension liability.

Past service costs are recognised immediately in profit or loss. Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest) are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Switzerland

The Group's largest retirement plan – the RISA Foundation – is in Switzerland, covering over 85% of the Group's defined benefit retirement obligations and assets. The Group expects to contribute € 70 million in the year ended 31 March 2022 (year ended March 2021: € 71 million).

Each employee has a personal retirement account which receives contributions in line with the Foundation rules, based on a percentage of salary. The Foundation Board determines the level of interest to apply to retirement accounts each year. At retirement, employees can receive their retirement account as a lump sum or as a lifetime pension. The weighted average duration of the expected benefit payments is 16 years.

Assets are held separately from the Group. Although the Foundation Board has built up an asset buffer as a contingency against asset values falling, any surplus is not deemed recoverable by the Group as all Foundation assets will ultimately all be used to provide benefits to members. Similarly, unless the assets are insufficient to cover minimum statutory benefits, the Group does not expect to make any deficit contributions.

The Foundation invests in a diversified portfolio of assets which targets a long-term return sufficient to provide increases to employee retirement accounts over time, whilst being exposed to a low level of risk in order to do so.

20. Employee benefit obligations continued

Other plans

The Group sponsors several other retirement plans, a mixture of defined benefit and defined contribution plans, in some countries where the Group operates. The Group also operates a worldwide Long Service Award scheme, which is accounted for as a defined benefit plan and included within this category. The Group expects to contribute € 16 million in the year ended 31 March 2022 (year ended March 2021: € 15 million) to the defined benefit plans.

The net liabilities reflected in non-current liabilities in the statement of financial position in respect of post-employment defined benefit plans are as follows:

	Switzerland		Rest of the world		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Present value of funded obligations	**(1 727)**	(1 725)	**(204)**	(184)	**(1 931)**	(1 909)
Fair value of plan assets	**1 903**	1 620	**209**	184	**2 112**	1 804
Net funded obligations	**176**	(105)	**5**	–	**181**	(105)
Present value of unfunded obligations	**–**	–	**(68)**	(63)	**(68)**	(63)
Amount not recognised due to asset limit	**(176)**	–	**(2)**	–	**(178)**	–
Net liabilities	**–**	(105)	**(65)**	(63)	**(65)**	(168)

	Switzerland		Rest of the world		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Expense charged in:						
Cost of sales	**36**	37	**4**	3	**40**	40
Net operating expenses	**50**	48	**12**	11	**62**	59
	86	85	**16**	14	**102**	99

Total costs are included in employee benefits expense (note 27).

The movement in the fair value of plan assets was as follows:

	Switzerland		Rest of the world		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Balance at 1 April of prior year	**1 620**	1 514	**184**	525	**1 804**	2 039
Exchange differences	**(76)**	83	**(3)**	1	**(79)**	84
Interest on plan assets	**10**	9	**2**	3	**12**	12
Actual return on plan assets less interest on plan assets	**320**	(37)	**21**	(1)	**341**	(38)
Assets distributed on settlements	**–**	–	**–**	(348)	**–**	(348)
Contributions paid by employer	**71**	69	**15**	16	**86**	85
Contributions paid by plan participants	**53**	52	**–**	–	**53**	52
Benefits paid	**(93)**	(68)	**(10)**	(12)	**(103)**	(80)
Administrative expenses	**(2)**	(2)	**–**	–	**(2)**	(2)
Balance at 31 March	**1 903**	1 620	**209**	184	**2 112**	1 804

20. Employee benefit obligations continued

The movement in the present value of the employee benefit obligation was as follows:

	Switzerland		Rest of the world		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Balance at 1 April of prior year	**(1 725)**	(1 506)	**(247)**	(590)	**(1 972)**	(2 096)
Exchange differences	**73**	(86)	**2**	(2)	**75**	(88)
Current service cost (employer part)	**(85)**	(83)	**(14)**	(16)	**(99)**	(99)
Contributions by plan participants	**(53)**	(52)	**–**	–	**(53)**	(52)
Interest on benefit obligations	**(10)**	(9)	**(3)**	(3)	**(13)**	(12)
Actuarial (losses)/gains	**(20)**	(57)	**(19)**	6	**(39)**	(51)
Past service cost	**–**	–	**(1)**	–	**(1)**	–
Liabilities extinguished on settlements	**–**	–	**–**	348	**–**	348
Liabilities acquired in a business combination	**–**	–	**(1)**	(2)	**(1)**	(2)
Benefits paid	**93**	68	**11**	12	**104**	80
Balance at 31 March	**(1 727)**	(1 725)	**(272)**	(247)	**(1 999)**	(1 972)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		Rest of the world		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Balance at 1 April of prior year	**–**	(8)	**–**	(1)	**–**	(9)
Change in surplus/(deficit)	**(181)**	8	**(2)**	1	**(183)**	9
Exchange differences	**5**	–	**–**	–	**5**	–
Balance at 31 March	**(176)**	–	**(2)**	–	**(178)**	–

The major categories of plan assets at the reporting date are as follows:

	Switzerland		Rest of the world		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Equities	**691**	481	**37**	31	**728**	512
Government bonds	**547**	503	**54**	51	**601**	554
Corporate bonds	**41**	31	**100**	90	**141**	121
Property	**402**	384	**1**	1	**403**	385
Cash	**43**	45	**3**	5	**46**	50
Insurance policies and other assets	**179**	176	**14**	6	**193**	182
Fair value of plan assets	**1 903**	1 620	**209**	184	**2 112**	1 804

The plan assets are held primarily within instruments with quoted market prices in active markets with the exception of the property and insurance policy holdings.

The RISA Foundation owns a property valued at € 20 million (2020: € 20 million) which the Group currently leases from the RISA Foundation. With the exception of this holding, the plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

20. Employee benefit obligations continued

The principal actuarial assumptions used for accounting purposes reflect market conditions in each of the countries in which the Group operates.

	Switzerland		Rest of the world	
	2021	2020	2021	2020
Discount rate	**0.4%**	0.6%	**0.7%**	1.4%
Interest credit rate	**1.0%**	1.0%	**0.5%**	0.4%
Future pension increases	**–**	–	**1.8%**	1.7%
Swiss technical rate	**2.0%**	2.0%	**–**	–
Life expectancy of 60-year-old	**27.6**	27.6	**various**	various

Assumptions are the weighted average of rates adopted by plans in the rest of the world.

For the RISA Foundation, changes in the assumptions are likely to impact the values of the obligations.

- Discount rate – A decrease of 0.5% per annum would increase obligations by € 142 million (2020: € 151 million), although this is also likely to have an impact on the Foundation's assets.
- Interest credit rate – A 0.5% per annum decrease in the interest credit rate leads to a € 69 million (2020: € 70 million) decrease in obligations.
- Future technical rate for conversion of lump sum to pension – A decrease of 0.5% would decrease obligations by € 40 million (2020: € 40 million).
- Life expectancy – A one-year increase would increase obligations by € 27 million (2020: € 29 million).

The above sensitivities are calculated assuming other assumptions are held constant. In practice, any increase in obligations from the above assumptions is likely to be partially offset by a reduction in the assumption for future interest credit.

For the Group's other arrangements, a fall in the average discount rate of 0.5% per annum would increase the obligations by approximately € 15 million (2020: € 11 million).

21. Provisions

	Warranties and sales-related €m	Employee benefits €m	Other €m	Total €m
At 1 April 2020	**217**	**70**	**31**	**318**
Acquisition through business combinations (note 39)	**–**	**–**	**–**	**–**
Charged/(credited) to profit or loss:				
– additional provisions	**759**	**41**	**15**	**815**
– unused amounts reversed	**(90)**	**(10)**	**(4)**	**(104)**
Net charge	**669**	**31**	**11**	**711**
Utilised during the year	**(668)**	**(41)**	**(10)**	**(719)**
Exchange adjustments	**(6)**	**–**	**(1)**	**(7)**
At 31 March 2021	**212**	**60**	**31**	**303**

	2021 €m	2020 €m
Total provisions at 31 March:		
– non-current	**55**	56
– current	**248**	262
	303	318

21. Provisions continued

Warranties and sales-related provisions

Group companies establish provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of € 212 million (2020: € 217 million) has been recognised for expected sales returns and warranty claims. It is expected that € 193 million (2020: € 198 million) of this provision will be used within the following twelve months and that the remaining € 19 million (2020: € 19 million), which relates solely to potential warranty claims, will be utilised over the remainder of the expected warranty period of the products.

Employee benefits provisions

These include obligations arising under the Group's long-term incentive plans and the social security costs on the Group's share option plan. An amount of € 33 million (2020: € 45 million) is expected to be utilised in the coming twelve months. The remainder will be utilised in the next two to eight years.

Other provisions

Other provisions include provisions for certain legal claims brought against the Group during the ordinary course of business and provisions for the Group's obligations arising from committed restructuring activities. Restructuring provisions include lease termination penalties and employee termination payments and are recognised when a detailed, formal plan has been established and communicated to those parties directly affected by the plan. Provisions for legal claims represent management's best estimate of the likely outcome of the claim at the balance sheet date. It is not expected that the outcomes of legal claims will give rise to any material losses beyond the amounts provided at 31 March 2021. The Group's restructuring provision is expected to be utilised in the coming year.

22. Other long-term financial liabilities

	2021 €m	2020 €m
Other lease liabilities	**42**	30
Other long-term financial liabilities	**55**	69
	97	99

23. Trade and other current liabilities

	2021 €m	2020 €m
Trade payables	**675**	600
Other payables/	**887**	709
Accruals	**742**	543
Current financial liabilities	**2 304**	1 852
Other current non-financial liabilities	**233**	195
	2 537	2 047

Trade and other payables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

24. Revenue

Accounting policy

The Group sells jewellery, watches, leather goods, clothing, writing instruments and other luxury goods on a worldwide basis through its retail, online retail and wholesale distribution channels and provides after-sales service for its products.

Revenue is recognised when the customer obtains control of the goods. For retail sales, which take place in the Group's network of internal boutiques, control generally passes when the customer takes physical possession of goods, at which time the Group has a right to receive payment for the asset and it is implicit that the customer has accepted it. In the case of online retail sales made directly to the end customer, sales are recorded when the goods are delivered to the customer, as the Group remains in control of, and is subject to the related risks of, the delivery process. Wholesale sales are made to distributors, wholesalers or external franchisees. For these sales, revenue is recognised when the wholesaler takes delivery of the shipment, in most cases after customs formalities have been cleared in the destination country. At this point, the customer is able to control the future use of the product, in terms of where and how it will be sold, and assumes the risk of obsolescence and loss. Revenue relating to after-sales services is recognised when the service has been completed.

The Group also receives royalty income arising from the use of its intellectual property by third parties, which is recognised over time. Sales-based royalties are recognised in line with sales made by the third-party licensee, with all other royalties recognised on a straight-line basis over the term of the licence agreement.

Revenue is measured net of value-added tax, duties, other sales taxes, rebates and trade discounts. Goods sold to wholesale customers are often sold with volume discounts based on total sales over a twelve-month period or other similar criteria. Revenue from such contracts is recorded net of the estimated discount, based on the accumulated experience of the Group, using the expected value method, and recognised up to an amount beyond which a significant reversal is not expected to occur. The Group does not have any contracts where the period between recognition of revenue and payment by the customer exceeds one year. As a consequence, the Group does not adjust the transaction price for the time value of money.

Where there is a practice of agreement to customer returns, or where we are obliged by local legal requirements, accumulated experience is used to estimate and provide for such returns at the time of sale.

The Group provides a standard warranty against manufacturing defects, and recognises its obligation for repairs under this warranty as a provision.

	2021 €m	2020 €m
Revenue from contracts with customers	**13 111**	14 195
Royalty income	**33**	43
	13 144	14 238

24. Revenue continued

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

Year to 31 March 2021	Asia €m	Europe €m	Americas €m	Japan €m	Middle East and Africa €m	Total €m
Jewellery Maisons	**3 765**	**1 055**	**1 271**	**620**	**748**	**7 459**
Specialist Watchmakers	**1 547**	**365**	**195**	**133**	**7**	**2 247**
Online Distributors	**259**	**1 184**	**553**	**82**	**119**	**2 197**
Other	**375**	**403**	**402**	**112**	**53**	**1 345**
	5 946	**3 007**	**2 421**	**947**	**927**	**13 248**
Intersegment eliminations	**(9)**	**(52)**	**(33)**	**(7)**	**(3)**	**(104)**
	5 937	**2 955**	**2 388**	**940**	**924**	**13 144**

Year to 31 March 2020	Asia €m	Europe €m	Americas €m	Japan €m	Middle East and Africa €m	Total €m
Jewellery Maisons	2 881	1 671	1 293	771	601	7 217
Specialist Watchmakers	1 392	820	304	210	133	2 859
Online Distributors	294	1 239	700	84	110	2 427
Other	432	589	529	150	88	1 788
	4 999	4 319	2 826	1 215	932	14 291
Intersegment eliminations	(7)	(21)	(20)	(3)	(2)	(53)
	4 992	4 298	2 806	1 212	930	14 238

25. Other operating (expense)/income

	2021 €m	2020 €m
Royalty expenses	**(3)**	(4)
Investment property rental income	**2**	2
Investment property costs	**(28)**	(5)
Amortisation of intangible assets acquired on business combinations	**(203)**	(200)
Other expense	**(40)**	(47)
	(272)	(254)

26. Operating profit

Operating profit includes the following items of expense/(income):

	2021 €m	2020 €m
Depreciation of property, plant and equipment (note 6)	**495**	515
Impairment of property, plant and equipment (note 6)	**4**	39
Amortisation of other intangible assets (note 8)	**360**	355
Impairment of other intangible assets (note 8)	**–**	5
Impairment of goodwill (note 7)	**6**	1
Depreciation of right of use assets (note 9)	**663**	618
Impairment of right of use assets (note 9)	**4**	–
Write-down of asset held for sale	**4**	–
Variable lease payments (note 9)	**400**	368
Sub-lease rental income (non-investment property)	**(3)**	(4)
Research and development costs	**65**	88
Loss on disposal of property, plant and equipment	**8**	8
Loss on disposal of other intangible assets	**2**	3
Restructuring charges	**–**	3

27. Employee benefits expense

Accounting policies

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Incentive plans

The Group recognises a liability and an expense for incentive plans when contractually obliged or where there is a past practice that has created a constructive obligation.

	2021 €m	2020 €m
Wages and salaries including termination benefits of € 24 million (2020: € 16 million)	**2 198**	2 226
Social security costs	**344**	360
Share-based compensation expense (note 33)	**43**	28
Long-term employee benefits	**15**	26
Pension costs – defined contribution plans	**77**	80
Pension costs – defined benefit plans (note 20)	**102**	99
	2 779	2 819

Wages and salaries are presented net of government assistance received to support employment during the period.

28. Government grants

Amounts receivable for government grants or other assistance are recognised only when the conditions associated to qualify for the payment are met. During the year ended 31 March 2021, the Group received € 146 million (2020: € 23 million) in government assistance, primarily from schemes to compensate employees for partial employment as a result of the Covid-19 pandemic. These amounts are included in operating expenses, within the same caption as the underlying salaries are recorded (€ 60 million in Cost of Sales, € 46 million in Selling and Distribution expenses, with the remainder in Administrative expenses).

29. Finance costs and income

	2021 €m	2020 €m
Finance costs:		
Interest expense:		
– bank borrowings	**(26)**	(29)
– corporate bonds	**(90)**	(69)
– other financial expenses	**(34)**	(20)
– lease liabilities	**(65)**	(74)
Net foreign exchange losses on monetary items	**–**	(245)
Mark-to-market adjustment in respect of hedging activities	**(80)**	–
Net loss in fair value of financial instruments at fair value through profit or loss:		
– held for trading	**–**	(67)
Finance costs	**(295)**	(504)
Finance income:		
Interest income:		
– from financial assets at amortised cost (including bank and other deposits)	**47**	48
– from financial assets held at fair value through profit or loss	**35**	57
– other financial income	**1**	3
Dividend income from financial assets held at fair value through other comprehensive income	**–**	15
Net foreign exchange gains on monetary items	**49**	–
Net gain in fair value of financial instruments at fair value through profit or loss:		
– held for trading	**188**	–
Mark-to-market adjustment in respect of hedging activities	**–**	44
Finance income	**320**	167
Net finance income/(costs)	**25**	(337)

30. Earnings per share

30.1. Basic

Basic earnings per 'A' share/10 'B' shares is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held in treasury. Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one-tenth of the dividend per share paid to the 'A' shareholders.

	2021	2020
Total attributable to owners of the parent company (€ millions)	**1 301**	933
Weighted average number of shares in issue (millions)	**565.2**	565.0
Total basic earnings per 'A' share/10 'B' shares	**2.302**	1.651

30. Earnings per share continued

30.2. Diluted

Diluted earnings per ‘A’ share/10 ‘B’ shares is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has three categories of dilutive potential shares: share options, restricted share units and shareholder warrants.

The calculation is performed for all potential shares to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company’s shares) based on the monetary value of the subscription rights attached to the outstanding instruments. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the instrument.

For the year ended 31 March 2021, a total of 6 472 387 options granted to employees are not dilutive and so are excluded from the calculation of diluted EPS (2020: 7 835 228 options).

	2021	2020
Total profit attributable to owners of the parent company (€ millions)	**1 301**	933
Weighted average number of shares in issue (millions)	**565.2**	565.0
Adjustment for dilutive potential shares (millions)	**1.4**	1.8
Weighted average number of shares for diluted earnings per share (millions)	**566.6**	566.8
Total diluted earnings per ‘A’ share/10 ‘B’ shares	**2.296**	1.646

30.3. Headline earnings per ‘A’ share/10 ‘B’ shares

The presentation of headline earnings per ‘A’ share/10 ‘B’ shares as an alternative measure to earnings per share is required under the JSE listing requirements.

	2021 €m	2020 €m
Profit attributable to owners of the parent company	**1 301**	933
Loss on disposal of non-current assets	**10**	11
Impairment of non-current assets	**14**	45
Gain on disposal of an associate	**(5)**	(5)
Write-down of assets held for sale	**4**	–
Gain on disposal of investment property after tax and costs to sell	**–**	–
Loss on deemed disposal of equity-accounted investments	**1**	–
Currency exchange (gains)/losses reclassified from currency translation adjustment reserve	**(9)**	–
Headline earnings	**1 316**	984

	2021 millions	2020 millions
Weighted average number of shares:		
– Basic	**565.2**	565.0
– Diluted	**566.6**	566.8
	€ per share	€ per share
Headline earnings per ‘A’ share/10 ‘B’ shares:		
– Basic	**2.328**	**1.742**
– Diluted	**2.322**	**1.736**

31. Equity

31.1. Share capital

Accounting policy
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

	2021 €m	2020 €m
Authorised, issued and fully paid:		
522 000 000 'A' registered shares with a par value of CHF 1.00 each	**304**	304
522 000 000 'B' registered shares with a par value of CHF 0.10 each	**30**	30
	334	334

Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one-tenth of the dividend per share paid to the 'A' shareholders.

Conditional capital

In connection with the warrants described in note 31.5, shareholders approved the creation of a conditional capital amounting to 22 million 'A' shares and 22 million 'B' shares, which potentially will be used to issue the corresponding number of shares upon exercise of the warrants in November 2023.

31.2. Treasury shares

Accounting policy
The cost of treasury shares held at each reporting date is deducted from shareholders' equity. Gains or losses arising on the disposal of treasury shares are recognised within retained earnings directly in shareholders' equity.

In order to hedge partially its potential obligations arising under the share option plan, the Group has purchased Richemont 'A' shares. Changes in the holding of this treasury stock of shares are shown as movements in shareholders' equity as follows:

	Shares millions	€m
Balance at 1 April 2019	9.4	560
Sold	(0.3)	(21)
Balance at 31 March 2020	**9.1**	**539**
Sold	**(0.6)**	**(49)**
Balance at 31 March 2021	**8.5**	**490**

The Company has given a pledge over 2 919 871 Richemont 'A' shares as security for vested warrants granted under the Group's share option plan (2020: 2 331 393 Richemont 'A' shares).

During the year under review the Group did not acquire any treasury shares (2020: none).

In the same period the Group delivered 0.6 million treasury shares for proceeds of € 33 million, in settlement of options exercised in the period and traded options exercised in previous periods (2020: 0.3 million shares for proceeds of € 13 million). The cost of the 0.6 million shares (2020: 0.3 million) sold during the year to plan participants who exercised their options was € 49 million (2020: € 21 million). The loss realised on shares sold during the year amounted to € 17 million (2020: loss of € 8 million) which was recognised directly in retained earnings.

The market value of the 8.5 million shares (2020: 9.1 million) held by the Group at the year end, based on the closing price at 31 March 2021 of CHF 90.74 (2020: CHF 53.06), amounted to € 702 million (2020: € 456 million).

At 31 March 2021, the Group also holds 106.8 million warrants issued under the equity-based loyalty scheme described at note 31.5. During the year, it received 17.8 million warrants at no cost in respect of treasury shares held on the date of issue, in accordance with the rules of the warrant scheme. It further purchased 89.0 million warrants at a total cost of € 15 million (2020: € nil). The cost of these warrants is recorded in Retained Earnings (see note 31.4). These warrants will be used, together with the treasury shares, to provide a comprehensive hedge of the Group's potential obligations arising under its share option and restricted share unit plans.

31. Equity continued

31.3. Other reserves

Other reserves include the hedge reserve and the share-based payments reserve.

	2021 €m	2020 €m
Balance at 1 April of prior year	**368**	324
Movement in hedge reserve		
– recycled to profit and loss, net of tax	**4**	3
Movement in equity-based compensation reserve		
– equity-based compensation expense	**43**	41
– tax on equity-based compensation expense	**4**	–
Balance at 31 March	**419**	368

31.4. Retained earnings

	2021 €m	2020 €m
Balance at 1 April of prior year	**13 840**	14 289
Profit for the year	**1 301**	933
Other comprehensive income:		
– defined benefit plan actuarial gains/(losses)	**118**	(81)
– tax on defined benefit plan actuarial gains/(losses)	**(15)**	10
– fair value changes on assets held at FVTOCI	**202**	(272)
– share of other comprehensive income of associates, net of tax	**–**	–
Dividends paid (note 32)	**(529)**	(1 017)
Warrants issued on own equity	**76**	–
Warrants distributed to shareholders	**(76)**	–
Acquisition of warrants	**(15)**	–
Initial recognition of put options over non-controlling interests	**–**	(19)
Changes in non-controlling interests	**–**	5
Loss on sale of treasury shares	**(17)**	(8)
Balance at 31 March	**14 885**	13 840

31.5. Shareholder warrants

In November 2020, shareholders were granted tradeable warrants, which can either be traded or used to acquire new shares at a potentially beneficial price after three years in November 2023. Each ‘A’ shareholder received two ‘A’ warrants and each ‘B’ shareholder received two ‘B’ warrants. On the exercise date, 67 ‘A’ warrants must be exercised to acquire one ‘A’ share (67 ‘B’ warrants to acquire one ‘B’ share). The exercise price of the warrants was set at CHF 1 per warrant (being CHF 67 per newly issued share). The ‘A’ warrants are listed on the SIX Swiss Exchange. The fair value of the distributed warrants is € 76 million, being the intrinsic value of the warrants on issue, classified as Level 2 in the IFRS fair value hierarchy.

32. Dividends

Accounting policy
Dividend distributions to Richemont shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

In September 2020 a dividend of CHF 1.00 per 'A' share and CHF 0.10 per 'B' share was paid (September 2019: CHF 2.00 and CHF 0.20 respectively).

In addition, shareholders were granted tradeable warrants, which can either be traded or used to acquire new shares at a potentially beneficial price after three years in November 2023 (note 31.5).

33. Share-based payment

Accounting policy
The Group operates equity-settled share-based compensation plans based on options and restricted share units granted in respect of Richemont 'A' shares. The fair value of the employee services received in exchange for the grant of options or restricted shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the option or share granted. At each reporting date, the Group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss over the remaining vesting period with a corresponding adjustment to equity.

Equity-settled share option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. Awards under the share option plan vest over periods of three to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. The options granted between 2008 and 2016 include a performance condition correlated to other luxury goods companies upon which vesting is conditional.

A reconciliation of the movement in the number of share option awards granted to executives is as follows:

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2019	78.98	10 839 223
Granted	82.86	697 761
Exercised	65.26	(1 173 803)
Expired	90.05	(5 166)
Lapsed	82.32	(310 038)
Balance at 31 March 2020	**80.75**	**10 047 977**
Granted	**75.84**	**653 758**
Exercised	**72.79**	**(2 301 985)**
Expired	**77.71**	**(9 500)**
Lapsed	**82.54**	**(213 074)**
Balance at 31 March 2021	**82.55**	**8 177 176**

Of the total options outstanding at 31 March 2021, options in respect of 2 590 852 shares (2020: 3 143 190 shares) had vested and were exercisable.

The weighted average share price at the date of exercise for options exercised during the year was CHF 86.26 (2020: CHF 85.09).

33. Share-based payment continued

The following information applies to options outstanding at the end of each year:

	Exercise price	Number of options	Weighted average remaining contractual life
31 March 2021	**CHF 57.45**	**74 932**	**0.2 years**
	CHF 90.11	**274 472**	**1.2 years**
	CHF 94.00	**720 533**	**2.2 years**
	CHF 83.80	**706 645**	**3.2 years**
	CHF 56.55	**979 274**	**4.2 years**
	CHF 80.20	**1 548 015**	**5.2 years**
	CHF 92.00	**2 570 350**	**6.2 years**
	CHF 82.86	**652 372**	**7.3 years**
	CHF 75.84	**650 583**	**8.7 years**
31 March 2020	CHF 54.95	170 549	0.2 years
	CHF 57.45	641 864	1.2 years
	CHF 90.11	806 369	2.2 years
	CHF 94.00	961 407	3.2 years
	CHF 83.80	997 928	4.2 years
	CHF 56.55	1 400 336	5.2 years
	CHF 80.20	1 730 130	6.2 years
	CHF 92.00	2 655 200	7.2 years
	CHF 82.86	684 194	8.3 years

The per unit fair value of options granted during the year determined using the Binomial model was CHF 20.34. The significant inputs to the model were the share price of CHF 75.84 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 28%, an expected option life of five years, a dividend yield of 1.3% and a 0% risk-free interest rate. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past five years.

Restricted share units

A further share-based compensation plan was introduced in the prior year whereby executives are awarded Restricted Share Units ('RSU'). Awards under this plan that vest over periods of three to five years from the date of grant. On vesting, the executive will receive an 'A' share in the Company. Awards granted to senior executives are also subject to performance conditions which may reduce the number of shares vesting (Performance Share Units, or 'PSU'). Executives are not entitled to dividends during the vesting period.

A reconciliation of the movement in the number of restricted and performance share awards granted to executives is as follows:

	Number of shares
Balance at 1 April 2019	–
Granted	1 397 403
Lapsed	(30 118)
Balance at 31 March 2020	**1 367 285**
Granted	**809 889**
Lapsed	**(55 946)**
Balance at 31 March 2021	**2 121 228**

The per unit fair value of RSU and PSU granted during the year was CHF 71.53. The significant inputs to the model were the share price of CHF 75.48 at the grant date and a dividend yield of 1.3%.

Share-based compensation expense

The amount recognised in profit or loss before social security and taxes for equity-settled share-based compensation transactions was € 43 million (2020: € 41 million).

The fair value of options and PSU awarded to members of the Senior Executive Committee ('SEC') is fixed on the date of approval of SEC remuneration by the shareholders of the Company. The award date value in June 2019 of CHF 17.66 per share option and CHF 74.49 per PSU was revalued following the AGM in September 2020 at CHF 7.48 per share option and CHF 55.47 per PSU. The estimated fair value of options and PSU awarded to members of the SEC in the year ended 31 March 2021 is based on the valuation at the award date of December 2020. Changes in the fair value of these options and PSU between the award date and 31 March 2021 are not significant to the Group. The final fair value will be fixed in September 2021 following approval by shareholders.

34. Cash flow generated from operations

	2021 €m	2020 €m
Depreciation of property, plant and equipment	**495**	515
Depreciation of right of use assets	**663**	618
Depreciation of investment property	**4**	4
Amortisation of other intangible assets	**360**	355
Impairment of property, plant and equipment	**4**	39
Impairment of right of use assets	**4**	–
Impairment of goodwill	**6**	1
Impairment of other intangible assets	**–**	5
Loss on disposal of property, plant and equipment	**8**	8
Loss on disposal of intangible assets	**2**	3
Profit on disposal of investment properties	**(1)**	(3)
Profit on lease remeasurement	**(2)**	(3)
Fixed rent concessions linked to Covid-19	**(67)**	–
Increase in non-current provisions	**18**	9
Increase in retirement benefit obligations	**17**	14
Other non-cash items	**43**	41
Adjustments for non-cash items	**1 554**	1 606
Decrease/(increase) in inventories	**184**	(196)
(Increase)/decrease in trade receivables	**(141)**	181
(Increase)/decrease in other current assets	**(41)**	103
Increase/(decrease) in current liabilities	**487**	(348)
Increase/(decrease) in non-current liabilities	**1**	(16)
Increase/(decrease) in derivative financial instruments	**39**	(51)
Changes in working capital	**529**	(327)

35. Liabilities arising from financing activities

	Corporate bonds €m	Fixed and floating rate borrowings €m	Lease liabilities €m	Total €m
At 1 April 2019	3 929	376	3 157	7 462
Acquisition through business combinations	–	3	66	69
Additions to lease liabilities	–	–	648	648
Amortised interest costs	6	–	74	80
Exchange adjustments	–	3	29	32
Non-cash movements	6	6	817	829
Repayment of borrowings	–	(365)	–	(365)
Interest element of lease payments	–	–	(72)	(72)
Capital element of lease payments	–	–	(588)	(588)
Net cash paid	–	(365)	(660)	(1 025)
At 31 March 2020	3 935	17	3 314	7 266
Total liabilities arising from financing activities at 31 March:				
– current	–	1	612	613
– non-current	3 935	16	2 702	6 653
At 31 March 2020	3 935	17	3 314	7 266

35. Liabilities arising from financing activities continued

	Corporate bonds €m	Fixed and floating rate borrowings €m	Lease liabilities €m	Total €m
At 1 April 2020	**3 935**	**17**	**3 314**	**7 266**
Acquisition through business combinations (note 39)	**–**	**2**	**19**	**21**
Additions to lease liabilities	**–**	**–**	**710**	**710**
Amortised interest costs	**8**	**–**	**67**	**75**
Remeasurement of lease liabilities	**–**	**–**	**123**	**123**
Exchange adjustments	**–**	**(4)**	**(90)**	**(94)**
Non-cash movements	**8**	**(2)**	**829**	**835**
Proceeds from borrowings	**1 987**	**85**	**–**	**2 072**
Corporate bond issue transaction costs	**(8)**	**–**	**–**	**(8)**
Repayment of borrowings	**–**	**(85)**	**–**	**(85)**
Interest element of lease payments	**–**	**–**	**(65)**	**(65)**
Capital element of lease payments	**–**	**–**	**(561)**	**(561)**
Net cash received/(paid)	**1 979**	**–**	**(626)**	**1 353**
At 31 March 2021	**5 922**	**15**	**3 517**	**9 454**
Total liabilities arising from financing activities at 31 March:				
– current	**–**	**–**	**590**	**590**
– non-current	**5 922**	**15**	**2 927**	**8 864**
At 31 March 2021	**5 922**	**15**	**3 517**	**9 454**

36. Financial instruments: fair values and risk management

Accounting policy

The classification of financial assets depends on the underlying business model of the investment and the characteristics of its contractual cash flows. The Group classifies its financial assets as follows:

(a) Financial assets held at fair value through other comprehensive income

A financial asset is classified in this category if it is a strategic investment, meaning that it is long-term in nature and has not been undertaken with the objective of maximising short-term profits or dividends. The Group has designated certain investments in listed entities at Fair value through comprehensive income. Investments are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in other comprehensive income in the period in which they arise.

(b) Financial assets at amortised cost

This category includes non-derivative financial assets held in order to collect contractual cash flows. These primarily include trade and other receivables. Assets are initially recorded at fair value, including directly attributable transaction costs, and subsequently measured at amortised cost.

(c) Financial assets at fair value through profit or loss

All financial assets not included in one of the above-mentioned categories are classified as Fair value through profit or loss. This includes investments in derivative assets, as well as investments in externally managed bond funds and money market funds. Investments are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in profit or loss in the period in which they arise. Interest income is excluded from the calculation of the fair value gain or loss.

All financial assets are assessed for impairment at each balance sheet date.

The Group's financial liabilities are classified at amortised cost, with the exception of derivative liabilities which are classified at Fair value through profit or loss.

36. Financial instruments: fair values and risk management continued

36.1. Fair value estimation

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy defined by IFRS.

	Carrying amount					Fair value			
31 March 2021	Fair value through profit or loss €m	Fair value through OCI (equity) €m	Assets at amortised cost €m	Liabilities at amortised cost €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Listed investments	**50**	**377**	–	–	**427**	**427**			**427**
Unlisted investments	**456**	–	–	–	**456**		**446**	**10**	**456**
Non-current assets measured at fair value	**506**	**377**	–	–	**883**				
Investments in externally managed funds	**5 388**	–	–	–	**5 388**	**5 388**			**5 388**
Investments in money market funds	**162**	–	–	–	**162**		**162**		**162**
Derivatives	**12**	–	–	–	**12**		**12**		**12**
Current assets measured at fair value	**5 562**	–	–	–	**5 562**				
	6 068	**377**	–	–	**6 445**				
Financial assets not measured at fair value									
Non-current loans and receivables (note 13)	–	–	**7**	–	**7**				
Non-current lease deposits (note 13)	–	–	**125**	–	**125**				
Trade and other receivables (note 15)	–	–	**946**	–	**946**				
Cash at bank and on hand	–	–	**7 877**	–	**7 877**				
	–	–	**8 955**	–	**8 955**				
Financial liabilities measured at fair value									
Derivatives	**(114)**	–	–	–	**(114)**		**(114)**		**(114)**
Financial liabilities not measured at fair value									
Fixed rate borrowings (note 19)	–	–	–	**(5 937)**	**(5 937)**	**(6 554)**			**(6 554)**
Lease liabilities (note 9)	–	–	–	**(3 517)**	**(3 517)**				
Other non-current financial liabilities	–	–	–	**(97)**	**(97)**				
Trade and other payables (note 23)	–	–	–	**(2 304)**	**(2 304)**				
Bank overdrafts	–	–	–	**(4 097)**	**(4 097)**				
	–	–	–	**(15 952)**	**(15 952)**				

Unlisted investments at 31 March 2021 includes an investment in convertible notes issued by Farfetch Limited. Listed investments at fair value through profit or loss include convertible bonds issued by Dufry SA, which are listed on SIX Swiss Exchange.

36. Financial instruments: fair values and risk management continued

36.1. Fair value estimation continued

31 March 2020	Carrying amount Fair value through profit or loss €m	Fair value through OCI (equity) €m	Assets at amortised cost €m	Liabilities at amortised cost €m	Total €m	Fair value Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Listed investments	–	115	–	–	115	115			115
Unlisted investments	10	–	–	–	10			10	10
Non-current assets measured at fair value	10	115	–	–	125				
Investments in externally managed funds	4 236	–	–	–	4 236	4 236			4 236
Investments in money market funds	126	–	–	–	126		126		126
Derivatives	44	–	–	–	44		44		44
Current assets measured at fair value	4 406	–	–	–	4 406				
	4 416	115	–	–	4 531				
Financial assets not measured at fair value									
Non-current loans and receivables (note 13)	–	–	6	–	6				
Non-current lease deposits (note 13)	–	–	133	–	133				
Trade and other receivables (note 15)	–	–	783	–	783				
Cash at bank and on hand	–	–	4 462	–	4 462				
	–	–	5 384	–	5 384				
Financial liabilities measured at fair value									
Derivatives	(30)	–	–	–	(30)		(30)		(30)
Financial liabilities not measured at fair value									
Fixed rate borrowings (note 19)	–	–	–	(3 952)	(3 952)	(3 895)			(3 895)
Lease liabilities (note 9)	–	–	–	(3 314)	(3 314)				
Other non-current financial liabilities	–	–	–	(99)	(99)				
Trade and other payables (note 23)	–	–	–	(1 852)	(1 852)				
Bank overdrafts	–	–	–	(2 477)	(2 477)				
	–	–	–	(11 694)	(11 694)				

The Group does not disclose the fair value for financial instruments where the carrying value is a reasonable approximation of the fair value.

36. Financial instruments: fair values and risk management continued

36.1. Fair value estimation continued

Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise investments in externally managed funds made up of listed bonds.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates. If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

Specific valuation techniques used for Level 2 financial instruments include:

- interest rate swaps are valued on the basis of discounted cash flows. The variable flows are determined for each payment date using forward interest rate curves;
- fixed rate cross-currency swaps are valued on the basis of discounted cash flows;
- currency forwards are measured based on observable spot exchange rates, the term interest rates of the respective currencies and the currency basis spread between the respective currencies;
- the Farfetch convertible note is valued using the Black-Scholes model, with key inputs being the market price of the Farfetch share on the date of the valuation of $ 53.02, the risk-free rate of 0.3% and the expected volatility of the underlying equity instrument of 51.3%. The value of the underlying bond is determined using a Discounted Cash Flow model with a credit spread of 2.7%. As the note is convertible at any time into Farfetch shares, its valuation is closely correlated to the evolution of the Farfetch share price.

The nominal value of the investments in money market funds approximates the fair value, as the maximum average life is 120 days and the maximum weighted average maturity is 60 days. These instruments are included in Level 2.

Level 3 financial instruments consist entirely of small investments in unlisted equities. During the year to 31 March 2021 the carrying amount remained unchanged at € 10 million.

36.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ('Group Treasury') under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board has approved formal written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a)(i) Market risk: foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc and euro against US dollar, HK dollar, Chinese yuan, Japanese yen, UAE dirham and Singapore dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. This arises principally from the retranslation impact of euro and USD-denominated investments in money market and managed bond funds held in an entity with a Swiss franc functional currency. Changes in foreign exchange rates also impact the repricing of derivative contracts.

The Group's financial risk management policy is to hedge up to 70% of forecast net cash flow exposure arising in currencies including US dollars, HK dollars, Chinese yuan, Japanese yen, UAE dirham and Singapore dollar for the subsequent twelve months. Group Treasury undertakes the management of the net position in each foreign currency by using external currency derivatives.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from these net assets of the Group's foreign operations is not systematically hedged.

36. Financial instruments: fair values and risk management continued

36.2. Financial risk factors continued

The sensitivity analysis presented in the following tables shows the pre-tax increase/(decrease) in profit or loss that would result from the noted percentage change in listed exchange rates, all other factors remaining constant. There is no impact in other comprehensive income. The analysis is performed on the same basis as for 2020.

	Change in rate		Profit or loss	
	2021 %	2020 %	2021 €m	2020 €m
USD strengthening vs CHF	**7%**	7%	**138**	156
JPY strengthening vs CHF	**7%**	7%	**(23)**	(26)
HKD strengthening vs CHF	**6%**	7%	**(42)**	(85)
SGD strengthening vs CHF	**6%**	6%	**(21)**	(27)
CHF strengthening vs EUR	**9%**	11%	**(78)**	(120)
AED strengthening vs CHF	**6%**	8%	**(9)**	(20)
CNY strengthening vs EUR	**7%**	9%	**(71)**	(54)
CNY strengthening vs CHF	**7%**	9%	**43**	22

	Change in rate		Profit or loss	
	2021 %	2020 %	2021 €m	2020 €m
USD weakening vs CHF	**7%**	7%	**(138)**	(156)
JPY weakening vs CHF	**7%**	7%	**23**	26
HKD weakening vs CHF	**6%**	7%	**42**	85
SGD weakening vs CHF	**6%**	6%	**21**	27
CHF weakening vs EUR	**9%**	11%	**78**	120
AED weakening vs CHF	**6%**	8%	**9**	20
CNY weakening vs EUR	**7%**	9%	**71**	54
CNY weakening vs CHF	**7%**	9%	**(43)**	(22)

(a)(ii) Market risk: price risk

The Group is exposed to commodity price risk, marketable securities' price risk and other price risk.

- Commodity price risk

The Group is exposed to price risk related to anticipated purchases of certain commodities, namely precious metals and stones for use in its manufacturing processes. There is no financial risk as the commodities are for use as raw materials by the Group's businesses. A change in those prices may alter the gross margin of specific businesses.

- Marketable securities' price risk

The Group is exposed to marketable securities' price risk in respect of investments in AAA rated money market and externally managed funds with a weighted average rating of AA+ and the Farfetch convertible note. These are classified in the consolidated statement of financial position as financial assets and liabilities held at fair value through profit or loss.

The price risk associated with the investments in AAA rated money market funds held by the Group at 31 March 2021 and 2020 is considered to be minimal, due to the high credit quality of the underlying investments. A 1% increase/(decrease) in the share price of Farfetch Ltd would increase/(decrease) profit for the year by € 4 million respectively.

(a)(iii) Market risk: interest rate risk

- Fair value interest rate risk

The Group is exposed to fair value interest rate risk linked to its fixed rate loan commitment (details of the Group's borrowings are presented in note 19). The risk is considered to be the difference between current levels of interest rates and the committed rates.

The Group records its fixed rate borrowings at amortised cost using the effective interest method. Therefore a change in interest rates at 31 March 2021 would not affect the profit for the year.

An increase/(decrease) in the risk-free rate used in the valuation of the Farfetch convertible note of 1% would (decrease)/increase profit for the year by € 2 million.

- Cash flow interest rate risk

The Group is also exposed to future cash flow fluctuation risk due to changes in variable market interest rates. The cash flow risk associated with net cash is such that an (decrease)/increase of 100 basis points in interest rates at the reporting date would have impacted profit for the year by plus/(minus) € 18 million (2020: plus/(minus) € 15 million), all other variables remaining constant. The analysis is performed on the same basis as for 2020.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has established credit check policies that ensure the high credit-worthiness of its customers. A short-term credit rating of minimum A1/P1 is applied to cash deposits with financial counterparties. A minimum money market fund rating of AAA is applied to euro-denominated money market funds. A weighted average portfolio rating of AA+ is applied to externally managed funds.

At 31 March 2021, the Group had € 5 550 million invested in money market and externally managed funds denominated in various currencies, including euro, CHF and USD (2020: € 4 362 million) and € 7 877 million held as cash at bank (2020: € 4 462 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements using the Group overlay cash pool.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Derivative assets are excluded. Contractual maturities of lease liabilities are presented in note 9.

36. Financial instruments: fair values and risk management continued

36.2. Financial risk factors continued

31 March 2021	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	**5 937**	**6 963**	**24**	**59**	**160**	**6 720**
Other non-current financial liabilities	**97**	**97**	**–**	**–**	**34**	**63**
Trade and other payables	**2 304**	**2 305**	**2 305**	**–**	**–**	**–**
Bank overdrafts	**4 097**	**4 097**	**4 097**	**–**	**–**	**–**
	12 435	**13 462**	**6 426**	**59**	**194**	**6 783**
Derivative financial liabilities						
Currency forwards	**114**	**2 973**	**1 363**	**1 610**	**–**	**–**
	114	**2 973**	**1 363**	**1 610**	**–**	**–**

31 March 2020	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	3 952	4 680	1	59	178	4 442
Other non-current financial liabilities	99	99	–	–	27	72
Trade and other payables	1 852	1 852	1 852	–	–	–
Bank overdrafts	2 477	2 477	2 477	–	–	–
	8 380	9 108	4 330	59	205	4 514
Derivative financial liabilities						
Currency forwards	30	2 977	2 077	900	–	–
	30	2 977	2 077	900	–	–

36.3. Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

In previous periods, the Group was party to a EUR-denominated interest rate swap contract which was used to hedge the Group’s corporate bond issue. Cash flow hedge accounting was applied to the transaction, and as a result the loss realised on this interest rate swap was deferred in equity. This loss is recycled to the income statement over the life of the related bond.

The Group does not apply hedge accounting to any of its other hedging activities.

The fair values of various derivative instruments are disclosed in note 16.

36. Financial instruments: fair values and risk management continued

36.4. Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, as a current legally enforceable right to set-off the recognised amounts exists and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2021					
Trade receivables	**69**	**(12)**	**57**	**–**	**57**
Cash at bank and on hand	**7 877**	**–**	**7 877**	**(4 057)**	**3 820**
Derivative assets	**12**	**–**	**12**	**(12)**	**–**
	7 958	**(12)**	**7 946**	**(4 069)**	**3 877**
Trade payables	**(148)**	**12**	**(136)**	**–**	**(136)**
Bank overdrafts	**(4 097)**	**–**	**(4 097)**	**4 057**	**(40)**
Derivative liabilities	**(114)**	**–**	**(114)**	**12**	**(102)**
	(4 359)	**12**	**(4 347)**	**4 069**	**(278)**

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2020					
Trade receivables	39	(11)	28	–	28
Cash at bank and on hand	4 462	–	4 462	(2 383)	2 079
Derivative assets	44	–	44	(24)	20
	4 545	(11)	4 534	(2 407)	2 127
Trade payables	(126)	11	(115)	–	(115)
Bank overdrafts	(2 477)	–	(2 477)	2 383	(94)
Derivative liabilities	(30)	–	(30)	24	(6)
	(2 633)	11	(2 622)	2 407	(215)

The Group is subject to a number of master netting arrangements specific to cash pooling and derivative contract arrangements. These arrangements allow for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In certain circumstances, such as a default event as defined in the relevant agreement, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. These agreements do not meet the criteria for offsetting in the statement of financial position. The right to set-off is legally enforceable only following certain specified events. In addition, the Group and the counterparties do not intend to settle on a net basis.

36.5. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, maintaining a balance between business returns and a secure capital position. The Board monitors the return of capital to shareholders, which the Group defines as total equity excluding non-controlling interests, and the level of dividends to shareholders, as well as the net cash position of the Group. At 31 March 2021, the net cash position of the Group was € 3 393 million (2020: € 2 395 million).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

37. Financial commitments and contingent liabilities

At 31 March 2021, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which no material losses are anticipated. Details of the Group's commitments in respect of financial derivatives are given in note 16, in respect of property, plant and equipment in note 6 and in respect of intangible assets in note 8. The Group has commitments of € 20 million with respect to its short-term leases (2020: € 33 million).

The Group has also committed to invest $ 250 million in Farfetch China, as announced in November 2020, and will take a stake of 12.5% in a new joint venture which will include Farfetch's marketplace operations in the China region. This investment is expected to be concluded in the coming financial year.

38. Related-party transactions

The Group has a number of transactions and relationships with related parties, as defined by IAS 24, *Related Party Disclosures*.

At 31 March 2021 Compagnie Financière Rupert, Bellevue, Switzerland, Geneva holds 5 221 000 'A' shares and 522 000 000 'B' registered shares representing an interest in 51% of the Company's voting rights. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2021, representing 0.3% of the Company's voting rights.

Besides Compagnie Financière Rupert, the Board of Directors and the Senior Executive Committee ('key management'), the Group has identified the following other related parties:

- Richemont's equity-accounted investments (see note 11);
- Richemont foundations (employee and others); and
- various entities under the common control of the Rupert family's interests or which are controlled or jointly controlled by a member of key management.

The following transactions were carried out with related parties giving rise to (expense/payables) and income/receivables:

(a) Transactions and balances between the Richemont Group and its equity-accounted investments

	2021 €m	2020 €m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	**(6)**	(7)
Schwab-Feller AG – purchase of watch components	**(2)**	(3)
Kering Eyewear SpA – purchase of finished goods	**(19)**	(14)
E_Lite SpA – purchase of services	**–**	(3)
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	**(5)**	(1)
Laureus Sports for Good Foundation – donations	**(1)**	(5)
Goods and services sold to and other transactions with equity-accounted investments:		
Montblanc India Retail Private Limited – sale of finished goods	**1**	4
Kering Eyewear SpA – sale of finished goods	**–**	1
Kering Eyewear SpA – royalties	**23**	17
E_Lite SpA – commissions received	**–**	41
E_Lite SpA – other services	**–**	9
Payables outstanding at 31 March:		
E_Lite SpA – trading	**–**	(8)
Kering Eyewear SpA – trading	**(1)**	(8)
Laureus World Sports Awards Limited – sponsorship	**–**	–
Receivables outstanding at 31 March:		
Kering Eyewear SpA – trading	**4**	6
E_Lite SpA – trading	**–**	2
Laureus Sports Awards Limited – sponsorship	**–**	–
Montblanc India Retail Private Limited – trading	**–**	–

Transactions with Montblanc India Retail Private Limited refer to the period prior to acquisition.

38. Related-party transactions continued

(b) Transactions and balances between the Richemont Group and entities under common control

	2021 €m	2020 €m
Services bought from and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**(5)**	(7)
Services provided to and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**–**	1
Receivables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**–**	–
Payables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**(1)**	(1)

The Group has paid € 0.7 million during the year ended 31 March 2021 for the lease of a property owned by its post-employment benefit foundation in Switzerland, a related party.

An entity controlled by the Rupert family's interests has an investment in a Group company, resulting in the recognition of a total non-controlling interest on the balance sheet. At 31 March 2021, the non-controlling interest related to this investment amounts to € 62 million (2020: € 63 million).

(c) Individuals

During the year, the Group gave donations of € 0.2 million (2020: € 0.2 million) to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni, a non-executive director of the Company, is vice-chairman of the Fondazione.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 1.2 million (2020: € 0.4 million) from Group companies for advice on legal and taxation matters.

In the prior year, M&M Capital Limited, a company in which Mr Ruggero Magnoni is Chairman and shareholder, received a fee of € 2.3 million. No fees were paid in the current period.

Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group in addition to their duties as non-executive directors. During the year to 31 March 2021, Mr Saage received € 0.6 million and Mr Arora received € 0.2 million (2020: € 0.7 million and € 0.6 million respectively) for the services provided. These fees are included in the individual disclosures of key management compensation as short-term employee benefits.

(d) Key management compensation

	2021 €m	2020 €m
Salaries and short-term employee benefits	**14**	16
Short-term incentives	**3**	9
Long-term benefits	**–**	–
Post-employment benefits	**1**	1
Share-based compensation expense	**7**	8
Employer social security	**2**	1
	27	35

38. Related-party transactions continued

(d) Key management compensation continued

Key management comprises the Board of Directors of Compagnie Financière Richemont SA and the Senior Executive Committee, as detailed below.

The Ordinance against Excessive Compensation requires that the Board identifies the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board, the members of which are listed below. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the regulations.

Board of Directors	
Johann Rupert	Chairman
Josua Malherbe	Non-executive Deputy Chairman
Nicolas Bos	President & Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse[1]	Group Human Resources Director
Jérôme Lambert	Group Chief Executive Officer
Cyrille Vigneron	President & Chief Executive Officer Cartier
Nikesh Arora	Non-executive Director
Clay Brendish	Independent Lead Director
Jean-Blaise Eckert	Non-executive Director
Keyu Jin	Non-executive Director
Wendy Luhabe[2]	Non-executive Director
Ruggero Magnoni	Non-executive Director
Jeff Moss	Non-executive Director
Vesna Nevistic	Non-executive Director
Guillaume Pictet	Non-executive Director
Alan Quasha	Non-executive Director
Maria Ramos	Non-executive Director
Anton Rupert	Non-executive Director
Jan Rupert	Non-executive Director
Gary Saage	Non-executive Director
Members of the Senior Executive Committee	
Nicolas Bos	President & Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse[1]	Group Human Resources Director
Jérôme Lambert	Group Chief Executive Officer
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Philippe Fortunato[3]	Head of Fashion & Accessories
Cyrille Vigneron	President & Chief Executive Officer Cartier
Frank Vivier	Chief Transformation Officer

1. Until 12 June 2020 (Senior Executive Committee) and 9 September 2020 (Board of Directors).
2. From 9 September 2020.
3. From 1 September 2020.

38. Related-party transactions continued

(d) Key management compensation continued

Share option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. No awards under the share option plan have been made to persons serving as non-executive directors. Details of options held under the plan are as follows:

	Number of options							
	1 April 2020	Granted in year	Exercised in year	Forfeited in year	31 March 2021	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors								
Nicolas Bos	247 013	17 988	–	–	**265 001**	84.23	Apr 2021-Dec 2025	June 2029
Burkhart Grund	247 582	14 881	20 000	–	**242 463**	82.66	Apr 2021-Dec 2025	June 2029
Jérôme Lambert	259 987	18 849	–	–	**278 836**	84.47	Apr 2021-Dec 2025	June 2029
Cyrille Vigneron	283 571	18 482	–	–	**302 053**	84.14	Apr 2021-Dec 2025	June 2029
Gary Saage	715 000	–	280 000	–	**435 000**	79.61	Apr 2021-Jul 2021	June 2025
Senior Executive Committee								
Senior Executives	286 079	29 763	13 334	–	**302 508**	85.36	Apr 2021-Dec 2025	June 2029
	2 039 232	99 963	313 334	–	**1 825 861**			

The options held by Mr Gary Saage, Non-executive Director, were awarded in his previous role as an executive director of the Company.

Performance Share Unit plan

The Group operates a RSU plan. Awards under this plan also vest over periods of three to six years from the date of grant. On vesting, the executive will receive a share in the Company. Awards granted to senior executives are also subject to performance conditions which may reduce the number of shares vesting (Performance Share Units, or 'PSU'). Executives are not entitled to dividends during the vesting period.

	Number of units					
	1 April 2020	Granted in year	Vested in year	Cancelled in year	31 March 2021	Earliest vesting date
Board of Directors						
Nicolas Bos	43 208	10 793	–	–	**54 001**	Aug 2022-Dec 2025
Burkhart Grund	40 549	8 929	–	–	**49 478**	Aug 2022-Dec 2025
Jérôme Lambert	47 629	11 310	–	–	**58 939**	Aug 2022-Dec 2025
Cyrille Vigneron	46 809	11 089	–	–	**57 898**	Aug 2022-Dec 2025
Senior Executive Committee						
Senior Executives	67 314	17 857	–	–	**85 171**	Aug 2022-Dec 2025
	245 509	59 978	–	–	**305 487**	

38. Related-party transactions continued

(d) Key management compensation continued

Share ownership

As at 31 March 2021, members of the Board and parties closely linked to them owned a total of 39 072 Richemont 'A' shares. Mr Johann Rupert is the General Managing Partner of Compagnie Financière Rupert, which holds 5 221 000 'A' shares and the 522 000 000 'B' registered shares in the Company. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2021. The interest of individual directors and members of the Senior Executive Committee in Richemont 'A' shares is as follows:

	at 31 March 2021	at 31 March 2020
Board of Directors		
Clay Brendish	**2 010**	2 010
Jean-Blaise Eckert	**75**	75
Jérôme Lambert	**1 148**	1 148
Ruggero Magnoni	**2 000**	2 000
Jeff Moss	**2 400**	2 400
Guillaume Pictet	**5 535**	5 535
Alan Quasha	**1 000**	1 000
Maria Ramos	**1 404**	1 404
Jan Rupert	**3 000**	3 000
Gary Saage	**8 000**	8 000
Cyrille Vigneron	**12 500**	12 500
	39 072	39 072

Following the decision of the annual general meeting on 9 September 2020 to pay dividends of CHF 1.00 per 'A' registered share and CHF 0.10 per 'B' registered share, dividends of CHF 60 296 836 were paid to shareholders who were members of the Board or the Senior Executive Committee, or parties closely linked to them, at the date the dividend was paid. A total of 16.2 million 'A' warrants and 1 044 million 'B' warrants were distributed to members of the Board or Senior Executive Committee (note 31.5.)

Mr Josua Malherbe, a non-executive director, does not hold any 'A' shares or 'A' share equivalents. Members of Mr Malherbe's family have acquired and currently hold 14 067 'A' share equivalents and are beneficiaries of trusts holding 201 100 'A' shares or 'A' share equivalents at 31 March 2021.

Mr Jan Rupert, a non-executive director, and members of his family are beneficiaries of certain companies and trusts that have acquired and currently hold 1 226 628 'A' shares. In addition, Mr Rupert is also a director of companies and a trustee of trusts that collectively hold 1 581 943 'A' shares but he is not in a position to control the investment decisions or to control the exercise of voting rights.

Mr Alan Quasha, a non-executive director, and members of his family, are beneficiaries of certain companies and trusts that have acquired and currently hold 10 000 'A' shares but he is not in a position to control the investment decisions or to control the exercise of voting rights.

Loans to members of governing bodies

As at 31 March 2021, there were no loans or other credits outstanding to any current or former executive or non-executive directors, or members of the Senior Executive Committee. The Group policy is not to extend loans to directors or members of the Senior Executive Committee. There were also no non-business-related loans or credits granted to relatives of any executive or non-executive director, or member of the Senior Executive Committee.

39. Business combinations

Accounting policy

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred at the date of exchange, plus the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss for the period.

On acquisition, non-controlling interests are measured as a percentage of the net assets of the acquiree.

Any contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which they are incurred.

During the period, the Group completed several business combinations, including the acquisition of the remaining shareholding in Montblanc India Retail Private Limited (note 11) and the operations of external boutiques and distributors in strategic markets. The impact of these acquisitions on the financial position and performance of the Group is not significant, and as such these acquisitions are presented in aggregate below.

	Total €m
Property, plant and equipment	**2**
Intangible assets	**13**
Right of use assets	**19**
Other non-current assets	**1**
Inventories	**13**
Cash and cash equivalents	**2**
Trade and other receivables	**1**
Trade and other payables	**(1)**
Short-term borrowings	**(2)**
Current and deferred tax	**(2)**
Lease liabilities	**(19)**
Non-current liabilities	**(1)**
Net assets acquired	**26**
Fair value of net assets acquired	**26**
Fair value of previous shareholding	**(1)**
Goodwill	**4**
Total consideration paid	**29**
Cash and cash equivalents acquired	**(2)**
Payment of amounts deferred in prior periods	**6**
Cash outflow on acquisitions	**33**

The fair value of these assets is provisional, pending finalisation of valuation work. Goodwill represents certain intangible assets that do not qualify for separate recognition, including an integrated workforce and technical know-how relating to jewellery creation. None of the goodwill is expected to be deductible for tax purposes.

39. Business combinations continued

In the period since acquisition, the businesses contributed € 2 million to sales and a profit of € 1 million to net profit. Had the acquisitions been made on 1 April 2020, the contribution to sales and to net profit for the full period would have been € 6 million and a loss of € 1 million respectively.

Acquisition-related transaction costs of € 2 million were expensed in the year to 31 March 2021.

Contingent consideration
At 31 March 2021, the Group has a total provision of € 36 million related to contingent consideration payable as a result of business combinations in prior periods (2020: € 35 million). The fair value of the contingent consideration is estimated by calculating the present value of future expected cash flows, based on latest forecasts and budgets, and is updated at each reporting date. The estimates are based on a discount rate which reflects the risk profile of the investment and probability adjusted sales and operating profit figures. As this valuation is based on unobservable inputs, it is classified as a Level 3 in the IFRS fair value hierarchy. Reassessment of the expected future cash flows, based on the methodology described above, resulted in a charge to the income statement of € 3 million (2020: credit of € 1 million) of which € 2 million is included within Other income/(expenses) and the remainder in Finance costs. The only other movement in this balance during the year, other than for payments made as described above, was due to exchange rate movements.

40. Ultimate parent company

The directors regard Compagnie Financière Rupert, Bellevue, Geneva, Switzerland to be the Group’s controlling party, as 51% of the voting rights of the Company are held by that entity.

41. Principal Group companies

Details of the Group’s principal subsidiary companies, determined to be those entities with external revenue of more than € 10 million equivalent or total assets of more than € 50 million equivalent, are disclosed below:

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000’s)
Subsidiary undertakings				
Australia	Sydney	Richemont Australia Pty Limited	100.0%	AUD 4 500
Brazil	São Paulo	RLG do Brasil Varejo Ltda.	100.0%	BRL 412 015
Canada	Ottawa	Richemont Canada Inc.	100.0%	CAD 25 000
France	Paris	Azfashion S.A.S.	70.0%	€ –
	Paris	Azzedine Alaïa SAS	100.0%	€ 250
	Paris	Cartier et Compagnie	100.0%	€ 4 000
	Paris	Cartier Joaillerie International SAS	100.0%	€ 28 755
	Paris	Cartier Parfums SAS	100.0%	€ 4 168
	Paris	Chloé SAS	100.0%	€ 5 455
	Paris	Les Ateliers VCA SAS	100.0%	€ 149 370
	Paris	Montblanc France SAS	100.0%	€ 325
	Paris	Richemont Holding France SAS	100.0%	€ 600 250
	Paris	RLG Property France SAS	100.0%	€ 107 864
	Paris	SCI 275 Saint Honore	100.0%	€ 25 172
	Paris	Société Cartier SAS	100.0%	€ 30 000
Germany	Glashütte	Lange Uhren GmbH	100.0%	€ 550
	Hamburg	Montblanc Deutschland GmbH	100.0%	€ 103
	Hamburg	Montblanc International GmbH	100.0%	€ 1 775
	Hamburg	Montblanc International Holding GmbH	100.0%	€ 4 099
	Hamburg	Montblanc-Simplo GmbH	100.0%	€ 1 724
	Munich	Richemont Northern Europe GmbH	100.0%	€ 13 070
Hong Kong SAR, China	Hong Kong	Richemont Asia Pacific Limited	100.0%	HK$ 4 162 500
	Hong Kong	The Net-A-Porter Group Asia Pacific Limited	100.0%	HK$ 200 000
	Hong Kong	Yoox Asia Limited	100.0%	HK$ 1 000
India	New Delhi	Richemont India Private Limited	100.0%	INR 2 463
Italy	Milan	Buccellati Holding Italia S.p.A	100.0%	€ 22 941
	Milan	Montblanc Italia Srl	100.0%	€ 47
	Milan	PGI SpA	100.0%	€ 520
	Milan	Richemont Italia SpA	100.0%	€ 10 000
	Milan	YOOX NET-A-PORTER GROUP SpA	100.0%	€ 1 384
Japan	Tokyo	Richemont Japan Limited	100.0%	JPY 250 000
	Tokyo	Yoox Japan	100.0%	JPY 10 000
Jersey	St Helier	Richemont Employee Benefits Limited	100.0%	CHF –
	St Helier	Richemont Luxury Group Limited	100.0%	CHF 4 722 900
	St Helier	RLG NBS Limited	100.0%	£ 78 500
	St Helier	RLG Property Ltd.	100.0%	€ 288 979
	St Helier	RLG Real Estate Partners LP	85.8%	€ 380 484

41. Principal Group companies continued

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Luxembourg	Luxembourg	Richemont International Holding SA	100.0%	€ 603 435
	Luxembourg	RLG Property Holdings 2 Sarl	100.0%	€ 1 041
Malaysia	Kuala Lumpur	Richemont Luxury (Malaysia) SDN BHD	100.0%	MYR 1
Mexico	Mexico City	Richemont de Mexico SA de CV	100.0%	MXN 597 757
Monaco	Monte Carlo	RLG Monaco SA	100.0%	€ 239
Netherlands	Amsterdam	RLG Europe BV	100.0%	€ 18
People's Republic of China	Shanghai	Feng Mao Trading	100.0%	CNY 380 000
	Shanghai	Mishang Trading (Shanghai) Co., Ltd.	100.0%	€ 6 000
	Shanghai	Richemont Commercial Company Limited	100.0%	CNY 2 982 700
Russia	Moscow	Richemont Luxury Goods, LLC (RLG LLC)	100.0%	RUR 50 000
Saudi Arabia	Riyadh	Richemont Saudi Arabia LLC	75.0%	SAR 26 667
Singapore	Singapore	Richemont Luxury (Singapore) Pte Ltd.	100.0%	SGD 100 000
South Africa	Bryanston	RLG Africa (Pty) Ltd	100.0%	ZAR 4 000
South Korea	Seoul	Richemont Korea Limited	100.0%	KRW 5 887 560
Spain	Madrid	Montblanc Iberia S.L.	100.0%	€ 1 000
	Madrid	Richemont Iberia S.L.	100.0%	€ 6 005
Switzerland	Villars-sur-Glâne	Richemont International SA	100.0%	CHF 1 007 500
	Villars-sur-Glâne	Richemont Suisse SA	100.0%	CHF 4 850
	Delémont	Varinor SA	100.0%	CHF 28 900
Thailand	Bangkok	Richemont Luxury (Thailand) Limited	100.0%	THB 409 000
Turkey	Istanbul	Richemont Istanbul Luks Esya Dagitim AS	100.0%	TRY 73 959
Ukraine	Kiev	RLG Ukraine	100.0%	€ 500
United Arab Emirates	Dubai	Richemont (Dubai) FZE	100.0%	AED 9 000
	Dubai	YNAP Middle East General Trading LLC	66.6%	AED 300
United Kingdom	London	Da Vinci Holdings Limited	51.0%	CNY 86
	London	James Purdey & Sons Limited	100.0%	£ 49 403
	London	Alfred Dunhill Limited	100.0%	£ 698 315
	London	Richemont Holdings (UK) Limited	100.0%	£ 280 672
	London	Richemont Investments	100.0%	£ –
	London	Richemont UK Limited	100.0%	£ 15 776
	London	The Net-A-Porter Group Limited	100.0%	£ 40 006
	London	Watchfinder.co.uk Limited	100.0%	£ 12
United States of America	New York	Buccellati, Inc.	100.0%	US$ 30
	Wilmington	Peter Millar Inc.	100.0%	US$ 122 465
	Wilmington	Richemont Latin America and Caribbean Inc.	100.0%	US$ 2 990
	Wilmington	Richemont North America Holdings Inc.	100.0%	US$ 318 631
	Wilmington	Richemont North America Inc.	100.0%	US$ 117 649
	New York	YNAP Corporation	100.0%	US$ 42 002

Details of the Group's associates and joint ventures are provided in note 11.

41. Principal Group companies continued

Non-controlling interests in subsidiaries

The Group has no material non-controlling interests. The information that follows is the aggregate total for all subsidiaries with a non-controlling interest. The information is presented before elimination of intra-Group transactions and balances.

Balance sheet

	2021 €m	2020 €m
Non-current assets	**325**	333
Current assets	**306**	245
Non-current liabilities	**(33)**	(25)
Current liabilities	**(60)**	(29)
Intra-Group balances	**232**	239
	770	763
Carrying amount of non-controlling interests	**(110)**	(123)

Statement of comprehensive income

	2021 €m	2020 €m
Revenue	**379**	190
Profit/(loss)	**(31)**	(11)
Profit/(loss) allocated to non-controlling interests	**(12)**	(2)

Cash flow statement

	2021 €m	2020 €m
Cash flows from operating activities	**15**	8
Cash flows from investing activities	**(51)**	(35)
Cash flows from financing activities	**13**	89

42. Events after the reporting date

Dividend

A dividend of CHF 2.00 per share is proposed for approval at the annual general meeting of the Company, to be held on 8 September 2021. These financial statements do not reflect this dividend payable, which will be accounted for as an appropriation of retained earnings to be effected during the year ending 31 March 2022.

Dufry convertible bond

On 8 April 2021, the Group's investment in convertible bonds issued by Dufry, presented at 31 March 2021 within Financial assets held at fair value through profit or loss, has been converted into listed shares. As a result of this conversion, the Group has received 848 484 shares in Dufry SA, which will be presented as Financial assets held at fair value through other comprehensive income, consistent with its existing investment in Dufry shares.

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Compagnie Financière Richemont SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 78 to 137) give a true and fair view of the consolidated financial position of the Group as at 31 March 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

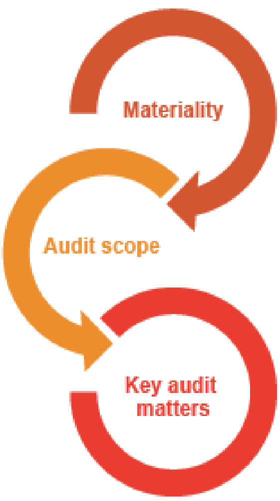
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: € 65 million

We conducted a full scope audit at 34 reporting units, which resulted in a coverage of 82% of total revenue.

As key audit matters the following areas of focus have been identified:

- Goodwill impairment assessment for Yoox Net-à-Porter ("YNAP")
- Taxation
- Inventory provisions

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	€ 65'000'000
How we determined it	0.5% of total revenues rounded
Rationale for the materiality benchmark applied	Given the exceptional nature of the situation under COVID-19 that has impacted profitability measures, we have applied this revenue benchmark based on our analysis of the drivers of the business and its key performance indicators as defined by management and stakeholders of the Group.

We agreed with the Audit Committee that we would report to them misstatements above € 3'200'000(SUM) identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Due to the nature of its business and its organization, the Group has a decentralized structure and operates in more than 30 countries over four main regions (Asia, Europe, Americas and Middle East). Local full scope audit teams based in 14 different territories audit the business transactional operations and report to us on their audit results, in response to the instructions we sent to them. We, as group auditor, then ensure quality of their work by means of planning presentations with all teams, detailed review of their audit plan and final memorandum, and closing calls with teams of all significant entities. Procedures performed at group level include analytical procedures on entities not covered by group reporting requirements to ensure that any material risk is identified and addressed. We also assess the appropriateness of Group accounting policies, assess accounting treatment of material or unusual transactions when prepared centrally and audit the consolidation, which includes the central consolidation adjustments, amongst others share based compensation, tax, equity and intercompany eliminations and business combination accounting when applicable. We finally validate the compliance of the consolidated financial statements with IFRS and Swiss law.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment assessment for Yoox Net-à-Porter ("YNAP")

Key audit matter	How our audit addressed the key audit matter
The goodwill allocated to the YNAP CGU amounts to €1'549 million per 31 March 2021. The assessment of the recoverability of the YNAP goodwill balance is dependent on the estimation of future cash flows. The discounted cash flow model is based on the fair value less cost of disposal methodology based on a 10-year plan. Judgement is required to determine the assumptions relating to the future business results, the growth rate after the forecasted period and the discount rate applied to the forecasted cash flows. Refer to note 4 – Critical accounting estimates and assumptions and note 7 – Goodwill.	We obtained the Group's impairment assessment for the YNAP CGU and ● tested the mathematical accuracy of the model and assessed the overall appropriateness of the model used with regard to IAS 36 requirements; ● assessed the quality of the cash flow projections by comparing the actual results to prior year budget in order to identify in retrospect whether any of the assumptions might have been too optimistic; ● reconciled the 10-year projections to the model that was subject to scrutiny and approval by management; ● challenged management to substantiate its key assumptions in the cash flow projections during the forecasted period by comparing them to analysts' reports of the industry and peer companies; ● tested, with the support of our valuation experts, the reasonableness of the cash flows growth after the forecast period assumption of 2.25% and the discount rate of 10.44%; ● obtained corroborative external evidence that market participant would use a 10-year period cash flow model to value a company operating on a fast-growing industry like Online Luxury. We obtained the Group's sensitivity analysis around key assumptions to ascertain the effect of changes to those assumptions to the fair value less cost of disposal and re-calculated the sensitivity. We assessed the adequacy of the disclosures included in Note 7 on goodwill. Based on the procedures performed, we concluded that management's impairment assessment of the YNAP goodwill was supportable.

Taxation

Key audit matter	How our audit addressed the key audit matter
The Group is subject to taxation in many jurisdictions and management makes judgements about the incidence and quantum of tax liabilities that are subject to the future outcome of assessments by the relevant tax authorities. Accordingly, the calculation of tax expense and the related liability are subject to inherent uncertainty. To make those judgements, management follows an established and structured process whereby they systematically monitor and assess tax risks existence, development and settlement in each of their jurisdictions. The Group's main tax risks are transfer pricing being outside an arm's length benchmark range and potential adverse results for ongoing tax audits. In accordance with this methodology, provisions for uncertain tax positions are calculated and accounted for and included within current income tax liabilities (€550 million as at 31 March 2021). Refer to note 4 - Critical accounting estimates and assumptions and note 12 - Taxation.	We have confirmed the Group's exposure in various countries through inquiry with local and group management, audited management's process to assess the risk of tax payments in the different jurisdictions because of potential challenges to the tax returns or positions as well as the measurement and timing of recognition of the provision when applicable. We tested transactions with transfer pricing risks and risks of an adverse tax audit result for selected entities to assess that an appropriate level of provision including related penalty and interest is recorded. With the support of our internal tax experts, we examined the documentation outlining the matters in dispute or at risk and the benchmarks relied upon for transfer pricing and used our knowledge of the tax laws and other similar taxation matters to assess the available evidence, management's judgmental processes and the provisions. Based on the procedures performed, we concluded that management's tax estimates were reasonable.

Inventory provisions

Key audit matter	How our audit addressed the key audit matter
Inventory provisions totaled € 823 million at 31 March 2021. The need for provisions pertaining to slow moving or identified for destruction finished goods is assessed centrally at the Maison level headquarters. Each Maison marketing and strategic functions classify their finished goods in product life cycle stages and a provision rate is determined for each stage based on both the selling out forecasts and the estimated recoverable value. Inventory provisions also include other provisions on finished goods (e.g. damage) and provisions on raw materials and work-in-progress. Each Maison has specific provision rules and computes independently their provision rates. Maison provision rules and final provision values are assessed for consistency and approved by Group management. Refer to note 4 – Critical accounting estimates and assumptions and note 14 – Inventories.	We coordinated specific tailored work and reporting for each Maison's material provisions on finished goods at the Maison headquarters. The procedures consisted of checking the Maisons' policies were correctly and consistently applied, were compliant with the Group accounting policies and the respective provision balances were correctly reflected in the accounting records via central adjustment. We also assessed the appropriateness of key assumptions, which include the recoverable value after destruction and selling out assumptions. We also tested the appropriateness of other provisions on finished goods, raw materials and work in progress by reconciling significant inputs of the calculation file to the supporting documentation and testing the mathematical accuracy. We executed additional independent analytical reviews procedures at consolidated level and corroborated the results with management. We assessed the principles of the inventory provision rules and concluded that these were consistent between Maisons. In cooperation with the local audit teams, we have considered the impact of the current COVID-19 pandemic on the inventory by assessing the need for additional inventory provision. As a result of our procedures performed, we determined that management's conclusions with respect to the carrying value of the inventory provision were reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of Compagnie Financière Richemont SA and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Guillaume Nayet	Louise Rolland
Audit expert Auditor in charge	

Genève, 20 May 2021

Compagnie Financière Richemont SA
Company financial statements

Income statement

for the year ended 31 March

	Notes	2021 CHFm	2020 CHFm
Operating income			
Dividend income		**535.1**	1 208.7
		535.1	1 208.7
Operating expense			
General expenses	*3,4*	**12.2**	12.3
		12.2	12.3
Operating profit		**522.9**	1 196.4
Non-operating income/(expense)			
Financial income	*5*	**39.6**	36.1
Financial expenses	*5*	**(12.9)**	(7.5)
		26.7	28.6
Profit before taxes		**549.6**	1 225.0
Direct taxes		**(3.4)**	0.2
Net profit		**546.2**	1 225.2

Company financial statements

Balance sheet

at 31 March

	Notes	2021 CHFm	2020 CHFm
Current assets			
Cash and cash equivalents		**443.3**	291.9
Other receivables		**1.2**	0.5
Taxation		**–**	6.0
Current accounts receivable from Group companies		**2 597.1**	2 613.1
		3 041.6	2 911.5
Long-term assets			
Long-term loans receivable from a Group company		**164.9**	168.9
Investments	*6*	**4 782.1**	4 560.7
		4 947.0	4 729.6
Total assets		**7 988.6**	7 641.1
Current liabilities			
Bank overdraft		**362.4**	–
Current accounts payable to Group companies		**2.1**	2.2
Taxation		**3.7**	–
Accounts payable and accrued expenses		**1.1**	0.8
		369.3	3.0
Shareholders' equity			
Share capital	*7*	**574.2**	574.2
Statutory legal reserve	*8*	**117.7**	117.6
Reserve for own shares	*9*	**689.8**	742.6
Retained earnings	*10*	**6 237.6**	6 203.7
		7 619.3	7 638.1
Total equity and liabilities		**7 988.6**	7 641.1

Notes to the Company financial statements

at 31 March 2021

Note 1 – General

Compagnie Financière Richemont SA (‘the Company’) is a limited liability company (société anonyme) with registered office at 50 Chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland. The main activity of the Company is the holding of investments in the luxury goods sector. The Company employs fewer than ten full-time equivalent employees.

Basis of preparation of the financial statements

The financial statements represent the financial position of Compagnie Financière Richemont SA at 31 March 2021 and the results of its operations for the year then ended, prepared in accordance with Swiss law and the Company’s Articles of Incorporation.

Note 2 – Significant accounting policies

Current accounts receivable from Group companies

Current accounts receivable from Group companies are stated at their nominal value. Impairment charges are calculated for these assets on an individual basis.

Investments

Investments in subsidiary companies are stated at cost less amounts written off for diminutions in value which are considered to be of a durable nature.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates, with the exception of investments in subsidiaries which are translated using historical exchange rates.

Foreign currency transactions are translated using the actual exchange rates prevailing during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 3 – General expenses

General expenses include personnel costs of CHF 3.5 million (2020: CHF 3.6 million).

Note 4 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 38 to the consolidated financial statements and in the Compensation report.

Note 5 – Financial income/Financial expenses

Financial expenses includes CHF 4.1 million of exchange losses incurred on loans receivable from a Group company. In 2020, financial expenses included CHF 5.3 million of exchange losses incurred on loans receivable from a Group company.

Note 6 – Investments

Company	Domicile	Purpose	% capital/voting rights	2021 CHFm	2020 CHFm
Richemont Holdings AG	Switzerland	Investment holding company	100%	**770.7**	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100%	**3 392.9**	3 171.5
Richemont International SA	Switzerland	Operating company	100%	**387.4**	387.4
Richemont Luxury Group Ltd	Jersey	Investment holding company	100%	**231.0**	231.0
Richemont Securities SA	Switzerland	Depository/issuer of Richemont South African Depository Receipts	100%	**0.1**	0.1
				4 782.1	4 560.7

In addition, a list of significant direct and indirect subsidiaries can be found in note 41 to the consolidated financial statements.

Note 7 – Share capital

	2021 CHFm	2020 CHFm
522 000 000 'A' registered shares with a par value of CHF 1.00 each, fully paid	**522.0**	522.0
522 000 000 'B' registered shares with a par value of CHF 0.10 each, fully paid	**52.2**	52.2
	574.2	574.2

Shareholder warrants

In November 2020, shareholders were granted tradeable warrants, which can either be traded or used to acquire new shares at a potentially beneficial price after three years in November 2023. Each 'A' shareholder received two 'A' warrants and each 'B' shareholder received two 'B' warrants. On the exercise date, 67 'A' warrants must be exercised to acquire one 'A' share (67 'B' warrants to acquire one 'B' share). The exercise price of the warrants was set at CHF 1 per warrant (being CHF 67 per newly issued share). The warrants are listed on the SIX Swiss Exchange.

Conditional capital

In connection with the warrants described above, shareholders approved the creation of a conditional capital amounting to 22 million 'A' shares and 22 million 'B' shares, which will be used to issue the corresponding number of shares upon exercise of the warrants.

Note 8 – Statutory legal reserve

The legal reserve of CHF 117.6 million (2020: CHF 117.6 million) is not available for distribution.

Note 9 – Reserve for own shares

The reserve is created in respect of Richemont 'A' shares purchased by Richemont Employee Benefits Limited ('REBL'), a subsidiary company.

During the year 556 126 'A' shares (2020: 251 931 'A' shares) were sold to executives under the Richemont share option plan by REBL and a further 9 500 'A' shares (2020: 5 217 'A' shares) were sold to a third party following the exercise of over-the-counter call options linked to the hedging programme.

At 31 March 2021, following these transactions, REBL held 8 553 036 Richemont 'A' shares (2020: 9 118 662 'A' shares) with a cost of CHF 689.8 million (2020: CHF 742.6 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 52.8 million has been transferred from the reserve (2020: CHF 23.6 million from the reserve) during the year.

During 2019, share options were granted under the Richemont share option plan to certain executives resident in the US, of which 94 850 were granted by the Company. Each option entitles the executive to purchase one Richemont 'A' share. These options have an exercise price of CHF 92, vest over periods of three to five years and expire on 30 June 2027.

In order to hedge the obligations in respect of these options, the Company has entered into an arrangement to purchase, from REBL, an equivalent number of call options on the same terms and conditions as those granted to executives.

REBL also holds warrants that were issued under the equity-based loyalty scheme described in note 7. During the year, it received 17 818 444 'A' warrants at no cost in respect of the 'A' shares it held on the record date as defined under the loyalty scheme. REBL further purchased 89 010 294 'A' warrants in the open market during the year for a cost of CHF 16.5 million.

At 31 March 2021, following these transactions, REBL held 106 828 738 'A' warrants.

Assuming market conditions are favourable, REBL will exercise the 'A' warrants upon expiry in November 2023, according to the terms defined in the loyalty scheme.

Note 10 – Retained earnings

	2021 CHFm	2020 CHFm
Balance at 1 April	**6 203.7**	6 084.9
Dividend paid	**(565.1)**	(1 130.0)
Net transfer from reserve for own shares	**52.8**	23.6
Net profit	**546.2**	1 225.2
Balance at 31 March	**6 237.6**	6 203.7

Notes to the Company financial statements continued

Note 11 – Commitments and contingencies

At 31 March 2021, the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 6 907.0 million (2020: CHF 4 499.8 million).

The directors believe that there are no other contingent liabilities.

Note 12 – Significant shareholders

Compagnie Financière Rupert

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 5 221 000 Richemont 'A' shares and 522 000 000 Richemont 'B' registered shares, representing 10% of the equity of the Company and controlling 51% of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Ruggero Magnoni and Mr Anton Rupert, non-executive directors of the Company, are partners of Compagnie Financière Rupert.

Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2021.

Other significant shareholders

Richemont Securities SA, a subsidiary of the Company, acts as depository in respect of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg Stock Exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. In its capacity as depository and on behalf of the holders of DRs, Richemont Securities SA is the registered holder of one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in Richemont 'A' shares is non-beneficial in nature.

All dividends attributable to the 'A' shares held in safe custody are remitted by Richemont Securities SA individually to holders of DRs. Richemont Securities SA, as registered holder of 'A' shares, votes those shares at general meetings of shareholders of the Company. DR holders may provide Richemont Securities SA with voting instructions as to their holdings of DRs and Richemont Securities SA may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2021, Richemont Securities SA held 62 417 496 Richemont 'A' shares (2020: 66 600 769 shares), representing some 12% (2020: 13%) of the 'A' shares, in safe custody in respect of DRs in issue.

Proposal of the Board of Directors for the appropriation of retained earnings

At 31 March 2021

	CHFm
Available retained earnings	
Balance at 1 April 2020	**6 203.7**
Dividend paid	**(565.1)**
Net transfer from reserve for own shares	**52.8**
Net profit	**546.2**
Balance at 31 March 2021	**6 237.6**

Proposed appropriation

The proposed ordinary dividend payable to Richemont shareholders will be CHF 2.00 per Richemont share. This is equivalent to CHF 2.00 per 'A' registered share in the Company and CHF 0.20 per 'B' registered share in the Company. It will be payable to Richemont shareholders in September 2021, free of charges but subject to Swiss withholding tax at 35%, at the banks designated as paying agents.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following business year.

The Board of Directors
Geneva, 20 May 2021

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Compagnie Financière Richemont SA, which comprise the income statement, balance sheet as at 31 March 2021 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 145 to 149) as at 31 March 2021 comply with Swiss law and the company's articles of incorporation.

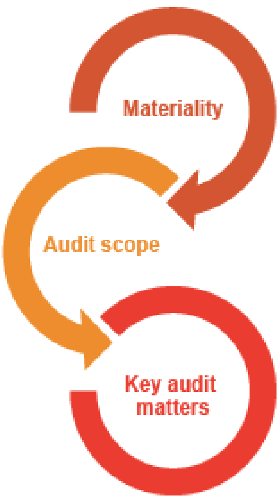
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 40 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

We have determined that there are no key audit matters to communicate in our report.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

• **Overall materiality**	CHF 40'000'000
• **How we determined it**	0.5% of total assets, rounded
• **Rationale for the materiality benchmark applied**	We chose total assets as the benchmark to determine our overall audit materiality, because, in our view, this metric is the most relevant factor when assessing a holding company which has limited operating activities and which holds mainly investments in subsidiaries and intra-group loans.

We agreed with the Audit Committee that we would report to them misstatements above CHF 4 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Guillaume Nayet	Louise Rolland
Audit expert Auditor in charge	

Genève, 20 May 2021

Five-year record

Summary income statement	2017 €m	2018 re-presented* €m	2019 €m	2020 €m	2021 €m
Sales	10 647	11 013	13 989	14 238	**13 144**
Cost of sales	(3 848)	(3 829)	(5 344)	(5 627)	**(5 283)**
Gross profit	6 799	7 184	8 645	8 611	**7 861**
Net operating expenses	(5 035)	(5 340)	(6 702)	(7 093)	**(6 383)**
Operating profit	1 764	1 844	1 943	1 518	**1 478**
Net finance (costs)/income	(160)	(150)	(183)	(337)	**25**
Share of post-tax results of equity-accounted investments	(34)	(41)	1 408	17	**12**
Profit before taxation	1 570	1 653	3 168	1 198	**1 515**
Taxation	(360)	(432)	(381)	(267)	**(226)**
Profit for the year	1 210	1 221	2 787	931	**1 289**
Gross profit margin	63.9%	65.2%	61.8%	60.5%	**59.8%**
Operating profit margin	16.6%	16.7%	13.9%	10.7%	**11.2%**
Sales by business area					
Jewellery Maisons	5 927	6 452	7 083	7 217	**7 459**
Specialist Watchmakers	2 879	2 714	2 980	2 859	**2 247**
Online Distributors	–	–	2 105	2 427	**2 197**
Other	1 841	1 847	1 881	1 788	**1 345**
Eliminations	–	–	(60)	(53)	**(104)**
	10 647	11 013	13 989	14 238	**13 144**
Sales by geographic region					
Asia Pacific	3 903	4 352	5 243	4 992	**5 937**
Europe	3 068	3 019	4 118	4 298	**2 955**
Americas	1 781	1 806	2 551	2 806	**2 388**
Japan	1 010	980	1 148	1 212	**940**
Middle East and Africa	885	856	929	930	**924**
	10 647	11 013	13 989	14 238	**13 144**
Sales by distribution channel					
Retail	6 389	6 758	7 320	7 338	**7 248**
Wholesale and royalty income	4 258	4 099	4 407	4 254	**3 102**
Online retail	–	156	2 262	2 646	**2 794**
	10 647	11 013	13 989	14 238	**13 144**
Sales by product line					
Jewellery	4 160	4 537	5 061	5 205	**5 553**
Watches	4 340	4 368	4 930	4 816	**4 085**
Leather goods	779	780	1 402	1 415	**1 129**
Writing instruments	396	394	414	383	**308**
Readywear and other	972	934	2 182	2 419	**2 069**
	10 647	11 013	13 989	14 238	**13 144**

* 2018 was re-presented to include royalty income received within total sales.

Five-year record continued

Operating results	2017 €m	2018 €m	2019 re-presented* €m	2020 €m	2021 €m
Jewellery Maisons	1 682	1 926	2 229	2 077	**2 309**
Specialist Watchmakers	226	262	381	304	**132**
Online Distributors	–	–	(99)	(241)	**(223)**
Other	110	(65)	(95)	(141)	**(241)**
Operating contribution	2 018	2 123	2 416	1 999	**1 977**
Elimination of internal transactions	–	–	2	(2)	**(6)**
Impact of valuation adjustments on acquisition	–	–	(173)	(196)	**(197)**
Unallocated corporate costs	(254)	(279)	(302)	(283)	**(296)**
Operating profit	1 764	1 844	1 943	1 518	**1 478**

Free cash flow	2017	2018	2019	2020	2021
Operating profit	1 764	1 844	1 943	1 518	**1 478**
Depreciation, amortisation and other non-cash items	161	645	918	1 606	**1 554**
Lease related payments	–	–	–	(660)	**(626)**
Increase in working capital	(29)	234	(530)	(327)	**529**
Other operating activities	11	7	1	18	**(30)**
Taxation paid	(288)	(346)	(306)	(373)	**(248)**
Net acquisition of non-current assets	(592)	(1 294)	(880)	(758)	**(867)**
Free cash flow	1 027	1 090	1 146	1 024	**1 790**

Net cash	2017	2018	2019	2020	2021
Cash at bank and on hand	4 450	8 401	5 060	4 462	**7 877**
Investments in externally managed and money market funds	3 481	5 057	4 528	4 362	**5 550**
Borrowings	(455)	(4 292)	(4 347)	(3 952)	**(5 937)**
Bank overdrafts	(1 685)	(3 897)	(2 713)	(2 477)	**(4 097)**
	5 791	5 269	2 528	2 395	**3 393**

Per share information (IFRS)	2017	2018	2019	2020	2021
Diluted earnings per share	€ 2.141	€ 2.158	€ 4.927	€ 1.646	**€ 2.296**
Headline earnings per share	€ 1.913	€ 2.373	€ 2.600	€ 1.742	**€ 2.328**

	2017	2018	2019	2020	2021
Ordinary dividend per share	CHF 1.80	CHF 1.90	CHF 2.00	CHF 1.00	**CHF 2.00**
Closing market price:					
Highest price	CHF 79.20	CHF 92.25	CHF 99.02	CHF 87.12	**CHF 92.58**
Lowest price	CHF 53.50	CHF 77.50	CHF 60.92	CHF 49.40	**CHF 49.96**

Exchange rates	2017	2018	2019	2020	2021
Average rates					
€ : CHF	1.0830	1.1354	1.1463	1.0962	**1.0759**
€ : CNY	7.3774	7.7446	7.7654	7.7379	**7.8987**
€ : JPY	118.75	129.66	128.34	120.81	**123.68**
€ : US$	1.0971	1.1705	1.1578	1.1112	**1.1667**

Average number of employees	2017	2018	2019	2020	2021
Switzerland	8 270	8 214	8 434	7 867	**7 882**
Rest of the world	20 310	20 526	27 206	26 861	**26 878**
	28 580	28 740	35 640	34 728	**34 760**

* 2019 is re-presented to show the impact of valuation adjustments on acquisition separately.

Statutory information

Compagnie Financière Richemont SA

Registered office

50 chemin de la Chênaie
CP 30, 1293 Bellevue
Geneva
Switzerland
Tel: +41 (0) 22 721 3500
Internet: www.richemont.com

Registrar

Computershare Schweiz AG
P.O. Box, 4601 Olten
Switzerland
Tel: +41 (0) 62 205 7700
Email: share.register@computershare.com

Auditor

PricewaterhouseCoopers SA
50 avenue Giuseppe-Motta
1202 Geneva
Switzerland

Secretariat contact

Swen H. Grundmann
Company Secretary

Tel: +41 (0) 22 721 3500
Email: secretariat@cfrinfo.net

Investor and Media contacts

Sophie Cagnard
Group Corporate Communications Director

James Fraser
Investor Relations Executive

Tel: +41 (0) 22 721 3003 (investor relations)
Email: investor.relations@cfrinfo.net

Tel: +41 (0) 22 721 3507 (press enquiries)
Email: pressoffice@cfrinfo.net

'A' shares and 'A' warrants issued by Compagnie Financière Richemont SA are listed and traded on the SIX Swiss Exchange, the Company's primary listing. 'A' shares (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332) are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 21048333. Richemont's 'A' shares are registered. The share register is managed by Computershare Schweiz AG, the registrar. 'A' warrants (SIX 'CFRAO'/ISIN CH0559601544) were issued as part of a shareholder loyalty scheme and can be exercised upon maturity in 2023 (subject to terms and conditions).

South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg Stock Exchange operated by JSE Limited, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

Personal data processing
Shareholders are informed that the Company, as data controller, processes the personal data of the shareholders and proxyholders (name, address, contact details, number of shares held, voting instructions) in accordance with applicable data protection laws. The Company processes such personal data for share administration purposes and to facilitate the running of any relevant meetings. You have the right to ask for access to any information that we hold about you and to correct any inaccuracies. For further details on how we process your information and for details of who you can contact for further information or to exercise your rights, please refer to the Privacy Policy found at https://www.richemont.com/

Produced by SALTERBAXTER
An MSL Company

Printed in the UK by Pureprint Group.

The cover stock of this report is Vanguard which is FSC® certifie and manufactured in the UK to the ISO14001 standard.

The text paper of this report is GalerieArt Satin which is FSC® certifie using pulp sourced from sustainable and controlled sources to the ISO14001 standard.

ISBN 978-2-9701373-3-7

www.richemont.com