Financial review

in €m	2022	2021	% change
Sales	**19 181**	13 144	+46%
Cost of sales	**(7 154)**	(5 283)	
Gross profit	**12 027**	7 861	+53%
Net operating expenses	**(8 637)**	(6 383)	+35%
Operating profit	**3 390**	1 478	+129%
Net financial (costs)/income	**(844)**	25	
Share of post-tax results of equity-accounted investments	**31**	12	
Profit before taxation	**2 577**	1 515	+70%
Taxation	**(498)**	(226)	+120%
Profit for the year	**2 079**	1 289	+61%
Analysed as follows:			
Attributable to owners of the parent company	**2 074**	1 301	
Attributable to non-controlling interests	**5**	(12)	
Profit for the year	**2 079**	1 289	+61%
Earnings per share – diluted basis	**€ 3.611**	€ 2.296	+57%

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

Given the magnitude of the impact of the Covid pandemic on the Group's operations in the comparative year ended 31 March 2021, additional comments are provided on a two-year comparative basis to the year ended 31 March 2020 for a more comprehensive view of performance.

Sales

Compared to the prior year, sales grew by 46% at actual exchange rates and by 44% at constant exchange rates as growth rebounded in all major markets and distribution channels. The strong sales growth rates experienced throughout the first three quarters of the fiscal year continued into the fourth quarter with overall Group sales expanding by 33% at actual exchange rates (and by 27% at constant exchange rates), despite the impact of the conflict in Ukraine and tighter health restrictions in China, leading to temporary distribution network closures in March.

Compared to the year ended 31 March 2020, sales grew by 35% at actual exchange rates and by 37% at constant exchange rates.

In the year under review, double-digit sales growth was seen in all geographies compared to the prior year, led by the Americas at 79%, with Asia Pacific further building on its strong performance in the prior year. On a two-year comparative basis, sales in all regions exceeded pre-pandemic levels on a constant currency basis.

The Group's directly-operated stores generated the strongest channel performance with sales up by 53% compared to the prior year and by 51% compared to the year ended March 2020. Online retail and wholesale sales grew by 28% and 46% compared to the prior year, respectively. Excluding Online Distributors, sales through the Maison's own e-commerce platforms grew by 44%.

All business areas enjoyed double-digit sales increases compared to the prior year and the year ended March 2020. The Jewellery Maisons generated an outstanding 49% sales growth over the prior year and a 54% increase over the two-year period. Sales at the Specialist Watchmakers and the Other business areas each grew by 53%, with all Maisons growing by double digits compared to the prior year. Compared to two years ago, the above business areas grew by 20% and 15%, respectively, with almost all Maisons growing by double digits. Online Distributors posted a 27% sales increase over the prior year and a 15% increase compared to two years ago.

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

Gross profit

At € 12 027 million, gross profit increased by 53% compared to the prior year, while a corresponding gross margin increased to 62.7% of sales.

This 290 basis point improvement in gross margin mainly reflected higher manufacturing capacity utilisation, a favourable geographical sales mix, a further shift towards retail sales and targeted price increases. All these positive factors more than offset rising precious material prices, the impact on costs of a strong Swiss franc as well as valuation adjustments of € 70 million for inventories held in Russia, due to the current suspension of commercial activities in this market.

Operating profit

Operating profit more than doubled compared to the prior year, increasing by 129% to € 3 390 million, or 17.7% of sales, constituting a 650 basis point improvement.

Overall, operating expenses grew by 35% over the prior year, well below the 46% sales progression rate. This increase in operating expenses partly reflected higher sales as well as the non-recurrence of one-off rental concessions and government employment support received in the prior year. The increase also included additional reward payments to Group employees to recognise the strong contribution to the exceptional performance of the Group during the year.

The further expansion of the Group's retail network contributed to an increase in selling and distribution expenses. As a percentage of sales, they improved to 21.8% in the current year from 24.7% a year ago.

Communication investment across the Group increased to € 1 865 million and included the impact of the resumption of in-person events such as Watches and Wonders Geneva which opened in March 2022. As a percentage of sales, communication expenses were in line with pre-pandemic levels at 9.7%. Expenses related to the fulfilment of online retail orders grew by 37% whilst increases in administrative expenses were limited to 18%.

The decision by the Group to suspend its commercial activities in Russia, which accounted for less than 2% of Group sales, and the resulting current uncertainty surrounding future operations in the country, led to a charge of € 98 million in operating expenses.

Profit for the year

Profit for the year amounted to € 2 079 million, an increase of 61% over the prior year. Net finance costs of € 844 million for the year included non-cash fair value losses of € 538 million arising from the Group's investments in a Farfetch convertible note and an option to purchase additional Farfetch China shares, as well as the Group's investments in externally managed bond funds. In addition, it included a € 194 million impact of foreign exchange losses on monetary items. Interest charges on the Group's outstanding corporate bonds amounted to € 95 million while lease interest charges amounted to € 65 million for the year.

Earnings per share reached € 3.611 on a diluted basis, up 57% over the prior year. To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for the year ended 31 March 2022 was € 2 132 million (2021: € 1 316 million). Basic HEPS for the year were € 3.762 (2021: € 2.328), diluted HEPS for the year were € 3.712 (2021: € 2.322). Further details regarding earnings per share and HEPS, including an itemised reconciliation, can be found in note 30 of the Group's consolidated financial statements.

Cash flow

Cash flow from operating activities amounted to € 4 638 million, a 44% increase on the prior year, reflecting the significant growth in operating profit coupled with a measured increase in net working capital, with increases in inventories and receivables largely offset by additional liabilities.

Net investments in tangible fixed assets amounted to € 736 million, as the Group supported its growth momentum with increased investments primarily in its internal boutique network as well as increased manufacturing investments at the Jewellery Maisons and additional technology investments at the Online Distributors.

Investments in associates included an increase of the Group's investment into Kering Eyewear and the previously announced investment of US$ 250 million into Farfetch China.

The 2021 dividend of CHF 2.00 per share (1 '1A' share/10 'B' shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2021. The total dividend cash outflow in the period amounted to € 1 041 million.

During the year under review, the Group repurchased 171 million shareholder warrants issued under the 2020 equity-based shareholder loyalty scheme, for a total cost of € 131 million. These warrants will be used to hedge the Group's obligations arising from its executive share-based compensation schemes. Proceeds from the exercise of share options by executives amounted to a net cash inflow of € 123 million.

Balance sheet

At 31 March 2022, inventories amounted to € 7 099 million, a € 780 million increase over the prior year (2021: € 6 319 million). Inventories represented 15.1 months of cost of sales (2021: 18.3 months).

The Group's net cash position rose by 55% to € 5 251 million at 31 March 2022. This position is comprised of cash and cash equivalents, investments in externally managed bond and money market funds as well as external borrowings, including corporate bonds. At 31 March 2022, gross cash amounted to € 11 200 million.

Shareholders' equity represented 50% of total equity and liabilities compared to 51% in the prior year.

Acquisition of Delvaux

On 30 June 2021, Richemont completed the acquisition of Delvaux, the Belgian luxury leather goods Maison and inventor of the modern handbag, for a total cash consideration of € 178 million, with results consolidated within the Other business area from 1 July 2021. During the nine-month period to 31 March 2022, Delvaux contributed € 102 million of sales to the Group. The acquisition resulted in the recognition of € 60 million of goodwill and € 111 million in additional intangible assets.

Proposed dividends

In view of the Group's strong results and robust net cash position, the Board has proposed a dividend of CHF 2.25 per 'A' share/10 'B' shares and an additional special dividend of CHF 1.00 per 'A' share/10 'B' shares.

The dividends 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 2.2500	CHF 0.7875	CHF 1.4625
Special dividend	CHF 1.00	CHF 0.35	CHF 0.65

The dividends will be payable following the Annual General Meeting which is scheduled to take place in Geneva on Wednesday 7 September 2022.

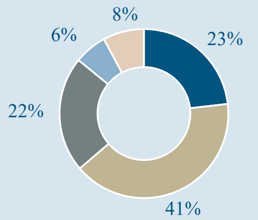
The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday 20 September 2022. Both will trade ex-dividend from Wednesday 21 September 2022.

The dividends on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday 23 September 2022 and is payable in Swiss francs.

The dividends in respect of Richemont South African Depository Receipts will be payable on Thursday 29 September 2022 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 dividends payable to South African Depository Receipt holders may be found in a separate announcement dated Friday 20 May 2022 on SENS, the Johannesburg Stock Exchange news service.

Review of operations

Sales by region



			Movement at:	
in €m	2022	2021	Constant exchange rates*	Actual exchange rates
Europe	**4 469**	2 955	+51%	+51%
Asia Pacific	**7 820**	5 937	+28%	+32%
Americas	**4 268**	2 388	+77%	+79%
Japan	**1 205**	940	+35%	+28%
Middle East and Africa	**1 419**	924	+53%	+54%
	19 181	13 144	+44%	+46%

* 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 2021.

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

Europe

Sales in Europe ended 51% higher than in March 2021 and 5% higher on a two-year comparative basis. Sales benefited from the lifting of Covid-related restrictions and were somewhat impacted by the conflict in Ukraine in the final weeks of the financial year. The sharp growth was underpinned by strong local demand that more than offset continued subdued inbound tourism.

All business areas contributed to growth compared to the prior year and most of them compared to two years ago. Overall, the region contributed 23% of Group sales, slightly increasing its contribution over the prior year.

Asia Pacific

The Group's largest region in terms of sales, Asia Pacific, contributing 41% of Group sales, continued its strong performance, with sales up by 28% compared to the prior year, and by 56% compared to the year ended March 2020. Sales in all business areas as well as in major markets such as China, Korea and Macau grew by double digits compared to both the prior year and on a two-year comparative basis.

Recent localised Covid-related lockdowns, particularly in China, led to temporary boutique closures in March 2022, negatively impacting an otherwise strong quarter.

Americas

The Americas reported sales growth of 77% above the prior year, and of 60% compared to the year ended March 2020, the strongest regional sales growth rates over the comparative one- and two-year periods. All business areas and almost all Maisons contributed to this outstanding performance.

The contribution of the region to Group sales increased to 22% from 18% in the prior year. The region now stands almost on par with Europe as the Group's third largest region in terms of sales.

Japan

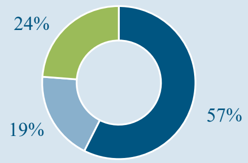
Sales in Japan, which contributed 6% of Group sales, recovered more slowly than in other regions, as international travel to the country, and related tourist sales, remained subdued. Japan also faced staggered Covid-related retail opening restrictions throughout the year.

Sales ended the year up by 35% on the prior year and by 7% on a two-year comparative basis, the latter growth rate being largely driven by the Jewellery Maisons and Online Distributors.

Middle East and Africa

The region benefited from increased demand from both domestic and international clients over the course of the year, driven by Expo 2020 Dubai and relatively favourable travel conditions. As a result, sales grew by 53% compared to the prior year and by 58% on a two-year comparative basis. The region contributed 8% of Group sales compared to 7% a year ago.

Sales by distribution channel



in €m	2022	2021	Constant exchange rates*	Actual exchange rates
Retail	**11 057**	7 248	+51%	+53%
Online retail	**3 585**	2 794	+27%	+28%
Wholesale and royalty income	**4 539**	3 102	+45%	+46%
	19 181	13 144	+44%	+46%

* 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 2021.

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

Retail

The Retail distribution channel incorporates sales from the Group's directly-operated stores at the Maisons and Watchfinder&Co. ('Watchfinder').

Retail generated the strongest channel performance with sales growth of 51% compared to the prior year and of 53% over a two-year period. Growth in this distribution channel was broad-based across all business areas and regions.

Retail sales were the largest contributor to Group sales, accounting for 57% of Group sales compared to 55% a year ago.

Online retail

Sales made through the online retail channel, primarily by the Online Distributors, also increased significantly, with a 27% growth over the prior year and 38% over two years, contributing 19% of Group sales.

Excluding Online Distributors, online retail sales rose by 42% and represented 6% of Group sales.

Wholesale

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

The 45% sales increase over the prior year was driven by a strong rebound across all business areas, whilst the 8% sales growth on a two-year comparative basis was mainly generated by the Jewellery Maisons.

For the year under review, the wholesale channel contributed 24% to Group sales.

Sales and operating results by segment

Jewellery Maisons

in €m	2022	2021	Change
Sales	**11 083**	7 459	+49%
Operating result	**3 799**	2 309	+65%
Operating margin	**34.3%**	31.0%	+330 bps

The Group's three Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels, achieved a combined 49% increase in sales compared to the prior year (+54% compared to the year ended March 2020), with double-digit growth in jewellery, including high jewellery which benefited from the resumption of events, and watches. All iconic collections outperformed, from *Opera Tulle* and *Macri* at Buccellati, *Love*, *Panthère*, *Santos* and *Ballon Bleu* at Cartier to *Alhambra* and *Perlée* at Van Cleef & Arpels. This outstanding performance across all Maisons, price points, regions and distribution channels resulted in the Jewellery Maisons crossing the € 11 billion sales threshold for the first time. Growth was the strongest in the Jewellery Maisons' directly-operated store network which contributed over three-quarters of the business area's sales.

With a 65% increase over the previous year, operating profit rose faster than sales leading to a 330 basis point improvement in operating profit margin to 34.3%. This excellent performance reflected higher sales, increased utilisation of manufacturing facilities, further manufacturing efficiency gains and ongoing cost discipline.

To support future growth for the Jewellery Maisons, investments accelerated into manufacturing capabilities as well as into significant boutique projects which included major renovations, such as the Milan Montenapoleone and New York Fifth Avenue stores for Cartier, as well as store openings including the Buccellati flagship store in Tokyo Ginza and a Van Cleef & Arpels store in Highland Park Village in Dallas.

Specialist Watchmakers

in €m	2022	2021	Change
Sales	**3 435**	2 247	+53%
Operating result	**593**	132	+349%
Operating margin	**17.3%**	5.9%	+1 140 bps

Sales at the Specialist Watchmakers, which comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin, grew by 53% compared to the prior year, and by 20% compared to the year ended March 2020. The performance for the year under review was driven by double-digit growth at all Maisons and across regions, with particular strength in the Americas. All channels saw strong growth with retail sales leading the growth. Previous investments in offline and online retail resulted in direct-to-client sales exceeding 50% of sales for the first time. Selective store investments included the new IWC Shinsegae Mall – Daejeon, South Korea, Vacheron Constantin flagship Ginza, Tokyo, Panerai flagship rue du Rhône, Geneva, and the renovated Piaget flagship store on Rodeo Drive, Beverly Hills.

Iconic collections, enriched with new references, saw strong demand. They notably included *Lange 1* for A. Lange & Söhne, *Riviera* for Baume & Mercier, *Pilot* for IWC, *Reverso* for Jaeger-LeCoultre, *Luminor* for Panerai, *Polo* for Piaget, *Excalibur* for Roger Dubuis and *Overseas* for Vacheron Constantin.

As a result of long-term management actions and strict discipline, the Specialist Watchmakers were able to convert this excellent sales performance into a significant increase in profitability, reporting an operating profit of € 593 million. Operating margin gained 1 140 basis points, increasing to 17.3%.

Online Distributors

in €m	2022	2021	Change
Sales	**2 788**	2 197	+27%
Operating result	**(210)**	(223)	+6%
Operating margin	**-7.5%**	-10.2%	+270 bps

Sales of Richemont Maisons' products made through NET-A-PORTER, MR PORTER, THE OUTNET and YOOX (all together 'YNAP') are reported under both the Maisons' and Online Distributors' business area. On Group level, these sales are subsequently eliminated as 'intersegment sales'.

Online Distributors, comprising YNAP and Watchfinder, grew sales by 27% compared to the prior year, reflecting double-digit growth across all regions, led by the Americas and Asia Pacific. Compared to two years ago, sales rose by 15%. The shift towards a hybrid business model is well under way with a number of e-concessions operating at NET-A-PORTER and MR PORTER and a marketplace introduced at YOOX for Europe. NET-A-PORTER and MR PORTER continued their localisation initiatives, notably in the Middle East and China. Watchfinder's international expansion ramped up successfully while the watch trade-in programme was further rolled out at the Specialist Watchmakers and Cartier.

The segment's EBITDA loss decreased to € 24 million from € 37 million a year ago and the operating loss was reduced to € 210 million. Notwithstanding Brexit-related one-off expenses, YNAP's EBITDA reached breakeven before the exceptional reward payments to Group employees and negative contribution of Fengmao, the Chinese joint venture with Alibaba.

Other

in €m	2022	2021 re-presented*	Change
Sales	**2 056**	1 345	+53%
Operating result	**(47)**	(214)	+78%
Operating margin	**-2.3%**	-15.9%	+1 360 bps

* Prior year comparatives have been re-presented as costs previously included with Other have been reclassified to unallocated corporate costs.

'Other' includes the Group's Fashion & Accessories businesses as well as the Group's watch component manufacturing and real estate activities. Following the successful acquisition of the Belgium-based luxury leather goods Maison, Delvaux's sales and operating results are included within the segment from 1 July 2021 onwards. Delvaux already contributed strongly to sales and to strengthening our leather expertise.

Excluding Delvaux, sales grew by double digits compared to the prior year and by 9% compared to two years ago. For the one-year comparison, performance in the Americas and Europe was particularly commendable. All channels posted double-digit sales growth, including online retail following a triple-digit growth in the year ended March 2021. Direct-to-client sales reached 57%. Peter Millar, including the G/FORE brand, continued to deliver excellent results while Chloé and Alaïa started to reap the benefits of the new creative leadership under Gabriela Hearst and Pieter Mulier, respectively.

Store investments included the renovated Montblanc store in The Galleria Mall, Houston as well as new stores for Delvaux in Shinsegae Gangnam, Seoul, for Peter Millar in Highland Park Village, Dallas and for Chloé at E-Skyland Mall, Kaohsiung.

Higher sales, improved gross margin and financial discipline led to a significant reduction in operating loss to € 47 million.

Corporate costs

in €m	2022	2021 re-presented*	Change
Corporate costs	**(566)**	(323)	+75%
Central support services	**(309)**	(255)	+21%
Other unallocated expenses, net	**(257)**	(68)	+278%

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. Most corporate costs are incurred in Switzerland. For the year under review, they represented slightly below 3% of Group sales.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer