RICHEMONT

Annual Report and Accounts 2020

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.

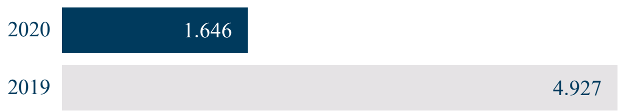
Each of Our Maisons™ represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Financial and operating highlights

Group sales (€m)

Operating profit (€m)

Earnings per share, diluted basis (€)



Dividend per share

Sales by business area (% of Group)

Jewellery Maisons (€m)

Specialist Watchmakers (€m)

Online Distributors (€m)

Other Businesses (€m)

- Trading and operations were strongly affected by Covid-19 in the fourth quarter
  - First priority continues to be protecting the health and well-being of our teams, clients, partners and communities
  - Fourth quarter sales declined by 18% at actual exchange rates, with sales in Asia Pacific down by 36%, including Hong Kong SAR, China, down by 67%; sales in Europe decreased by 9% while they rose by 9% in the Americas
- Group sales for the year increased by 2% at actual exchange rates to € 14 238 million and were stable at constant exchange rates
  - Growth was driven by Online Distributors and Jewellery Maisons
  - Good performances in the Americas, Europe and Japan more than offset a decline in Asia Pacific
- Operating profit for the year decreased by 22% to € 1 518 million and operating margin to 10.7%
- Profit for the year decreased to € 931 million, reflecting the non-recurrence of a post-tax non-cash gain of € 1 378 million on the revaluation of YNAP shares held prior to acquisition and net foreign exchange losses on monetary items
- Net cash position remained strong at € 2 395 million
- Proposed dividend of CHF 1.00 per 1 'A' share / 10 'B' shares; potential shareholder equity-based loyalty scheme being considered and to be announced in due course

Chairman’s review

Johann Rupert, Chairman

The impact of Covid-19

The unprecedented effects of the Covid-19 pandemic in recent months has had a profound impact on the lives of millions around the globe. We must hope that it is a once in a lifetime event. Millions have lost their jobs or been put on government-supported schemes. Companies are facing unprecedented declines in their sales and some industries, such as airlines, will have to fundamentally restructure their business in the face of changes in demand; others will not be able to survive.

The luxury goods industry is in a privileged position. ‘Hard luxury’ products are not transient but rather embody centuries of heritage and craft skills. Cartier was established in 1847 and has survived two world wars; Vacheron Constantin began manufacturing watches in its current premises in Geneva in 1755. Our Maisons™ will survive these difficult times, supported by the strength of Richemont’s balance sheet.

Writing today, there is very limited visibility as to what the year ahead holds. Countries are at different stages of the Covid-19 cycle. China was the first to succumb but has apparently returned to ‘business as usual’ remarkably quickly. Whilst Asia seems to be past the worst of the virus and Europe is showing some signs of recovery, the United States and many other countries are still suffering badly. Although there is good news of improved antibody testing, it seems that a vaccine against the virus itself may still be a long way off. Only once an effective vaccine is available to everyone – perhaps only next year at best – will we be able to say that the virus is beaten. The luxury industry is dependent on customers’ willingness to spend – the so-called ‘feel good factor’ – and has benefited from increased international travel in recent years. There will be headwinds in the months ahead.

However, there are signs of improvement in terms of our business. Since our 462 boutiques in China have re-opened after the virus, we have seen strong demand. Equally, the steps we have taken in recent years to change the way we operate see the Maisons well positioned. Our approach has been to shift from a fixed cost basis of operating to a more flexible model. We see online marketing as a key element of that. Our joint venture with Alibaba in China and our initial online ‘Pavilions’ are introducing Cartier and the other Maisons to a new generation of shoppers. Having started to shop online, these internet shoppers also tend to become good customers in our boutiques. In times when tourist traffic is impacted by concerns over the virus, internet shopping has proven to be a key avenue and will remain key to the growth of our business. These retail developments are complemented by much more efficient procurement and more flexible product development and manufacturing capacity in the Maisons. Our teams should be complimented for their achievements in these areas.

No-one can say when we will see economic activity normalise. Other economies will probably find it difficult to emulate China. We may be looking at 12, 24 or 36 months of grave economic consequences. Perhaps that is too pessimistic but who knows?

Overview of results

Until the outbreak of Covid-19 in January, the Group recorded a good sales performance, bearing in mind protests in Hong Kong and France. In the fourth quarter of the financial year, however, almost all regions were impacted by the pandemic, with sales down by 18% at actual exchange rates, including a 67% sales decline in Hong Kong. For the year as a whole, good performances in the Americas, Europe and Japan more than offset a decline in Asia Pacific. The Jewellery Maisons and Online Distributors showed resilience. A notable acceleration of online sales partially mitigated a halt in tourism and store closures, all of which affected our retail and wholesale sales. Online sales reached 19% of Group sales at year end, compared to 16% a year ago, reflecting our continued focus on expanding our capabilities in an increasingly digital world.

Despite the challenging fourth quarter sales, the Jewellery Maisons grew modestly driven by positive retail sales and strong online sales. Iconic jewellery collections, particularly Juste un Clou de Cartier and Perlée at Van Cleef & Arpels, and the new Clash de Cartier collection drove increased jewellery sales. Performance was varied among the Specialist Watchmakers, with overall sales contracting by 4%, largely due to the impact of Covid-19 and the protests previously mentioned. However, Panerai with its new Submersible Carbotech and A. Lange & Söhne with the Lange 1 anniversary editions generated good growth. Online Distributors recorded double-digit sales progression despite temporary closures of distribution centres prompted by the Covid-19 outbreak. Our Maisons™ grouped under ‘Other’ posted lower sales notwithstanding good momentum at Peter Millar. Online sales grew strongly driven by Montblanc and Peter Millar.

Operating profit decreased by 22%, mainly due to the Covid-19 pandemic. Profit for the year declined by 67% to € 931 million, also reflecting the impact of the non-recurrence of a post-tax non-cash accounting gain of € 1 378 million on the revaluation of the YNAP shares held before the tender offer and net foreign exchange losses on monetary items. Due to our constant safeguarding of liquidity, our balance sheet remains healthy. At 31 March 2020, our gross cash position amounted to € 6 347 million and our net cash position was € 2 395 million.

We were delighted to welcome Buccellati and Alber Elbaz's AZfashion venture to the Richemont family. Buccellati's strong craftsmanship and distinctive design make it highly complementary to our existing jewellery Maisons and well-placed to benefit from the long-term potential of the branded jewellery market. Alber Elbaz's vision and talent will be of great value to our Group, and we are looking forward to this new partnership.

Richemont has always been committed to ethical and sustainable business practices. The year saw the launch of a new Group-wide strategy reflecting Richemont's continuing ambition to craft an ethical, inclusive, sustainable and profitable future. The strategy encompasses short, medium and long-term targets and embodies Richemont's 'Movement for Better Luxury'.

Dividend

The Board has debated at length what Richemont's policy should be in respect of this year's dividend. Whilst the Group has a strong balance sheet and more than adequate cash resources, we feel it appropriate to be prudent and retain as much flexibility as possible at this time of limited visibility as to the prevailing economic situation. Equally, we must acknowledge the contribution of the Swiss authorities in supporting our colleagues during these difficult times when they have been temporarily laid off or put on to short-time working.

We propose therefore to pay a lower cash dividend of CHF 1.00 per 'A' share (and CHF 0.10 per 'B' share), subject to the approval of shareholders at the annual general meeting.

However, recognising the difficulty in predicting the likely scope for the recovery in demand and the timing of that recovery, we are looking at the potential to provide shareholders with some additional form of reward to compensate in part for the reduction in the cash dividend per share. Such a 'loyalty bonus' could potentially take the form of the distribution to shareholders of an instrument entitling them to acquire further shares on advantageous terms. Further work needs to be done in terms of the practical, legal and fiscal aspects of any such scheme; we would hope to make a further announcement in this respect in good time ahead of the annual general meeting.

Outlook

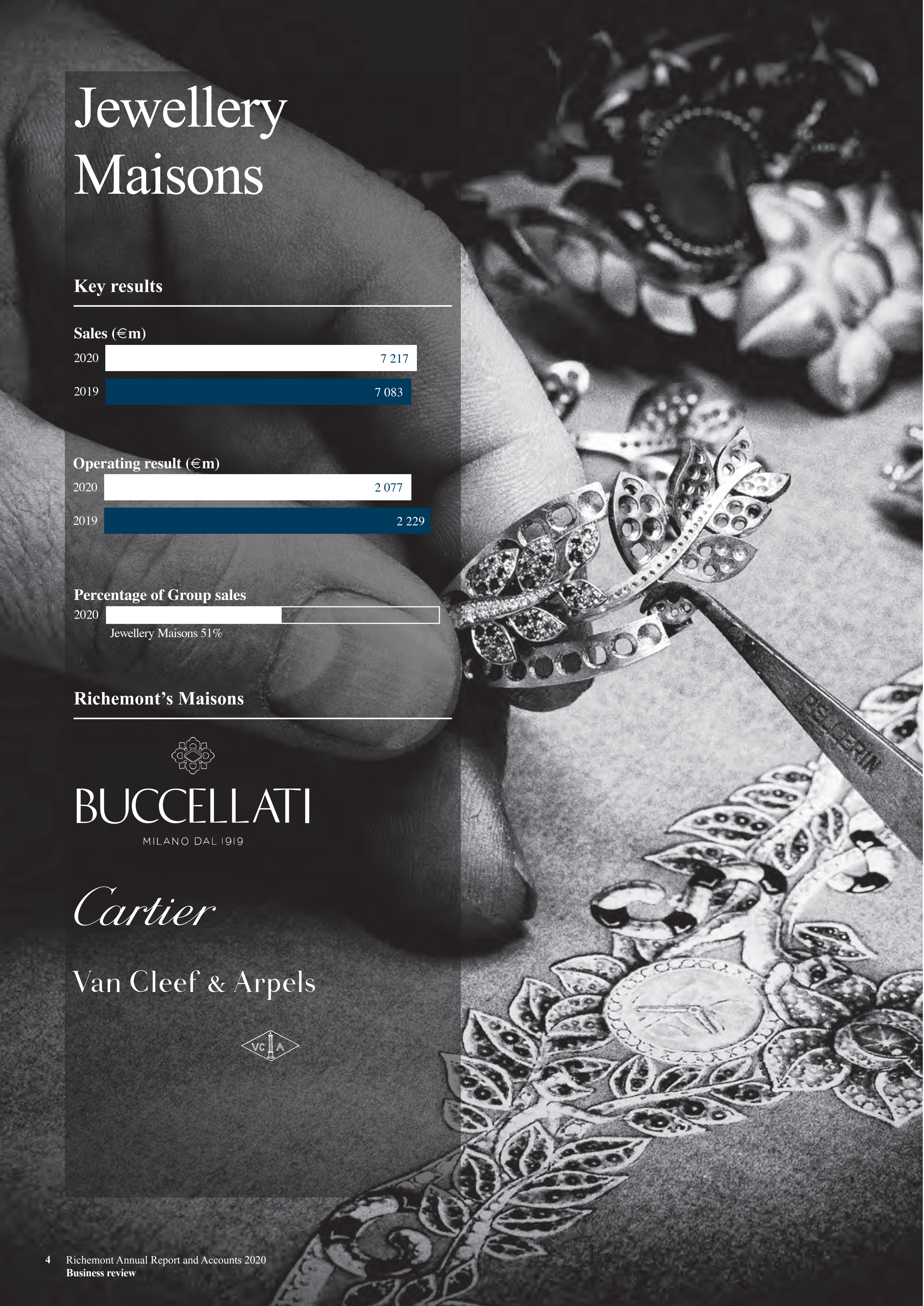
We are experiencing unprecedented times with severe disruptions across the world simultaneously. The closures of our internal and external points of sales, changing attitudes towards consumption and subdued consumer sentiment will weigh on this year's results, even if, at the time of writing, we are gradually resuming operations as parts of the world emerge from lockdown. It is impossible to make meaningful predictions at this time.

We are more than ever committed to safeguarding our people, brand equity, assets and partners. Richemont is supported by professional, courageous teams and a strong balance sheet that will see us through these trying times. I would like to thank all of our colleagues for the fortitude, agility, creativity and resilience that they continue to demonstrate in the face of unparalleled uncertainty. Their dedication to crafting the future gives me confidence that we will withstand this crisis and emerge stronger.

The pandemic has meant that many of us have lost loved ones and millions have suffered the consequences of the virus and its related lockdown measures. It has been a global catastrophe beyond our imagination. In these difficult times, I send my best wishes to each of our colleagues, our clients, our business partners and our shareholders. Take care and stay well.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 15 May 2020



Jewellery Maisons

Key results

Sales (€m)

2020	7 217
2019	7 083

Operating result (€m)

2020	2 077
2019	2 229

Percentage of Group sales

2020

Jewellery Maisons 51%

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 silversmith, echoes 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 on Rue Saint-Honoré, Paris

- In 2019, Buccellati celebrated its 100th anniversary by introducing new collections of *One-of-A-Kind* creations as well as variations in the classic *Macri* and *Hawaii* jewellery lines.
- The year was marked by an intense activity of editorials in media around the world highlighting the Maison's rich history, unique style and exclusive craftsmanship.
- Buccellati continued its retail expansion with the opening of stores at Rue St. Honoré in Paris, Hotel de Paris in Monaco, and in Doha and Kuwait.

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 in September 2019 with Andrea Buccellati remaining Honorary Chairman and Creative Director securing, with other family members, the tradition of the Maison.

In 2019, Buccellati celebrated its 100th anniversary by notably introducing a collection of *One-of-A-Kind* creations presenting a unique Buccellati Cut diamond.

Celebrations of the centenary were also marked by the launch of the *Vintage* collection, a series of original jewels and silver pieces created by Buccellati in the course of 100 years of activity, documented with original designs, which are part of a fully digitalised historical archive of over 20 000 creations. This year also saw the introduction of new creations in the *Macri*, *Tulle* and *Opera* collections.

Today, Buccellati jewels and silver items can be admired and purchased in boutiques, shop-in-shops and corners in the main cities of the world. A selection of prestigious multi-brand jewellers and exclusive department stores are also presenting and selling Buccellati jewellery and silver items.

During 2020, Buccellati will continue its retail expansion with new stores in London, Hong Kong and Shanghai.

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 *Clash de Cartier*, a new jewellery collection expressing duality and attraction of opposites.
- With *Magnitude*, a new High Jewellery collection, Cartier revealed the beauty of ornamental hardstones with precious gemstones.

Revealed in Paris, *Clash de Cartier* was the highlight of the first quarter of the year under review. This new jewellery collection inspired from the Maison's historic signatures, the stud, clou carrés and beads, celebrates duality and is already a great success, alongside iconic collections *Love* and *Juste Un Clou*.

The new High Jewellery collection *Magnitude* was revealed during events in London in June, in New York in November and around the world.

In watches, Cartier continued to express its singularity with timeless designs with new variants of the *Santos* and *Panthère* collections.

Bold and untamed, the iconic *Panthère de Cartier* was staged in a new cross-products category campaign featuring ambassadors from all around the world, Annabelle Wallis, Mariacarla Boscono, Chang Chen, Ella Balinska, Yasmine Sabri, and Karen Mok.

To showcase its creations and offer exceptional experiences, Cartier continued to roll out the new store design concept including New York Hudson Yards, Beijing China World, Shanghai K11, Hong Kong K11, Munich and Madrid.

Cartier also expanded its e-commerce footprint with the successful launch of a flagship boutique on Tmall Luxury Pavilion in January.

Supporting communities, Cartier celebrated female social entrepreneurs during Cartier Women's Initiative Awards in San Francisco. In parallel, the Maison organised magnificent exhibitions. 'Beyond Boundaries' at the Beijing Palace Museum explored mutual inspirations between East and West. In Tokyo, precious stones were staged by Hiroshi Sugimoto in 'Cartier, Crystallization of Time'. At the Fondation Cartier pour l'art contemporain, the exhibition 'Trees' brought together a community of artists, botanists and philosophers, exploring ecological issues and the question of humans' relationship with nature, with a record attendance of more than 200 000 visitors.

In 2020, Cartier will relaunch its iconic *Pasha* watch, a completely new gifting offer, and unveil another exceptional High Jewellery collection.

The strong ties between Cartier and contemporary art will further be reinforced with the start of the eight-year cultural partnership between the Fondation Cartier pour l'art contemporain and the Triennale Milano.

Cartier announces the creation of the Women's Pavilion as an ode to women for the Universal Exhibition in Dubai.

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 launched the new *Pont des Amoureux* watch collection, *Perlée* jewellery collection novelties, and *Romeo & Juliet* High Jewellery collection.
- The Maison celebrated 'Time, Nature, Love' through its patrimonial exhibition at the Palazzo Reale in Milan.
- During the year, the Maison continued to invest in its existing retail network, continually enriching its boutique concept.

With a network of stores worldwide, the Maison has built a well-balanced activity geographically and among nationalities. In the last twelve months, the Maison reinforced its retail distribution by opening nine new locations, strengthening its presence in the US, the People's Republic of China and Korea, and integrated its distribution in Saudi Arabia. The Maison continued investing in its existing network, enriching its boutique concept while renovating various stores to maintain its very high standard of quality worldwide, including the renovation of its historical store on Place Vendôme.

In terms of product launches, 2019 was an important year. Two High Jewellery collections, *Treasure of rubies* and *Romeo & Juliet,* were presented to clients and the press. Throughout the year, we continuously enriched the *Perlée* jewellery collection and universe with novelties and communication periods. We also dedicated a major moment to the *Poetry of Time* offer with the launch of new *Pont des Amoureux* models. The patrimonial and institutional dimension of the Maison was highlighted with the 'Time, Nature, Love' patrimonial exhibition in Milan, and through initiatives reinforcing the links with the world of culture and dance.

L'École des Arts Joailliers continues to promote the traditional crafts of jewellery and decorative arts with the implementation of new classes and creative workshops dedicated to children. In 2019, L'École also continued its international development and opened a permanent school in Hong Kong.

Human resources are at the heart of our Maison. Our focus consists of building sustainable teams, reinforcing expertise, promoting flexibility and adaptability of our organisation, ensuring that the vision, purpose and values of the Maison are shared and understood at all levels.

In the year ahead, the Maison will continue its development, complementing the network in key markets such as the US, the People's Republic of China and France. The continuous upgrade of the existing network will remain a key focus with projects including renovations in the People's Republic of China, Korea, Japan, the US and Switzerland as well as the renewal of the Hong Kong SAR, China flagship in Prince's Building.

Regarding key moments, we will launch a new High Jewellery collection in the second half of the year. We will also celebrate our floral collections through a comprehensive programme all year long. And a major exhibition called 'Pierres Précieuses' will be on display at the Museum National d'Histoire Naturelle in Paris, presenting more than 200 historical creations of Van Cleef & Arpels alongside minerals and scientific specimens.

The Maison will continue to express its main values of creativity, transmission and expertise, and to maintain a balanced presence and development all over the world.

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)

2020	2 859
2019	2 980

Operating result (€m)

2020	304
2019	381

Percentage of Group sales

2020

Specialist Watchmakers 21%

Richemont's Maisons

A. Lange & Söhne
Panerai
Baume & Mercier
Piaget
IWC Schaffhausen
Roger Dubuis
Jaeger-LeCoultre
Vacheron Constantin

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

- A collection of ten limited white-gold editions of different *Lange 1* models has been presented on the occasion of this icon's 25th anniversary.
- Ten years after the *Zeitwerk* was initially launched, A. Lange & Söhne has introduced the *Zeitwerk Date* with a completely redesigned manufacture calibre and an innovative date function.
- A new chapter in A. Lange & Söhne's history has been opened up with the launch of the *Odysseus*, the first sporty-elegant timepiece of the brand and the first one produced in stainless steel.

Since its re-establishment, A. Lange & Söhne has developed 64 different in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.

Two anniversaries for A. Lange & Söhne were marked in 2019: the premiere of the Maison's icon, the *Lange 1*, 25 years ago, and the launch of the equally pioneering *Zeitwerk*, ten years ago.

A. Lange & Söhne celebrated the jubilee of its multiple award-winning *Lange 1* watch family with a collection of limited white gold editions that paid tribute to its key milestones. Features shared by all models include an argenté dial in solid silver with deep-blue numerals and hour markers as well as a hand-engraved balance cock with a dedicated engraving.

The *Zeitwerk Date*, launched on the occasion of the series' tenth anniversary, features a completely redesigned manufacture calibre with an innovative date function that matches the ingenious precisely jumping digital display.

On 24 October 2019, 25 years to the day after the presentation of its first watch collection, A. Lange & Söhne opened a new chapter in its history with the launch of the *Odysseus*. It is A. Lange & Söhne's first range of timepieces in stainless steel with an integrated bracelet. The *Odysseus* has a newly developed self-winding movement that features a large day-of-week and date display. The sporty-elegant model is aimed at watch connoisseurs in their active lifestyle. To suit this purpose, it has a screw-down crown and is water resistant to twelve bar.

Once again, A. Lange & Söhne has organised the international Walter Lange Watchmaking Excellence Award to support the education of the next generation of watchmakers. This competition for young talent has been running successfully for ten years now.

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

In 2020, the focus will be on the tradition-steeped history of A. Lange & Söhne which originally started with the opening of the first watchmaking workshop by Ferdinand Adolph Lange in Glashütte 175 years ago. To honour his great-grandson Walter Lange, who re-established the Maison in 1990 and passed away in 2017, a monument will be inaugurated in this little watchmaking town.

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 performance, technical achievement and refined design. For both men and women, the Maison offers style with cutting-edge technology.

Baume & Mercier, Les Brenets

- In its continuing quest for quality the Maison further upgraded the *BM13 calibre*.
- BAUME has partnered with the French ski brand ZAG for the launch of its second limited edition watch.

Baume & Mercier is pursuing its constant quest for quality. Following the success of the *Clifton Baumatic* collection, the *BM13 calibre*, a core pillar of the Maison, was upgraded while maintaining its key features, higher power reserve, insensitivity to magnetism, better precision and reduced maintenance.

The *Classima* collection was strengthened with the addition of complications in three declinations: small seconds, dual time, and chronograph calendar.

To enhance the feminine offer, Baume & Mercier also enriched the *Classima Lady* range with nine additional models featuring new dials and sizes, maintaining its historical position at the forefront of trends and sophisticated watches for women.

Baume & Mercier has extended its online clients' experience with an online straps offer and an online strap exchange to meet the ever-growing demand for more personalised products and services.

The year also marked the extension of the Maison's e-commerce activity with the joint venture between the YNAP and Alibaba groups, which brought Chinese clients unprecedented access to our collections. BAUME launched its second limited edition automatic and upcycled watch, made with ZAG, a French ski brand based in Chamonix, using the wood core of the skis as a main element of the timepiece's design.

The quest for sustainability remains a priority for BAUME, which partnered with NGOs such as Waste Free Oceans and One Tree Planted, in line with its vision on responsible thinking and its values.

In the year ahead, Baume & Mercier will keep aiming to be a force in watchmaking expertise while maintaining proximity to clients, as well as strengthening relationships with key partners. The Maison will focus on the relaunch of the iconic *Hampton* collection as well as watchmaking complications in the *Clifton Baumatic* collection.

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 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

- IWC introduced a re-engineered version of its iconic *Portugieser* chronographs with in-house movement and sapphire glass case-backs.
- IWC became the first luxury watchmaker to earn the Great Place to Work™ certification in Switzerland.
- The Maison created a new immersive retail concept, focused on customer experience.

In 2019, IWC successfully launched its new line of *Spitfire Pilot's* watches. To mark the occasion, the Maison became the title sponsor of 'The Longest Flight' project, a record-breaking flight around the world of a painstakingly restored and hand-polished 1943 Spitfire Mark IX. The Silver Spitfire successfully completed its circumnavigation of the globe visiting 26 countries with 74 stopovers. IWC implemented a global campaign consisting of paid media, PR, 83 events and large-scale exhibitions in key locations and airports around the world, including a full-scale Spitfire mock-up at London Heathrow terminal 2. 'The Longest Flight' received extensive global coverage and was broadcast on 280 channels in 60 countries. Innovative digital tools such as podcasts, a dedicated music playlist and a takeover of screens at the Paris Charles de Gaulle airport for live broadcasting of the departure achieved additional global recognition and engagement. IWC offset the emissions from the Silver Spitfire and its support plane entirely.

IWC continues to lead the industry in implementing proactive sustainability initiatives, such as signing the Ellen MacArthur Foundation's New Plastics Economy Global Commitment, opting to be certified to the Responsible Jewellery Council's new, more stringent, Code of Practices, and becoming the first luxury watchmaker to earn Great Place to Work™ certification in Switzerland.

In 2019, IWC opened internal boutiques in Osaka, Shanghai, Chengdu, Shenzhen and Madrid and extended its e-commerce capabilities in Europe and the People's Republic of China via the NET-A-PORTER store on Alibaba's Tmall. In 2020, IWC will re-open its Zurich flagship boutique with a new immersive concept themed around IWC's classic racing team: #IWCRACING. David Coulthard's 1955 Mercedes 300SL is permanently based at the boutique, along with interactive engineering and racing exhibits, themed vintage IWC watches and a racing VR experience.

In 2020 the Maison will present several additions to its iconic *Portugieser* line. The highlight of the collection will be the *Yacht Club Moon & Tide* featuring a completely new and unique moon and tide indication mechanism. All new *Portugieser* watches will be fitted with manufacture calibres and sapphire glass case-backs. The *Portugieser* launch will be supported by a cinematic campaign featuring James Marsden and NFL superstar Tom Brady.

In the year ahead, IWC will keep increasing its value proposition by delivering on its promise with products of the highest level of engineering and quality, paired with evocative storytelling and a high level of client experience and service.

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

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 Art of Precision with the unveiling of a *Gyrotourbillon Westminster Perpetual* and a *Minute repeater perpetual calendar*.
- The Maison launched its new communication campaign, visual ode to nature and watchmaking.
- The Manufacture unveiled the Jaeger-LeCoultre Care Programme, offering a limited warranty extension up to eight years, as well as personalised services.

Innovation was definitely a highlight for the Maison in 2019, celebrating the Art of Precision with a *Gyrotourbillon Westminster Perpetual* and a new *Minute repeater perpetual calendar* showcasing an innovative helical gong. Jaeger-LeCoultre Métiers Rares inspired the launch of *Dazzling Rendez-Vous* adorned with four carats of diamonds and a limited collection of blue enamel guillochée complications.

With elegance and sophistication, the Maison celebrated its know-how throughout the year: in Kyoto during a unique event where Japanese Living National Treasures met artisans from the Manufacture; in London at the Royal Academy of Arts with the presence of Benedict Cumberbatch reading Letters Live; and with a continued support to cinema in Shanghai and Venice, restoring ancient movies and celebrating the makers behind the movies.

Jaeger-LeCoultre revealed its new communication campaign, a visual ode to nature and watchmaking reminiscing the root of the Maison, nested in the Vallée de Joux where watches are imagined, created, produced and assembled at the Manufacture.

As a result of years of experience and the reliability of its watches and clocks, Jaeger-LeCoultre unveiled a new programme, the Jaeger-LeCoultre Care Programme, offering watch or *Atmos* owners the opportunity to extend free of charge their warranty up to eight years by registering online; as well as accessing personalised services.

Jaeger-LeCoultre also continued to develop and strengthen its distribution network. The Maison opened new boutiques in Sydney, Dubai and Moscow and continued the expansion of its distribution in the People's Republic of China with the opening of Chengdu and Shenzhen boutiques.

In the year ahead, the Maison will celebrate sound. Jaeger-LeCoultre's Grande Maison watchmakers invented chiming objects, such as delicate and elegant music boxes, then minute repeaters and Memovox, the historical alarm function. These watches are highlighting the know-how and expertise in fine watchmaking and the Manufacture. In celebrating sound, new Memovox watches will be unveiled. The Maison will also reveal a redesign of the *Master Control* collection.

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 *Submersible* assortment has been launched as a new standalone collection with specific focus on high-tech materials.
- Panerai is the official sponsor of the Luna Rossa challenge team, Challenger of Record at the 36th America's Cup.
- The Maison continues to develop its customer-centric vision through the implementation of spectacular customer experiences.

The year was marked by the launch of the *Submersible* range, which has become a new standalone collection with a strong programme focusing on divers' professional watches, high-tech materials and a new world of client experiences.

The *Submersible Bronzo* was one of the key highlights of the year, with a new configuration of the most iconic and rare Panerai watch. The Maison continued to explore the segment of innovative materials, introducing the *EcoTitanium*™ for the first time in high-end watchmaking, a material produced from recycled titanium. It strengthens the initiative undertaken by the Maison to protect the environment through the Panerai Ecologico programme.

Panerai has proudly unveiled a new partnership with the Italian legend of racing boats, Luna Rossa, which will be Challenger of Record for the 36th America's Cup. This new programme takes advantage of the Luna Rossa research and development department, providing Panerai with access to innovative materials for new watch ranges.

We have extended our community of new local ambassadors, which now includes MS Dhoni, an Indian cricketer, Gregorio Paltrinieri, an Italian swimming gold medalist and Jimmy Chin, a professional climber and National Geographic photographer.

A new concept of client experiences has been introduced in the last twelve months: a premiere in the world of watchmaking that combines a special edition with a unique lifestyle experience animated by one of the Maison ambassadors.

Panerai has launched PAM.GUARD, a care programme extending the international limited warranty up to eight years, in excess of industry norms, in order to guarantee a high level of support to its customers.

The Maison has pursued its retail strategy with the opening of new boutiques in key cities around the world.

A new advertising campaign has been launched, featuring the 'Laboratorio di Idee' concept, emphasising the Maison's capacity to create products using innovative materials such as the *Submersible Carbotech™*, the *BMG-Tech™* and the *EcoTitanium™*.

In the years ahead, Panerai will keep highlighting remarkable Maison attributes of technical performance and Italian lifestyle.

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

- With three new *Altiplano* models featuring several areas of Piaget expertise, the Maison reaffirmed its watchmaking strengths.
- Piaget launched an extraordinary Haute Joaillerie collection, *Golden Oasis*, inspired by the mysterious curves of a breath-taking desert landscape.
- The Maison unveiled 'Moments of Happiness' at the Biennale di Venezia, a new collaboration with The Carpenters Workshop Gallery and The Verhoeven Twins.

During the year, Piaget's iconic *Possession* collection welcomed new jewellery creations, with additional colours and models, including white chalcedony stones featuring the iconic rotating band of the collection, together with open hoop earrings and rings as an ode to the iconic design of the bangle bracelet.

In 2019, the Maison reaffirmed its watchmaking strengths with three new *Altiplano* models featuring several areas of Piaget's expertise: ultra-thin watchmaking, exceptional gem-setting and an expanded focus on hard stones and meteorite dials.

As one of Piaget's most iconic and glamorous designs, the *Limelight Gala* watch also honoured the very essence of the Maison with creations including white gold and gold crafting *savoir faire*.

Piaget also launched an extraordinary Haute Joaillerie collection, *Golden Oasis*, inspired by the mysterious curves of a breath-taking desert landscape that captures the vivid light and intense hues from dusk till dawn. To reveal this collection, the Maison staged major events in Monaco, Bangkok and Chengdu.

Michael B Jordan, Hu Ge and Kong Hyo-Jin, international Piaget brand ambassadors, represented the Maison during the major events, cinema festivals and various Maison gatherings with the Piaget Society such as the '9P Society' watch dinners.

Over the years, the relationship Piaget has had with artists throughout its rich history has been at the forefront of the Maison's creative process. In 2019, the Maison unveiled 'Moments of Happiness' at the Biennale di Venezia, a new collaboration with The Carpenters Workshop Gallery and The Verhoeven Twins. Piaget also celebrated its fourth year of partnership with Art Dubai, working together with a local emerging artist to build an immersive experience on the 'Art of Light' theme.

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 Haute Horlogerie expertise, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995. The Manufacture offers a range of audacious, hand-crafted, all-mechanical timepieces combining inventive calibres with powerful and daring designs.

Roger Dubuis' Manufacture and headquarters, Geneva

- Roger Dubuis offers exceptional complications highlighted by *Excalibur*, embodying a world of spectacular performance and disruptive innovation.
- In 2020, Roger Dubuis goes further beyond boundaries consolidating its adrenaline factor while fueling and developing its second brand territory, Expressive Singularity, in order to celebrate contemporary hyper horology.
- Following extensive development in recent years, the Maison now has an exclusive distribution network of points of sale and brand boutiques.

The exceptional degree of vertical integration achieved by the Manufacture Roger Dubuis enables it to enjoy the comprehensive mastery of its in-house production. This capacity has also contributed to its specialisation in spectacular limited editions, as well as to its enviable reputation in the domain of skeletonised flying complications.

The investments in research and development conducted by its technical lab, and the creativity of the design studio have led to a steady stream of breakthrough technical solutions as well as inventive combinations of materials. Many of the resulting world premiere mechanisms or inventions are protected by patents. The manageable scale of production also provides the flexibility and freedom required to enable the Maison to offer its clients almost limitless scope for personalisation of movements, watch exteriors and finishes, regrouped under the *Rarities* concept.

Driven by an avant-garde spirit, a firm commitment to attract hedonists, and a penchant for strong mechanical content, the Maison's creativity is unleashed onto extravagant, disruptive designs complemented by a continuous quest for innovation.

This is expressed through the launch of unique and unequivocally daring timepieces, which systematically push both technical and aesthetic boundaries and shake up the watchmaking world at large.

This has led to the cementing of partnerships with two other iconic names, Pirelli and Lamborghini, equally committed to delivering standout customer experiences, and the ensuing launch of a series of spectacular, emotion-fuelling, Geneva-hallmarked models that have clearly celebrated the encounter of visionary engineers with incredible watchmakers.

In 2020, Roger Dubuis will continue combining its DNA with that of its partners, chosen for their reputations of being at the forefront of technology and equally determined to shatter existing boundaries but also revamping its ability to cultivate expressive and contemporary hyper horology.

The first result is a revolutionary and unique timepiece based on the Maison's favourite platform of expression: the *Excalibur* collection.

In the year ahead, Roger Dubuis will further exploit its creativity and craftsmanship with a renewed offer of limited editions and innovations in materials and calibres.

All the new developments will contribute to deliver the 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 Maison launched its new *Egérie* collection dedicated to women, a modern tribute to high watchmaking and craftsmanship.
- Vacheron Constantin confirmed its long time commitment to arts and culture through a global partnership with the prestigious Musée du Louvre.

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 with the highest standards.

Over the last year, Vacheron Constantin continued to devote itself to concentrating on a limited production with a long-term value strategy, in order to continue providing strong client engagement, a high level of quality and desirability. Key launches included the *Traditionnelle Twin Beat* perpetual calendar, *Overseas* tourbillon, *Patrimony* blue dials references and the revamp of the historical chronographe *Cornes de Vache*.

Additionally, the Maison sustained growth in its high-end *Les Cabinotiers* segment which delivers unique timepieces, expressing the ultimate know-how in both technical and Métiers d'Art fields. 'La Musique du Temps' theme of 2019 gathered technically and aesthetically exquisite unique pieces crafted to delight the Maison's clientele of connoisseurs.

Vacheron Constantin continued to successfully sustain its classic pillars such as *Patrimony*, *Traditionnelle* and *Fiftysix*, and kept growing its elegant sport segment with *Overseas*, while building on the successful 'One of not many' communication platform, which epitomises the Maison's values with talents whose work, path and quest echo its own.

Vacheron Constantin kept building a consistent and selective distribution network around the world, including the opening of boutiques in key cities such as Tokyo, Osaka, Riyadh, and Melbourne, as well as the constant improvement of its network of retailers. This contributed to a balanced growth among its main regions, from established markets across Asia to the Middle East and traditional markets in Europe.

Staying true to its values and motto, the Maison will keep innovating in the year ahead, leveraging its expertise and creativity to delight its clients. The Maison recently strengthened its positioning in the women's segment, with the unveiling of a new collection *Égérie*, inspired by and dedicated to women. Additionally, Vacheron Constantin will keep bringing innovation and complications to its already successful collections.

In a fast-paced and uncertain context, 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)

2020	2 427
2019	2 105

Operating result (€m)

2020	-241
2019	-99

Percentage of Group sales

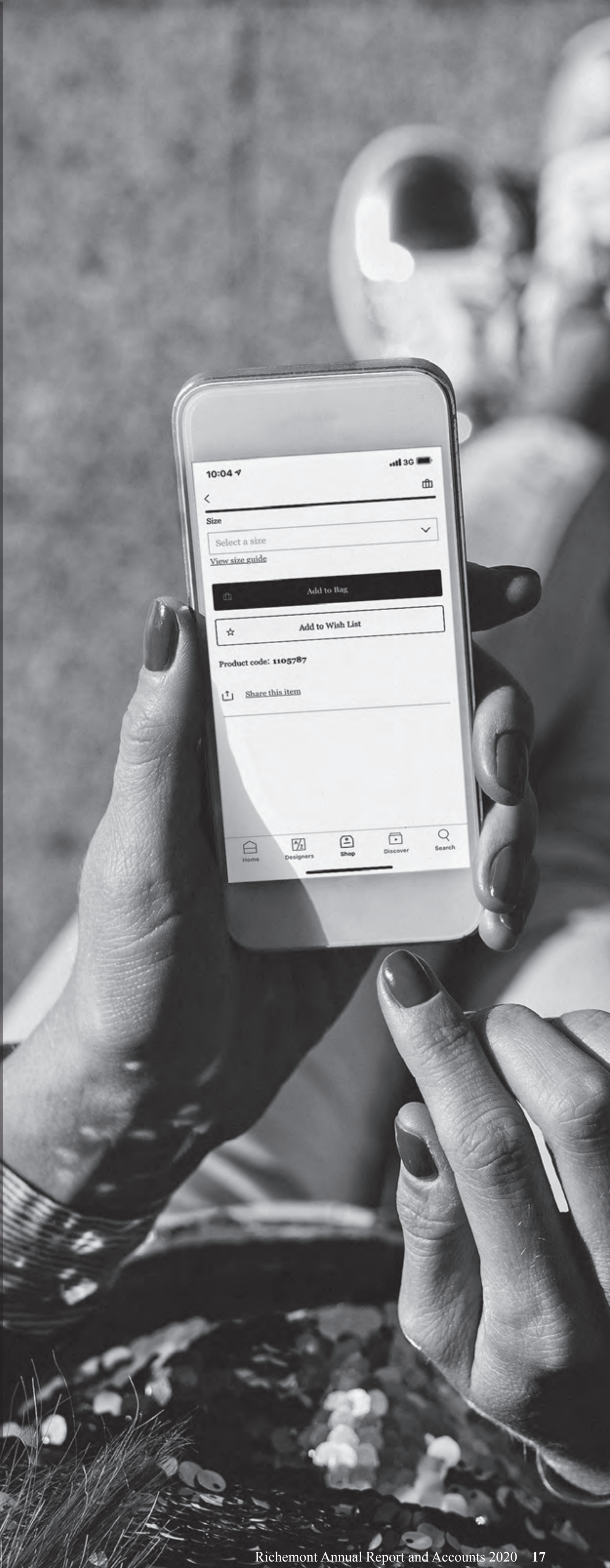
2020

Online Distributors 15%

Richemont's Maisons

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.

The Bullring & Grand Central boutique, Birmingham

- International expansion started in France, Germany, Switzerland, Hong Kong SAR, China and the US.
- Watchfinder's YouTube channel doubled its reach to half a million subscribers.
- The first Watchfinder apprentices began their training at the Watchmaker Apprentice Training School ('WATS').

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 amount of independent Trustpilot reviews with an average rating of 5/5 stars.

Some of Watchfinder's most memorable achievements during the year relate to its growth despite challenging external factors in the UK and the establishment of directly managed online operations in leading watch markets in France, Germany, Switzerland, Hong Kong SAR, China and the US. Watchfinder's YouTube channel doubled its reach to half a million 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 and attracts a very loyal audience in the UK and internationally.

Watchfinder continues its commitment to watchmaker talent, as the first apprentices commenced their block release training at the Watchmaker Apprentice Training School ('WATS') in early January.

Next year, Watchfinder will focus on its leadership position in the UK, its directly managed operations in new countries, and on new services to the various companies in the watch industry.

Stuart Hennell
Chief Executive

Established 2002
Invicta House, Pudding Lane, Maidstone, England
Chief Executive Officer Stuart Hennell
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 pioneers 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 and an expertly curated multi-brand selection.

YOOX NET-A-PORTER Tech Hub, London

- Opening of new NET-A-PORTER flagship store on Alibaba's Tmall Luxury Pavilion as part of the joint venture with Alibaba Group.
- Key sustainability and social purpose initiatives included the launch of The Modern Artisan in partnership with The Prince's Foundation, the tenth anniversary of YOOXYGEN and expansion of the NET SUSTAIN platform.

The Group's ecosystem consists of a family of multi-brand online stores: NET-A-PORTER, MR PORTER, YOOX and THE OUTNET as well as its Online Flagship Stores Division which partners with leading luxury brands to power their e-commerce destinations. The Group serves an unrivalled client base of high-spending customers across 180 countries.

This year, NET-A-PORTER and MR PORTER enriched their portfolio of the world's most coveted brands and launched over 300 exclusive collections. NET-A-PORTER's NET SUSTAIN platform, a hand-picked selection of consciously crafted fashion and beauty, launched its second successful season with 100 brands. The personal shopping and client relations team doubled in size, serving its most loyal Extremely Important Person ('EIP') customers.

YOOX's ground-breaking *8 by YOOX* own-label, comprising stylish essentials and powered by data and artificial intelligence, marked its first anniversary. YOOXYGEN, the first online platform dedicated to responsible fashion, marked its tenth anniversary with new sustainable initiatives. THE OUTNET celebrated its tenth anniversary with exclusive collections by iconic brands.

YOOX NET-A-PORTER and Alibaba Group's joint venture, FENG MAO, opened the NET-A-PORTER flagship store on Alibaba's Tmall Luxury Pavilion, bringing the latest collections to customers in the People's Republic of China.

Technology and data innovation in mobile, artificial intelligence and augmented reality continued to enhance the customer experience. YOOXMIRROR allowed customers to develop digital avatars to try on outfits and share looks. NET-A-PORTER and MR PORTER were launch partners for Instagram Checkout. The technology and logistics re-platforming of MR PORTER was achieved as part of the Group's long-term vision to power global expansion.

Within the Online Flagship Stores Division, the leading omni-channel model, NEXT ERA, continued to deliver success, driving sales, visitors, and product visibility for Valentino. The division launched the first online store for luxury brand, The Row.

In 2020, the Group will mark the 20th anniversaries of YOOX and NET-A-PORTER, celebrating their unrivalled track record in luxury retail. As the global leader, YOOX NET-A-PORTER's continued success will be driven by an enduring customer-centric approach, together with investment in pioneering innovation, global expansion, close brand partnerships and leveraging of its unique ecosystem which continues to define the ultimate luxury experience.

Federico Marchetti
Chief Executive

Established 2000
Via Morimondo 17, Milan, Italy
Chief Executive Officer Federico Marchetti
Finance Director Paola Agasso
www.ynap.com

Other

Key results

Sales (€m)

2020	1 788
2019	1 881

Operating result (€m)

2020	-141
2019	-95

Percentage of Group sales

2020

Other 13%

Richemont's Maisons

ALAÏA

MONTBLANC

Chloé

PETER MILLAR

dunhill

PURDEY

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

- The Maison opened its first external boutique in South Korea.
- Launch of a unique heritage project holding Mr Alaïa's archives with more than 10 000 pieces.
- Collaboration with the Alaïa Association expanded further this year with two exhibitions in Paris and the release of a book 'Prendre le temps' by Donatien Grau.

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. Mr Alaïa's free and uncompromising mind still imbues the Maison's invention in all things.

A new executive team arrived in September in order to foster the brand development in the wake of Mr Alaïa's vision and legacy. Following last year's important projects, the London flagship store, Dubai Mall and the e-commerce launch, setting a stronger retail and digital foothold, key pop-up stores opened in Japan in September, as well as a key digital partnership with Mytheresa.com and an external boutique in South Korea at the end end of November.

Investments were made in infrastructure, with new IT systems and recruitment in retail and supply chain, in order to support the growth.

The collections were built around two pillars in order to install perennial signatures. They include specific product highlights such as the *Cesar* and the *Papillon* capsules and also the *Editions*, original pieces curated from the archives illustrating Alaïa's timeless style. In parallel, a new distribution contract was signed to further expand the distribution of the existing fragrances lines.

Collaboration with the Alaïa Association, which started in 2007 to preserve and exhibit Mr Alaïa's work as well as present his large collections of art, design and fashion, expanded even further this year. Two well-received exhibitions were held in Paris in June and January, as well as the release in February of a book, 'Prendre le temps' by Donatien Grau, integrating conversations between Mr Alaïa and artists on the challenging link between time and creation. Travelling exhibitions were also organised in Atlanta in February and in Doha in March to introduce new markets to the Maison's legacy.

Lastly but most importantly, this year saw the start of a strategic preservation project. A dedicated space of 700 square metres safeguards more than 10 000 archive pieces in museum conservation conditions.

In the year ahead, the Maison will focus on the development of its creative teams, and on its digital and e-commerce activity. Along with the existing studio and ateliers, new creative talents, including image and design experts, will join the Maison to build on the singular vision of Azzedine Alaïa, renew the collections around the unique signature codes of Alaïa, and push the craft forward. Alaïa will also highlight and develop its unique initiative around the Editions, installing an emblematic Alaïa wardrobe which will include a sharp selection of historical pieces. These will feature the Maison's *savoir faire* and will faithfully replicate the original design. Finally, the Maison will continue developing a very exclusive digital and e-commerce approach to best showcase its unique creations. It will increase awareness and engagement around Alaïa's image of timeless modernity, as well as provide the best service remaining as close as possible to its clients.

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

Chloé

Founded in 1952 by Gaby Aghion, Chloé established itself as the most naturally feminine Parisian fashion Maison. True to its many years of constant creative innovation and evolution, Chloé continues to embody and celebrate the values of free-spirited femininity, modernity, effortlessness and grace.

La Maison Chloé, Paris

- Chloé launched a new statement bag, the *Daria*.
- The Maison reinforced its presence in the People's Republic of China with a Resort runway show.
- 'Girls Forward', a three-year partnership between Chloé and UNICEF, will provide skills for adolescent girls and young women through the organisation's gender equality fund.
- The Chloé fragrance signature line continues to drive healthy growth with the September launch of *Chloé l'Eau*.

This past year, the Maison continued to support the vision of artistic director Natacha Ramsay-Levi through several significant initiatives and product launches.

In June, Chloé staged its first-ever Resort runway show in Shanghai. Presented at the Long Museum West Bund and attended by local and international guests, the collection drew inspiration from Chinese cinema with its tradition of strong female characters. In September, after several shows at the Maison de la Radio, Chloé returned to the Grand Palais to present its Spring Summer 2020 collection, which was praised for its less-is-more approach to fashion.

Having made its debut during the Spring Summer 2020 runway show, the *Daria* bag will be available as of March. Featuring a versatile shape, braided handle and Chloé monogram lining, its design corresponds to the relaxed elegance of the season.

To mark the tenth anniversary of *Marcie*, the iconic Chloé bag was animated with new limited edition anniversary styles, generating high visibility and a major uplift in sales. The *Marcie* bag, still enjoying continuous growth, has established itself as a true icon bag in the market.

Chloé also made its foray into fragrance layering with *Atelier des Fleurs*, an exclusive collection of nine harmonious scents created by six renowned perfumers. Meanwhile, the launch of *Chloé L'Eau* proposes a fresh and luminous variation on the Maison's signature, best-selling fragrance.

The latest Spring Summer campaign, 'Handle With Grace', presents an enduring image of femininity grounded in reality. It captures the essence of the Maison. Chloé also continues to grow on social media: the Instagram account surpassed eight million followers in October, with one million new followers gained in just seven months.

Chloé was also pleased to announce a three-year partnership with UNICEF, 'Girls Forward', in support of the organisation's gender equality fund. This global initiative, which aims to provide 6.5 million adolescent girls and young women with skills to advance in the workplace, officially began in March 2020 with an awareness campaign and three exclusive products whose proceeds will be contributed to UNICEF.

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 Alfred Dunhill

- Dunhill was awarded 'British Luxury Brand of the Year' in 2019, a recognition of its continued strategy in elevating the Maison as a leading British luxury destination for men.
- The seasonal runway shows gave the Maison a strong resonance worldwide, helping build brand awareness globally with a digital-first approach.
- Successful launches include the *Belgrave* leather collection and menswear capsules *Aquarium* and *Archive Goldfish*, whilst footwear is a strong growth contributor. The Maison's expansion plan focuses on Northern Asia.

Dunhill continues to follow its strategy in elevating the Maison as a leading British luxury destination for men. As a result, in 2019 Dunhill was awarded the prestigious 'British Luxury Brand of the Year' award by Walpole, the official sector body for UK luxury.

The seasonal runway shows, which took place to showcase the new collections of Creative Director Mark Weston, gave the Maison a strong resonance worldwide. They generated more than 80 million digital impressions for both seasons, in line with the Maison's strategy to build its awareness by leveraging a digital-first approach. The shows were also acclaimed by key industry opinion leaders for their evolution and craftsmanship.

The Maison continued to build menswear and leather goods categories, focusing its assortment on fewer but bigger pillars. The launch of the new *Belgrave* leather collection was a successful addition to the portfolio whilst footwear continues to be a strong growth contributor, building on the success of the *Radial Runner* sneakers. Capsule collections inspired by the Maison's archives, such as *Aquarium* and *Archive Goldfish*, were also well-received by customers.

The Maison has focused expansion in Northern Asia, with new stores opening in the People's Republic of China and the launch of the brand in South Korea. Stores are also progressively being revamped across Japan to express the rejuvenated brand vision. In 2020, the strategy will continue to focus on Northern Asia.

Digital is at the core of the Maison's strategy, with e-commerce playing a major role and social media being the main contributor to brand communication. For the coming year, the Maison will further focus on these platforms as a strategic priority in growing its awareness globally.

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

- Relaunch of *StarWalker* as the second iconic line in writing instruments.
- Extension of travel universe in the leather segment with three new trolley lines.
- Launch of a new *Summit* smartwatch generation with cellular connectivity.

On the eve of the 50th anniversary of the first moon landing, Montblanc hosted the introduction of a new campaign for the relaunch of the newly designed *StarWalker* writing instrument. Guests, including brand ambassador Hugh Jackman, joined Montblanc in Houston, Texas for an evening dedicated to the adventure of space exploration.

The latest Montblanc high artistry, *A Celebration of the Taj Mahal* collection, captures the opulence and magnificence of the great Mughal jewellery traditions. First introduced at the Taj Mahal in India, it is made up of three different precious writing instruments, each limited to just one piece worldwide.

Reinforcing its positioning in the travel business, Montblanc introduced its brand new *Montblanc x Pirelli* collection at the Chinese Grand Prix in April 2019. Based on the Montblanc *#MY4810* trolley design, the collection, created alongside Pirelli Design, enhances the sleek aesthetics of the trolleys with the unmistakable Pirelli tyre tread pattern.

In fine watchmaking, the Maison introduced new *1858* editions that capture the spirit of mountain exploration. The vintage-looking green *1858 Geosphere* is inspired by the heritage of *Minerva* chronographs from the 1920s and 1930s.

Montblanc complemented its smartwatch line-up with another innovation, the *Summit 2+*, which is the first smartwatch, including Wear OS by Google, with cellular connectivity that enables making calls, answering messages and connecting to online services, integrated into a case crafted by Montblanc watchmakers.

Asserting its success in new technologies, Montblanc introduced its first ever smart headphones. The comfortable, wireless headphones pair sleek contemporary design with the Maison's signature craftsmanship.

Following the launch of the *(MONTBLANC M)^{RED}* line in 2018, the collaboration is expanding with the introduction of a trolley and a new writing instruments line. The expanded collection, launched in October 2019, coincided with the sixth Global Fund Replenishment conference in Lyon, France.

In the year ahead, Montblanc will launch an inspiring global campaign, highlighting its rich DNA and strong positioning. The global campaign will be supported by versatile product launches, focusing on strong hero products in writing instruments and watches, new functions and an extension of the travel universe in the leather segment, as well as expressive innovations in the field of new technologies.

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, 313 Worth Avenue, Palm Beach, Florida

- During the year Peter Millar opened a flagship boutique in Chicago.
- To support its growth, G/FORE's e-commerce site was relaunched.
- In the year ahead, the Maison will expand its *Crown Crafted* line and casual footwear offering.

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.

The Maison continued to execute its growth strategy over the past year, highlighted by the opening of a flagship boutique in Chicago as well as a branded boutique within the Montage resort at Palmetto Bluff (South Carolina). Peter Millar achieved significant consumer engagement growth over the past year, supported by additional investment in digital marketing and creative content. This strategy has driven measurable brand awareness growth and will continue to yield favourable returns as the Maison leverages this information to enhance the brand experience online and in boutiques.

Growth within the Maison's sartorially focused *Peter Millar Collection* line and its innovative performance apparel *Crown Sport* line drove deeper penetration in existing accounts. The Maison's more classically designed *Crown* line saw continued development and growth; the distinguished *Crown Crafted* line, which features cutting-edge performance fabrics and a modern silhouette, saw further development. Finally, the Maison expanded its casual footwear offering with the successful launch of the *Hyperlight Glide* sneaker and relaunched an entirely new cologne programme.

The Maison saw strong wholesale and e-commerce growth in the Los Angeles-based G/FORE, the golf-inspired sportswear and accessories brand, which it acquired in January 2018. G/FORE's growth was supported by the relaunch of its website as well as new product launches, including the *MG4.1* shoe, an athletically-inspired crossover shoe designed for both golf and casual wear. The Maison also opened a pop-up boutique for G/FORE in Palm Beach, Florida, giving customers an exceptional and unique shopping experience in an important golf market.

In the year ahead, Peter Millar will continue to refine its main product ranges, including the expansion of its Crown Crafted line. The Maison will continue to invest in the online shopping experience with a relaunch of petermillar.com. 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, Suite 106, 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 Purdey guns the most desirable choice for the passionate shooter.

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

- Purdey launched a new 20 bore Purdey *Trigger Plate* and a .410 *Hammer* shotgun.
- A new collection of hand-made lightweight luggage will be introduced to further extend its high-quality clothing, gifts and accessories selection.
- During the year Purdey has successfully integrated the Royal Berkshire Shooting School, acquired in 2018.

After more than 200 years as a London Best gunmaker, Purdey exemplifies the tradition of fine craftsmanship combined with modern technology. The Maison continues to innovate in its traditional shotgun and rifles sectors, as well as further extending its high-quality clothing, gifts and accessories selection to include a new collection of hand-made lightweight luggage. Beyond 2020, we expect to see the Purdey brand in greater distribution, internationally and in the UK, especially for clothing and gifts, whilst remaining makers of the world's finest and most sought-after guns.

This past year, Purdey has developed a one-off production of a .410 *Hammer* shotgun and also had a successful launch of a new 20 bore Purdey *Trigger Plate*. Synonymous with precision and excellence, further development of new world-class shotguns and rifles is planned for the coming years.

Following acquisition in 2018, the integration of Royal Berkshire Shooting School has allowed Purdey to develop a completely vertical offering for the sporting aficionado, helping them to begin their journey from the moment they choose their kit and then fit their new guns right through to being able to book their shooting trips through its worldwide sporting agency. Nestled in the most beautiful of Berkshire's valleys, it combines both personal tuition with major corporate and charity events and houses a multi-brand gun room and country clothing shop.

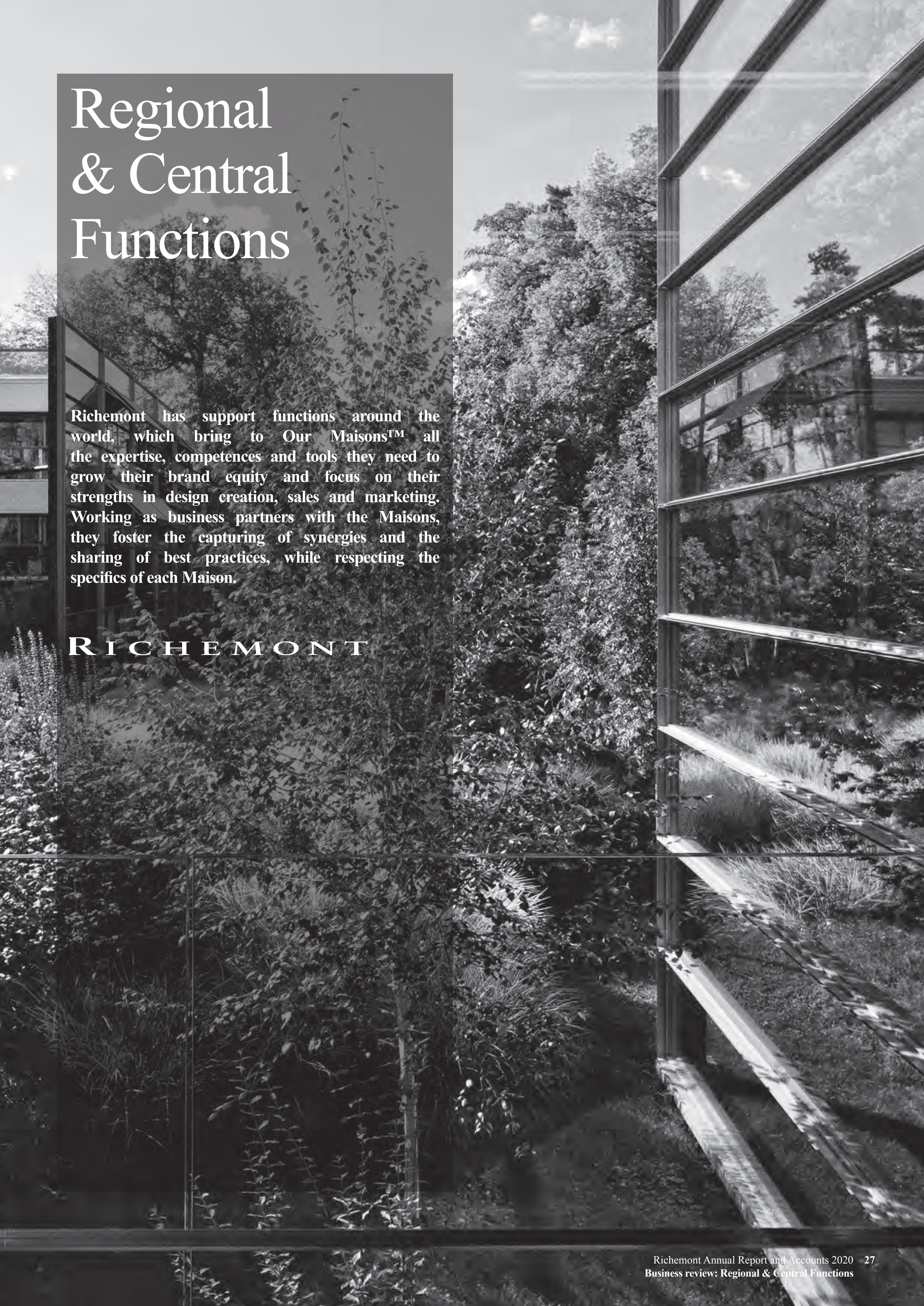
Purdey remains very proud to sponsor and host the Purdey Awards for Game and Conservation. Under the Chairmanship of His Grace the Duke of Wellington, these awards are now firmly established as a leading voice in the promotion of awareness of the benefits of shooting in terms of sustainable conservation.

Purdey has always been passionate about the role of design and craftsmanship, from the apprenticeship scheme in our London factory, through to creating unique one-off gifts and beautiful clothing for the countryside enthusiast.

The Maison stands for heritage, authenticity and desirability and will always be a partner to our 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 Colin Sturgess
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 the business operations system to the Maisons in order to develop their activities, covering a large spectrum of services in more than 130 countries. The development of the operational backbone of the historical Maisons, the integration of new Maisons (Buccellati) and the geographical expansion of recently acquired Maisons (namely YNAP in the People's Republic of China and Watchfinder in several new territories) have been the major point of focus of these functions this year.

REGIONAL FUNCTIONS

Europe and Latin America

Driving performance and accelerating transition were the two main pillars for growing the business in Europe. The focus was on streamlining operations and structures whilst enabling business development initiatives, like the expansion of Watchfinder, AZ Fashion, e-commerce extensions and the opening of boutiques in Sweden and Denmark. Furthermore, we have put a strong focus on developing new client experiences, digital acceleration and on empowering our teams across the region.

Middle East, India and Africa

The regional functions' capabilities and market expertise accelerated the growth of Our Maisons™ in Saudi Arabia by fully internalising Cartier's network and accelerating this process for Van Cleef & Arpels and Piaget. Additionally, we relocated to a newly created and modern workplace in Riyadh to enhance collaboration and helping to establish Richemont as employer of choice in this strategic market.

Asia Pacific

The region has had a challenging year with the social unrest in Hong Kong SAR, China since the summer and the Covid-19 virus affecting the entire region and in particular the People's Republic of China in the latter part of the year. This has called upon all of our teams in the region to demonstrate agility and strength in order to safeguard the well-being of our colleagues. On a more positive note, excellent progress was made in the roll-out of IT tools and digital projects. Regional functions also successfully launched a number of new business initiatives in the region including the establishment of Watchfinder in Hong Kong SAR, China, Feng Mao (the joint venture between YNAP and Alibaba) and the Cartier Pavilion Tmall boutique in the People's Republic of China, to further enhance client-centric digital solutions in the region. The development of our talents and teams continued to be a main focus: a second Retail Academy was established in the region, based in Hong Kong SAR, China, to cover North East Asia. Efforts in this area have again been rewarded with a number of prestigious awards and recognition from our peers.

North America

Richemont teams have continued to build best-in-class client and employee experiences, in order to secure our market leadership in a highly competitive environment. Among important achievements: reinforcing a culture of empowerment and innovation (with the Arcadium pop-up in New York as a highlight); focusing on offering our clients the best possible experience (the opening of the Retail Academy is an important step in this regard); optimising our logistics and customer service operations; and fostering new omni-channel business models, such as dropship (department stores e-commerce fulfilled by Richemont Maisons) or the opening of Watchfinder. From there, current priorities continue to focus on our people and our culture, and the acceleration of regional synergies, operational excellence and new retail opportunities.

Japan

Richemont Japan's business benefited from positive factors mainly stemming from continuous growth in tourism and from a resilient local demand, with a successful expansion of the Maisons' retail businesses. The region further enhanced service levels for both retail and wholesale customers and continued to build a highly satisfactory partnership with Our Maisons™, including the development of new digital tools and a strong focus on our attractiveness as an employer.

CENTRAL SUPPORT FUNCTIONS

Technology

Group Technology designs, develops, tests, launches and supports services and products aiming to create value, enhance existing offerings and provide deeper, more rewarding customer experiences.

Over the past year, we rolled out our Enterprise Resource Planning (‘ERP’) and e-commerce solutions in the People’s Republic of China and accelerated the implementation of our platforms for Customer Care and Customer Relationship Management.

Next year will be dedicated to the implementation of the department’s new strategy and further transformation. At the same time Group Technology will support the growth of the Group by implementing omni-channel and digital tools for our clients and employees while continuing the roll-out of the core backbone across new regions and entities.

Real Estate

The Real Estate function supported the Group and its Maisons in their acquisition of boutiques and through major construction projects on both architectural and leasing aspects.

This year, the main retail projects were Cartier, Van Cleef & Arpels, Piaget, and Dunhill at Hudson Yards in New York, Cartier at K11 Musea in Hong Kong, and Van Cleef & Arpels in Shanghai IFC and Beijing China World.

Other projects included the new Van Cleef & Arpels office in Paris, the new Richemont office in Saudi Arabia and the YOOX NET-A-PORTER Hong Kong SAR, China office relocation.

Industry and Customer Service

The Group Industry and Services Department’s mission is to define and execute the Group’s industry, customer service, supply chain/logistics, and research and innovation strategies, and to accompany the Maisons in their manufacturing development. Richemont pursued its logistics re-engineering and investment programmes launched in Switzerland and North America. Product and trade compliance 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. Our efforts will continue in the coming years to ensure 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, an ambitious plastics footprint reduction project is in progress with initiatives spreading across the Group.

Human Resources

Richemont’s Human Resources teams are curious and agile, passionate about growing talents and contributing to business growth. The Group empowers all of its 35 000 employees to be ‘ahead of the curve’ 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 focus on identifying, developing and connecting client-centric professionals all over the world with a distinctive, creative and entrepreneurial mindset. The teams believe strongly that talent makes the difference and leverage technology to ensure people come before processes. They are not afraid to challenge themselves and strongly believe that by sharing across the diverse community of the Group, they can inspire with their passion for culture, art and beauty.

As we look forward to next year, we maintain our ambition to hear one common message from everyone “Everything is possible @Richemont. Dream big and far. Let’s do it. In all circumstances, be open and positive”.

Financial review

in €m	2020	2019	% change
Sales	**14 238**	13 989	+2%
Cost of sales	**(5 627)**	(5 344)	
Gross profit	**8 611**	8 645	-0%
Net operating expenses	**(7 093)**	(6 702)	+6%
Operating profit	**1 518**	1 943	-22%
Net financial (costs)/income	**(337)**	(183)	
Share of post-tax results of equity-accounted investments	**17**	1 408	
Profit before taxation	**1 198**	3 168	-62%
Taxation	**(267)**	(381)	-30%
Profit for the year	**931**	2 787	-67%
Analysed as follows:			
Attributable to owners of the parent company	**933**	2 784	
Attributable to non-controlling interests	**(2)**	3	
Profit for the year	**931**	2 787	-67%
Earnings per share – diluted basis	**€ 1.646**	€ 4.927	-67%

Online Distributors' results for the prior year period included 11 months for YOOX NET-A-PORTER GROUP ('YNAP') and 10 months for Watchfinder & Co. ('Watchfinder').

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.

Sales

Sales for the year increased by 2% at actual exchange rates and were broadly in line at constant exchange rates, having progressed by 8% and 5% respectively for the nine months ended 31 December 2019. The significant disruption caused by the worldwide outbreak of the Covid-19 pandemic weighed on fourth quarter sales, which declined by 18% at actual exchange rates and by 19% at constant exchange rates. Excluding Online Distributors, sales for the year decreased by 3% at constant exchange rates and by 1% at actual rates.

At actual exchange rates, sales for the year were higher or stable in most regions. Mid-single digit sales increases in Europe and Japan and double digit sales growth in the Americas more than offset a mid-single digit sales decline in Asia Pacific, which was largely attributable to the street protests experienced in Hong Kong for most of the year and the outbreak of the Covid-19 pandemic in the fourth quarter.

At actual exchange rates, sales in the Group's directly operated boutiques were in line with the prior year, delivering a 7% increase in the first nine months of the financial year, supported by the Jewellery Maisons. The 4% decrease in wholesale sales reflected temporary store closures at retail partners in the fourth quarter of the year as well as tight management of inventories and qualitative improvements to our external points of sale. Online sales grew strongly across all business areas.

Overall, sales growth was driven by Jewellery Maisons and Online Distributors.

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

Gross profit

At € 8 611 million, gross profit was in line with the prior year. Gross margin moderated to 60.5% compared to 61.8% a year ago, due mainly to higher gold prices, lower utilisation of manufacturing capacity and continuing competitive pricing environment in online fashion.

Operating profit

Operating profit decreased by 22% to € 1 518 million, leading to an operating margin of 10.7% compared to 13.9% a year ago. This reduction is partly due to net operating expenses increasing by 6%, above the 2% sales growth, given the time lag between temporary store closures and cost reduction measures taking effect.

Growth in selling and distribution expenses was limited to 2%, including the adoption of IFRS 16, *Leases*. Communication expenses rose by 6% to represent 9.9% of Group sales, including charges related to only partly refundable cancelled campaigns and events, such as Watches & Wonders Geneva in April 2020. Fulfilment expenses of € 352 million were recorded across the Group's e-commerce activities, primarily at Online Distributors.

Administrative expenses grew by 10%, mainly driven by a stronger Swiss franc, continued expenditure in IT and digital initiatives at the Online Distributors and the Group's Maisons. Other operating expenses of € 254 million included the impact of the amortisation of intangibles recognised on acquisitions, primarily related to Online Distributors and Buccellati, as well as impairment charges of € 45 million.

Profit for the year

Profit for the year declined by 67% to € 931 million. This decrease reflected the non-recurrence of last year's € 1 378 million post-tax non-cash accounting gain on the revaluation of the YNAP shares held prior to the tender offer. Excluding this amount, profit for the year was down 34%, due to the 22% decline in operating profit and the 84% increase in net finance costs. At € 337 million, net finance costs were € 154 million higher than the prior year, as a result of a € 233 million increase in net foreign exchange losses on monetary items and the adoption of IFRS 16, *Leases*. This was partly mitigated by a € 44 million gain on hedging activities compared to a € 112 million loss in the prior year.

Earnings per share (1 'A' share/10 'B' shares) decreased by 67% to € 1.646 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 2020 was € 984 million (2019: € 1 467 million). Basic HEPS for the year was € 1.742 (2019: € 2.600), diluted HEPS for the year was € 1.736 (2019: € 2.596). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 29.3 of the Group's consolidated financial statements.

Cash flow

At € 2 797 million, cash flow generated from operating activities was € 466 million higher than last year. The improvement reflected a € 327 million reduction in working capital requirements, primarily related to a lower increase in inventories and lower trade receivables as a consequence of reduced wholesale orders, particularly in the fourth quarter.

Net investment in tangible fixed assets amounted to € 568 million. This predominantly reflected investments in the renovation and relocation of existing boutiques in the Maisons' store network, and continued investments in IT systems, notably at the Online Distributors.

The 2019 dividend of 2.00 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 2019. The overall dividend cash outflow in the period amounted to € 1 017 million (2018: € 926 million).

During the year under review, the Group did not acquire any treasury shares to hedge executive stock options. Proceeds from the exercise of stock options by executives and other activities related to the hedging programme amounted to a net cash inflow of € 13 million.

Balance sheet

At 31 March 2020, inventories amounted to € 6 658 million (2019: € 6 186 million). The € 472 million increase compares to the € 1 243 million increase in the prior year following the acquisition of the Online Distributors. Inventories represented 17.8 months of cost of sales, broadly in line with prior year (2019: 17.7 months).

At 31 March 2020, the Group's net cash position amounted to € 2 395 million (2019: € 2 528 million). The decrease versus the prior year can be attributed to slower sales in the fourth quarter due to temporary store and distribution centre closures as well as the completion of the Buccellati acquisition (€ 230 million). The Group's net cash position includes 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 57% of total equity and liabilities compared to 61% in the prior year.

Acquisition of Buccellati

On 26 September 2019, Richemont completed the acquisition of Buccellati Holding Italia S.p.A., the owner of Buccellati, the renowned Italian jewellery Maison, for a total consideration of € 230 million. In addition, € 7 million of acquisition-related transaction costs were expensed in the year. Buccellati's results are consolidated within the Jewellery Maisons with effect from 30 September 2019.

The completion of the Buccellati acquisition has resulted in the recognition of € 103 million in goodwill, which is subject to annual impairment testing. In addition, intangible assets amounting to € 108 million were recognised following completion of the provisional acquisition accounting.

Proposed dividend

The Board has proposed a dividend of CHF 1.00 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 1.00	CHF 0.35	CHF 0.65

The dividend will be payable following the annual general meeting which is scheduled to take place in Geneva on Wednesday, 9 September 2020.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday, 15 September 2020. Both will trade ex-dividend from Wednesday, 16 September 2020.

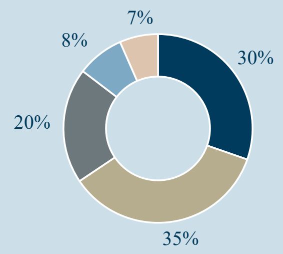
The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday 18 September. The dividend in respect of the 'A' shares is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Wednesday 23 September 2020. The South African Depository Receipt dividend 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 15 May 2020 on SENS, the Johannesburg Stock Exchange news service.

Covid-19 has had significant effects on global public health and economies. While the Board is unable to determine when these effects will subside, the Board believes that these effects will subside. The Board has determined that the dividend reduction is prudent in the current environment to preserve maximum liquidity in the short term. In order to reward loyal and long-term shareholders, the Board is studying an equity-based loyalty scheme to award to shareholders as a supplementary benefit in addition to the CHF1.00 cash payment in order to capture any ultimate improvement in global conditions. This scheme will be announced prior to the publishing of the AGM notice.

Review of operations

Sales by region



in €m	2020	2019	Constant exchange rates*	Actual exchange rates
Europe	**4 298**	4 118	+4%	+4%
Asia Pacific	**4 992**	5 243	-6%	-5%
Americas	**2 806**	2 551	+6%	+10%
Japan	**1 212**	1 148	-1%	+6%
Middle East and Africa	**930**	929	-3%	0%
	14 238	13 989	0%	+2%

* 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 2019.

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 grew by 4%, and by 1% excluding Online Distributors.

Performance was varied in terms of markets and channels depending on the timing and scale of lockdown measures in each market. Double digit growth in the UK more than offset lower sales in France where social unrest and strikes led to temporary store closures and reduced tourist spending. A number of distribution centres were closed in the quarter and, from mid-March 2020, all our European stores, except in Russia, were closed. In the fourth quarter of the year, sales declined by 10%.

Wholesale sales decreased by mid-single digits while retail sales grew by mid-single digits, and online retail recorded a double digit sales increase. Sales growth was driven by Online Distributors and the Jewellery Maisons, the latter benefiting from the consolidation of Buccellati on 30 September 2019.

Europe remained our second largest region, accounting for 30% of Group sales compared to 29% a year ago.

Asia Pacific

Sales in Asia Pacific declined by 6%, and by 7% excluding Online Distributors.

Double digit growth in China and Korea was more than offset by a 40% decline in sales in Hong Kong, where sales had been affected by six months of street protests.

Sales contracted in the retail and wholesale channels and grew strongly in the online retail channel. All business areas registered lower sales, except Online Distributors, which posted double digit growth.

In the fourth quarter of the year, the region was impacted by the outbreak of the Covid-19 pandemic with overall sales decreasing by 37%.

Asia Pacific accounted for the largest share of Group sales at 35%, down from 38% in the prior year.

Americas

Sales in the Americas grew by 6%, and by 2% excluding Online Distributors. In the fourth quarter of the year, sales increased by 6%.

Higher retail sales, both online and offline, more than offset lower wholesale sales. Most business areas posted growth, led by strong double digit sales increases at the Online Distributors and, to a lesser extent, at the Other business area.

The region's contribution to Group sales rose to 20% from 18% in the prior year.

Japan

Sales in Japan were 1% lower, and broadly in line excluding Online Distributors, as the relative strength of the Japanese yen, the October 2019 value-added tax increase and the Covid-19 outbreak all weighed on demand. In the fourth quarter of the year, sales declined by 21%.

All channels recorded growth or a slight decline compared to the prior year. The Specialist Watchmakers posted a good performance, while sales were stable at the Jewellery Maisons and decreased in the other business areas.

Japan accounted for 8% of Group sales, in line with the prior year.

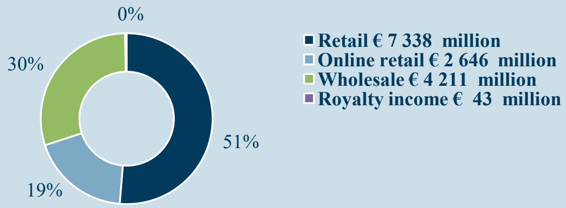
Middle East and Africa

Sales in the Middle East and Africa decreased by 3%, and by 6% excluding Online Distributors. In the fourth quarter of the year, sales declined by 12%.

The discontinuation of selected wholesale relationships and continued unsupportive environment affected all business areas apart from the Online Distributors which showed strong growth. In terms of distribution channels, retail sales were in line with the prior year, while wholesale sales declined and online retail sales rose sharply.

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

Sales by distribution channel



in €m	2020	2019	Constant exchange rates*	Actual exchange rates
Retail	**7 338**	7 320	-2%	0%
Online retail	**2 646**	2 262	+14%	+17%
Wholesale	**4 211**	4 368	-5%	-4%
Royalty income	**43**	39	+8%	+10%
	14 238	13 989	0%	+2%

* 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 2019.

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

Retail

The 2% decrease in retail sales can be explained by temporary store closures due to social unrest in Hong Kong and France, as well as the impact of the Covid-19 pandemic from the end of January 2020 onwards. At the end of the fourth quarter, 43% of our stores were closed. Most of our stores in China reopened in the month of March.

Higher sales in Europe and the Americas partly mitigated lower or stable sales in the other regions. Retail sales increased at the Online Distributors and were stable at the Jewellery Maisons.

The Maisons' 1 175 directly operated boutiques contributed 51% of Group sales, compared to 53% in the prior year.

Online retail

Online retail generated strong double digit sales growth from Our Maisons™ and Online Distributors across almost all regions.

As a result, the share of online retail increased from 16% a year ago to 19% of Group sales, including the full-year effect of Online Distributors.

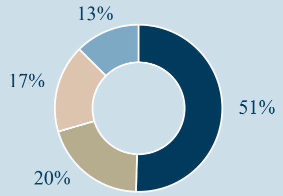
Wholesale

The Group's wholesale business posted a 5% sales decrease.

Growth in Japan was more than offset by declines in other regions. Temporary closures of the stores of our franchise partners and multi-brand retail partners, due to social unrest in some locations and the global Covid-19 outbreak in the last quarter of the financial year, led to lower wholesale sales in all our business areas. At the Specialist Watchmakers, the continued focus on aligning sell-in with sell-out and the qualitative optimisation of the watch wholesale network also weighed on sales.

The contribution of the Group's wholesale channel accounted for 30% of Group sales.

Sales and operating results by segment



Jewellery Maisons

in €m	2020	2019	Change
Sales	**7 217**	7 083	+2%
Operating results	**2 077**	2 229	-7%
Operating margin	**28.8%**	31.5%	-270 bps

At actual exchange rates, sales grew by 2% with positive retail sales and strong online sales, in part driven by the opening of the Cartier flagship store on Tmall Luxury Pavilion in January 2020. Jewellery sales were higher and watch sales moderately lower over the prior year, particularly impacted by protests in Hong Kong and the Covid-19 outbreak. Cartier and Van Cleef & Arpels benefited from the continued appeal of their iconic jewellery collections, particularly *Juste un Clou* and *Perlée*, and the new *Clash de Cartier* collection. Watch sales drew on the success of the rejuvenated *Baignoire* and *Santos de Cartier* and Van Cleef & Arpels' *Alhambra* collections. Buccellati has performed well since its integration on 30 September 2019, notably with its emblematic *Macri* collection.

Mid to high-single digit sales growth in the Americas, Europe and Japan more than offset a contraction in Asia Pacific.

Operating results decreased by 7% compared to the prior year, reflecting muted sales growth, higher gold prices and a modest increase in costs, as the Jewellery Maisons invested in store renovations and digital, data-driven communication initiatives. These investments included the renovation of the Van Cleef & Arpels store in Los Angeles Rodeo Drive as well as the relocation of the Cartier boutique in China World Beijing. Operating margin was down 270 basis points to 28.8%.

Specialist Watchmakers

in €m	2020	2019 re-presented*	Change
Sales	**2 859**	2 980	-4%
Operating results	**304**	381	-20%
Operating margin	**10.6%**	12.8%	-220 bps

* Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets made on acquisitions.

The 4% decline in Specialist Watchmakers' sales reflected a challenging environment, initially in Hong Kong due to the street protests, and thereafter in all markets with the spread of Covid-19. Regionally, performance was varied, with Japan and the Americas showing positive performances. Retail and wholesale sales contracted, notwithstanding notable performances from Panerai with the new *Submersible Carbotech* and A Lange & Söhne with the anniversary editions of *Lange 1*.

Lower sales, higher gold prices and a stronger Swiss franc, partially mitigated by a stronger US dollar and strict cost control, led to a 20% decrease in operating results to € 304 million. As a result, operating margin decreased by 220 basis points to 10.6%.

Online Distributors

in €m	2020	2019 re-presented*	Change
Sales	**2 427**	2 105	+15%
Operating results	**(241)**	(99)	-143%
Operating margin	**-9.9%**	**-4.7%**	-520 bps

* Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets and inventory adjustments made on acquisitions

The comparative period includes sales for YOOX NET-A-PORTER GROUP ('YNAP') and Watchfinder & Co. ('Watchfinder') from 1 May and 1 June 2018, respectively.

With sales up 15%, Online Distributors recorded a double digit increase in almost all regions led by the Americas. At YNAP, all business lines posted double digit growth. The NET-A-PORTER flagship store on Tmall Luxury Pavilion continues to build momentum. Watchfinder has successfully pursued its international expansion strategy and is now present in France, Switzerland, Germany, US and Hong Kong.

Online Distributors recorded a € 241 million operating loss due to a highly competitive pricing environment at YNAP, international expansion investments at Watchfinder and increased investments in information technology, mostly linked to MR PORTER's and more recently NET-A-PORTER's global technology and logistics platform migration. Results in the fourth quarter were also impacted by the temporary closures of distribution centres due to the Covid-19 outbreak.

Other

in €m	2020	2019 re-presented*	Change
Sales	**1 788**	1 881	-5%
Operating results	**(141)**	(95)	-48%
Operating margin	**-7.9%**	-5.1%	-280 bps

* Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets made on acquisitions.

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

Sales for the Other business area were 5% lower than the prior year. Growth in the Americas was offset by declines in other regions, particularly in Asia Pacific due to impacts previously discussed. Retail sales were lower although dunhill and Montblanc showed resilience with increases in most regions. Online sales grew strongly, driven by Montblanc and Peter Millar. Online sales now account for 9% of total sales compared to 5% a year ago.

In the year under review, operating losses of € 141 million included a € 45 million charge in relation to impairment of tangible assets at Alaïa, dunhill and Purdey (FY19: € 58 million net one-time charges).

Valuation adjustments on acquisitions

in €m	2020	2019	Change
Valuation adjustments on acquisitions	**(196)**	(173)	+13%

The amortisation of intangible assets and inventory adjustments made on acquisition are no longer shown in the operating results for the respective segments. This enables the operating results of each segment to better reflect its operational performance. This change primarily impacts the Online Distributors, and results in a reduction of losses for that segment of € 165 million for the prior year. Current year expense amounts to € 181 million.

Corporate costs

in €m	2020	2019	Change
Corporate costs	**(283)**	(302)	-6%
Central support services	**(249)**	(245)	+2%
Other operating expense, net	**(34)**	(57)	-40%

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central functions), as well as other expenses and income that are not allocated to specific business areas. The majority of corporate costs are incurred in Switzerland. The decline in other operating expenses is largely due to lower transaction costs relating to portfolio investments. Corporate costs represented less than 2% of Group sales.

The Group's consolidated financial statements of comprehensive income, cash flows and financial position are presented in Appendix 1. Richemont's audited consolidated financial statements for the year may be found on the Group's website at www.richemont.com/annual-report

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. Since 2006, Richemont has reported its Corporate Social Responsibility ('CSR') progress each year. Richemont's 2020 report, including our relationship with the United Nations Sustainable Development Goals ('SDGs'), will be available from July 2020 at www.richemont.com/csr-report

Transformational CSR Strategy

To meet our stakeholders' evolving expectations, the Group developed and launched its Transformational CSR Strategy ('Strategy'). The Strategy was elaborated by the Group's CSR Committee in collaboration with Our Maisons™ and support functions. The Strategy includes our commitments over the short, medium and long term.

Together 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 the focus areas together. All of the transversal issues and focus areas are described below.

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.

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 CSR Report reflects the expectations of those stakeholder groups regarding transparency. To ensure continued alignment between stakeholder interests and our Strategy, two materiality analyses were conducted in 2019. The second analyses focused on stakeholders aged 25 or younger to better understand their expectations.

At a local level, each Maison and platform has its own CSR structure, driving engagement with employees and customers in particular. An annual conference brings together our local, international and corporate efforts and strengthens our internal network. A continuous programme of training for CSR representatives ensures that momentum is maintained between conferences. In turn, that programme supports our employee communication and engagement efforts.

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.

People

Richemont directly employs some 35 000 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 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 the People's Republic of China and the United States of America.

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; 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 revised 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. The main beneficiary of those purchases is the Lower Zambezi REDD+ Project, protecting forests close to that river. The costs of offset purchases are re-invoiced to the Maisons to increase awareness and to encourage energy efficiency.

Richemont is establishing long-term, science-based targets to reduce its overall carbon intensity and absolute carbon emissions, as well as the environmental impact of its packaging, logistics and business travel.

As described above, innovation and experimentation in circular economy business models and gold sourcing also reduce our wider environmental impacts.

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 € 20 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 1 200 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.

Peace Parks Foundation

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

Peace Parks believes that life as we know it will not survive the consequences of unsustainable and irresponsible use of natural resources. Every decision, every action that the organisation takes is motivated by a singular goal: to create a harmonious future in which humans co-exist with nature. If we do not do this, our planet, and especially our beloved Africa, will not stand.

The Foundation therefore continues to safeguard and develop critical ecosystems that transcend man made boundaries, protecting and regenerating, as well as empowering people to sustainably use, those resources vital to sustaining all manner of life.

We work in close partnership with governments in southern Africa to co-manage and co-fund key protected areas within transfrontier conservation areas ('TFCAs'). Through a focus on increasing capacity, implementing conservation best-practices, developing infrastructure, rewilding, disrupting wildlife crimes, facilitating community beneficiation, and growing tourism potential, Peace Parks journeys with these parks through various stages of development.

Some of these, like Banhine National Park within the Mozambique component of the Great Limpopo TFCA, are only now coming back to life, whilst others already stand on the brink of welcoming tourists to well-functioning and protected wildernesses.

Also in Mozambique, Maputo Special Reserve within the Lubombo TFCA and Zinave National Park, a part of the Great Limpopo TFCA, are both flourishing, stocked with founder populations of wildlife that are growing year on year. This year, we translocated twelve different species totalling 1 047 animals to these two protected areas.

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

In 2019, Peace Parks reintroduced 20 eland and 46 oribi to Maputo Special Reserve and 48 sable to Zinave. These three species had been locally extinct for decades and by returning them they will once again play their part in restoring biodiversity to the region

Wildlife crime remains a challenge Peace Parks cannot but stand against. In this, we have partnered with training institutions and anti-poaching experts who are dedicated to putting in place additional skilled capacity and operational strategies to secure conservation areas. These initiatives, combined with a specific focus on providing aerial support to ground forces, have significantly reduced criminal activities in the region's TFCAs. In Maputo Special Reserve ranger patrols increased by 40% resulting in the removal of 1 270 snares, confiscation of 21 firearms, and a 90% increase in arrests. In addition, charcoaling was brought under control and effectively stopped. In the Malawi Zambia TFCA's Nyika National Park, ranger deployments, arrests and weapon confiscations increased by more than 60%.

In the Zambian component of the largest terrestrial transfrontier conservation area on the planet, Kavango Zambezi, the Simalaha Community Conservancy, entered the wildlife economy arena with the sale of 200 live buffalo. This is a critical step in Simalaha's sustainable development, a flagship of our ongoing efforts to empower communities as custodians of the landscape and improve their social, economic and environmental circumstances.

We draw inspiration and motivation from nature's capacity to restore and rejuvenate itself in response to conservation efforts, and we thank each partner, donor and supporter for their role in helping us restore tomorrow.

Contact

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Laureus

2020 is a special year, marking the 20th anniversary of Richemont's support for Laureus Sport for Good and its mission to use the power of sport to end violence, discrimination and disadvantage around the world.

Originally conceived by Richemont Chairman Johann Rupert, these two decades have seen Sport for Good grow from an inspired idea to a global entity, which now supports more than 200 sports-based community programmes in over 40 countries.

Laureus Sport for Good was co-founded by Richemont in response to the famous challenge set by Nelson Mandela, at the inaugural Laureus World Sports Awards. Richemont and its partners accepted the challenge and have worked tirelessly ever since.

Laureus has helped change the lives of more than 5.9 million young people in 20 years. In 2019 alone:

- 319 000 children and young people had access to safe inclusive spaces through the programmes supported by Laureus. For at least half of these, this has meant taking them away from violent and abusive environments and helping to create a stronger sense of belonging for many who felt excluded and discriminated against;
- 135 000 gained valuable life, social and vocational skills through their participation in programmes. This helped them on a trajectory to a range of positive outcomes, such as increased confidence and resilience, and strengthened their ability to cope with difficulties, allowing them to make informed decisions about future employment and careers; and
- more than 60 000 young people engaged with programmes explicitly aimed at ending violence against girls and young women, empowering many to step up as leaders in their communities.

Spanish football legend Raul tries a new sport, learning martial arts with youth from an underserved community in the Bronx, New York City

Sometimes people ask "why sport?" The answer is a simple one. Richemont believes in President Mandela's famous words: "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."

When considered alongside Richemont and Our Maisons™' various 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 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 license agreements with Maisons to allow the creation of Laureus-themed products.

For example, IWC Schaffhausen's annual, limited edition Laureus watch features a design drawn by one of the hundreds of thousands of children supported by Laureus each year. This creates a connection all the way from the kids benefiting from the programmes, through Laureus, the Maison and the legendary sportsmen and sportswomen who support Laureus' work all the way to IWC's customers who buy these beautiful watches each year.

Richemont employees have even been involved in a wide range of fundraising activities themselves, from running marathons to trekking 100km through the Drakensberg mountains in South Africa, to personally raise funds to support Laureus' work.

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, Chairman, and Franco Cologni, Executive Vice Chairman. Its guiding principles are the promotion of craftsmanship and artisans and the transmission of skills and knowledge to bridge them into the future.

In 2019 the Foundation moved its premises to the heart of Geneva, to a historical building shared with the Fondation de la Haute Horlogerie, re named Arcades des Arts. This emblematic 1843 building also encompasses a space to host exhibitions, events and presentations to promote the culture of fine craftsmanship, fine watchmaking and design. The first exhibition, developed in partnership with the Fondation de la Haute Horlogerie, was unveiled in January 2020: entitled Singular Talents, it showcased 15 unique artisanal skills in Switzerland and Europe, narrated through an immersive video installation. A calendar of exhibitions and events is already being developed.

Inside Arcades des Arts, Geneva

The Foundation also undertook a digital project, the Homo Faber Guide, which debuts in 2020. Created in collaboration with its European network of like minded institutions, the Guide is a dynamic, inspiring platform to discover the best craftsmen and craftswomen in Europe, highlighting interactive experiences and presenting ateliers, museums and galleries under the scope of exceptional craftsmanship. The Guide's ambition is to have all the European countries fully covered by 2021.

Transmission of skills and knowledge has been implemented in 2019/20 with a new summer school programme that allows selected young artisans and designers to take part in intensive short courses staged by the Foundation's network around Europe, and was a major success.

2020 should have been the year of the second edition of 'Homo Faber: Crafting a more human future', the ground breaking cultural exhibition dedicated to the best of European craftsmanship. The worldwide pandemic has led the foundation to postpone the event to September 2021, for the safety and well-being of its community. Likewise, the fifth edition of the exhibition 'Doppia Firma', the dialogue between design and artisanal excellence staged in Milan during the Salone del Mobile, will now take place in 2021.

Our mission is one that is lived out every day through encouraging, enabling and valuing the humans, the hands, the hearts and the minds behind each creative process and new creation. Craftspeople are the driving force behind our cultural movement, and it is in them we continue to place our faith. We look forward to celebrating with them and all our community, a newfound respect for the human spirit and resilience.

For more information, go to www.michelangelofoundation.org or www.homofaberevent.com or www.homofaberguide.com

Board of Directors




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.

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 Ethics Sub-Committee, a sub Committee of the Audit Committee, the Strategic Security and Compensation Committees and is a member of the Audit and Nominations Committees.

He holds a Master 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. Sophie Guieysse
Group Human Resources Director
French, born 1963

Ms Sophie Guieysse is the Group Human Resources Director and was appointed to the Senior Executive Committee in October 2017 and to the Board in September 2018.

Ms Guieysse is a graduate from the Ecole Polytechnique, the Ecole Nationale des Ponts et Chaussées and holds an MBA from the Collège des Ingénieurs. Ms Guieysse began her career holding operational functions at a number of French Ministries. From 1997 until 2005, she held various human resources roles at LVMH. Her ultimate role there was as Director of Human Resources of the LVMH group. In 2005, Ms Guieysse joined Canal+ group where she spent ten years as Human Resources Director and a member of the Executive Committee. Since 2016, Ms Guieysse has been advising Dior on the future of luxury in a connected world.

Ms Guieysse serves on the Board of Directors of Maisons du Monde and is Chairman of its Nominations and Compensation Committees. In addition, Ms Guieysse is a member of the Remuneration Committee of the Paris 2024 Olympic Games Organising Committee and of the 2023 Rugby World Cup Organising Committee.

10. 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.

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.

11. Ruggero Magnoni continued

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, 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 Committee and the Strategic Security Committee.

He holds a BA in Criminal Justice from Gonzaga University.

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 U.S. Department of Homeland Security Advisory Council, 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').

Board of Directors continued

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 Samskip hf.

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 Ethics Sub-Committee, a sub Committee of the Audit Committee, the Audit, Compensation and Nominations Committees.

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 President of Quadrant Management Inc.

15. Alan Quasha continued

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

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) as Group Chief Executive in March 2009, 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 2007 to 2009, and Remgro Limited from 2008 to 2009.

Ms Ramos currently serves on the boards of AngloGold Ashanti Ltd, Public Investment Corporation ('PIC') and The Saudi British Bank, since 2019. She is a member of the Group of Thirty and currently co-chairs the United Nations Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals. She also serves as a member of the International Advisory Board of the Blavatnik School of Government, Oxford University.

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.

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.

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).

On 1 January 2016, he was appointed Chief Executive Officer of Cartier. Prior to his new 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

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') and its committees. They adhere to the recommendations of 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 ('FMIA') and its implementing ordinances, as well as the 'Minder' Ordinance on Excessive Compensation of 20 November 2013 ('OEC'), 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, it 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, Nominations and Strategic Security Committees of the Board. The Articles and the Organisational Regulations are available on the Group's website at www.richemont.com/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, CH-1293 Bellevue, Geneva.

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 34 (for note 34 see page 116 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 130 of this report).

Significant shareholders

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. 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 2020, there were no other significant shareholders in the Company, i.e. with at least 3% of the voting rights. No disclosure notifications were published during the year under review. Disclosure notifications by significant shareholders of the Company can be viewed on the SIX Swiss Exchange's website at www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

Cross-shareholdings

Richemont does not hold an interest in any company which is itself a 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. The issued capital amounts to CHF 574 200 000. Further details are given in note 19 to the Group’s consolidated financial statements (for note 19 see page 102 of this report).

Authorised and conditional capital

The Company does not have any authorised or conditional share capital.

Changes in capital

During the three-year period preceding the period ended 31 March 2020, 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 19 (for note 19 see page 102 of this report).

Shares and depository receipts

Shares

Richemont ‘A’ registered shares are listed and traded on the SIX Swiss Exchange. The ‘B’ registered shares are not listed and are held by Compagnie Financière Rupert, as detailed above. Each ‘A’ registered share has a par value of CHF 1.00 and each ‘B’ registered share has a par value of CHF 0.10.

At 31 March 2020, Richemont’s market capitalisation, based on a closing price of CHF 53.06 per share and a total of 522 000 000 ‘A’ shares in issue, was CHF 27 697 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 30 467 million.

During the year under review, the highest closing price of the ‘A’ share was CHF 87.44 on 19 July 2019, and the lowest closing price of the ‘A’ share was CHF 44.64 on 16 March 2020.

The ISIN of Richemont registered ‘A’ shares is CH0210483332 and the Swiss ‘Valorennummer’ is 21048333.

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

For Article 7 see: www.richemont.com/articles-of-incorporation

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 holders of the ‘A’ shares.

In respect of the financial year ended 31 March 2020, an ordinary dividend of CHF 1.00 per ‘A’ share and CHF 0.10 per ‘B’ share has been proposed for approval by the shareholders in September 2020. During the year under review, the shareholders approved a dividend of CHF 2.00 per ‘A’ share and CHF 0.20 per ‘B’ share.

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 Richemont ‘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 on 26 March 2014.

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 2020, Richemont Securities held 66 600 769 ‘A’ shares in safe custody in respect of the DRs in issue. This amount represents some 13% 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.

Share buy-back programmes

Over the course of the preceding 20-year period ended 31 March 2019, 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 stock 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 2020 was 9 118 662 ‘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 stock option plan. Richemont’s strategy is to maintain a hedge ratio of at least 90% of the commitments arising under the Group’s stock option plan. The programme received the requisite approvals from the Swiss Takeover Board and Richemont undertakes to publish transactions on its website in accordance with those approvals.

Corporate governance continued

Details of the Group's stock option plan are set out in the Compensation report from page 57 and in note 31 to the Group's consolidated financial statements (for note 31 see page 113 of this report). The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of stock options granted to executives is set out in note 27 (for note 27 see page 110 of this report).

When 'A' shares are bought back, a reserve for treasury shares, equal to the cost value of the shares purchased in the market, is established as an element of shareholders' equity in the Group's consolidated statement of financial position. As shares are sold as a consequence of the exercise of options by executives, the reserve is correspondingly reduced. Details are given in note 19 (for note 19 see page 102 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 ('ISA'). 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 ISA. 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/articles-of-incorporation

Convertible bonds and options
As at 31 March 2020, there are no convertible bonds or options issued by the Company other than the stock options issued in the context of the Group's stock option plan. The details of the Group's stock option plan are set out in the Compensation report from page 57 and in note 31 to the Group's consolidated financial statements (for note 31 see page 113 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: www.richemont.com/company-regulations

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.

The introduction to this section provides commentary about the composition of the Board's membership and the qualities of its members. As at 31 March 2020, ten nationalities are currently represented on the Board, which was composed of six executive directors and 14 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 41 to 45.

There was no change in the Board's composition during the year under review.

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 five 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 41 to 45.

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/articles-of-incorporation

Elections and terms of office
The Chairman of the Board, the members of the Board, the members of the Compensation Committee and the Independent Representative shall be elected individually by the general meeting of shareholders. They shall serve for a term of one year, until the next AGM and shall be 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 Nominations Committee; and a Strategic Security Committee. The current composition of these Committees is indicated below and in the biographical notes on Board members that may be found on pages 41 to 45. In addition to these four Board Committees, the Company's executive directors are members of the Senior Executive Committee ('SEC').

Each Board Committee has its own written Charter 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, four meetings took place. The Chief Finance Officer attended all meetings. The Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditor, attended three meetings. The Committee has met in camera with the internal auditor and the external auditor during each of these three meetings. Further, other managers have also 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 Audit Committee established, with the approval of the Board, an Ethics Sub-Committee reporting to the Audit Committee. The purpose of the Ethics Sub-Committee is, 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.

Corporate governance continued

The two Audit Committee members who are members of the sub-committee are: Messrs Clay Brendish (Chairman) and Guillaume Pictet.

Other participants attend by invitation in order to brief the Committee or to facilitate its review of a particular matter.

The Committee shall meet a minimum of two times per annum.

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. Meetings of the Committee are held as necessary but at least three per annum and typically last one to two hours. During the year under review, the Committee met on four occasions and invited other managers or external advisors four 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, three 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 five 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.

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	Nominations Committee	Strategic Security Committee
Number of meetings	5	4	4	3	5
Johann Rupert	5	–	3	3	–
Josua Malherbe	5	4	–	3	5
Nikesh Arora	4	–	–	2	–
Nicolas Bos	5	–	–	–	–
Clay Brendish	5	4	4	3	5
Jean-Blaise Eckert	5	4	–	3	–
Burkhart Grund	5	4	2	–	1
Sophie Guieysse	5	–	4	–	–
Keyu Jin	5	–	4	3	–
Jérôme Lambert	5	3	4	–	5
Ruggero Magnoni	5	4	–	3	–
Jeff Moss	5	–	–	3	5
Vesna Nevistic	5	4	–	3	–
Guillaume Pictet	5	4	4	3	–
Alan Quasha	4	–	–	2	–
Maria Ramos	5	–	4	3	–
Anton Rupert	5	–	–	3	5
Jan Rupert	5	–	–	3	5
Gary Saage	5	4	4	3	5
Cyrille Vigneron	5	–	–	–	–

Corporate governance continued

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 potentially prevent the Group from achieving its strategic objectives. To ensure that risks are identified and mitigated the Company has a risk management process which gives consideration to both strategic and operational risks ('Key Risks'). These Key Risks are identified through discussions with senior executives throughout the Group 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 in order to cope with disruptive competitive market forces, by identifying new growth opportunities. Compliance risks are continuing to rise, 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 & corruption, anti-money laundering, international sanctions, anti-trust and competition, cybersecurity & data privacy, labour & employment and product/trade & sourcing. The Company has established a Legal & 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 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; Ms Sophie Guieysse, the Group Human Resources Director; Mr Emmanuel Perrin, the Head of Specialist Watchmakers Distribution; and until 26 October 2019, Mr Eric Vallat, the Head 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 23 times.

For section 3.1 of the Organisational Regulations see: www.richemont.com/company-regulations

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/articles-of-incorporation

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 57.

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 the following year's general meeting.

There is no limit on the number of shares that may be held by any given party. 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/articles-of-incorporation

Richemont '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 nominal 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. In accordance with Swiss company law, certain resolutions, notably those relating to the objects 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 will be 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/articles-of-incorporation

Corporate governance continued

Convocation of the general meeting of shareholders and inclusions of items on the agenda
The AGM, in respect of the financial year ended 31 March 2020, will be held on 9 September 2020 at the Four Seasons Hotel des Bergues, Geneva. However, it is to be noted that the Company is constantly monitoring developments regarding the coronavirus or Covid-19 and preparing in the event any changes for our annual meeting are necessary or appropriate. If we decide to make any change, such as to the date or location or that participants exclusively exercise their rights in writing or by electronic means, or through an independent representative appointed by the Company, we will announce the change in advance and post details, including instructions on how shareholders can participate, in our notice and on our 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 nominal 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 Financial Market Infrastructures Act of 19 June 2015 ('FMIA') 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 FMIA, 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 2019 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 € 11.3 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 0.9 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 13 May 2020 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.

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 www.richemont.com/company-announcements

Copies of the annual and interim reports, results announcements, trading statements, ad hoc announcements and the corporate social responsibility report may also be downloaded from the Richemont website. 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 governance continued

Corporate calendar

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

Next events	Date
CSR report publication	mid-July 2020
Trading update for the quarter ended 30 June 2020	16 July 2020
Annual General Meeting	9 September 2020
Interim results announcement	November 2020
Interim results presentation	November 2020
Interim report publication (web version only)	November 2020
Trading update for the quarter ended 31 December 2020	January 2021

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 2020.

Over the past year, the Committee has worked closely with Group management to further improve the compensation framework, including the introduction of a new long-term incentive plan. This Restricted Share Unit plan allows for the award of share units to employees, who receive the equivalent number of CFR shares following the vesting period. For the Group's most senior executives, the vesting of these units is dependent on certain pre-defined performance criteria (Performance Share Unit plan, or 'PSU'). This new plan further serves to align management compensation to shareholder returns, a key part of the Group's remuneration strategy.

Structures in place for the remuneration of the Group's executives and employees remain under continual review by the Committee, in order to ensure that executives are remunerated fairly and in line with the Group's strategic objectives. Incentivising creativity and long-term value creation becomes ever more important in the current difficult economic climate, and the Committee remains dedicated to ensuring that these principles are appropriately applied.

In the past months, the Committee has worked closely with Group management with regards to the impact of the current Covid-19 outbreak on the Group's compensation arrangements, and particularly on the implementation of measures to ensure that the consequences are shared fairly at all levels of the organisation. Amongst other measures, the Senior Executive Committee has agreed to a temporary reduction in fixed salary and a reduction in short-term incentives for the year ended 31 March 2020. Fees due to non-executive members of the Board of Directors will also be reduced.

At the AGM in September 2019, 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 2019 AGM to the 2020 AGM; the maximum amount of fixed Senior Executive Committee compensation for the 2021 financial year and the variable compensation of the Senior Executive Committee for the 2019 financial year. The actual compensation paid to the Board for the period from the 2018 AGM to the 2019 AGM and to the Senior Executive Committee with respect to fixed compensation for the 2020 financial year was in line with 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 66 to 68 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

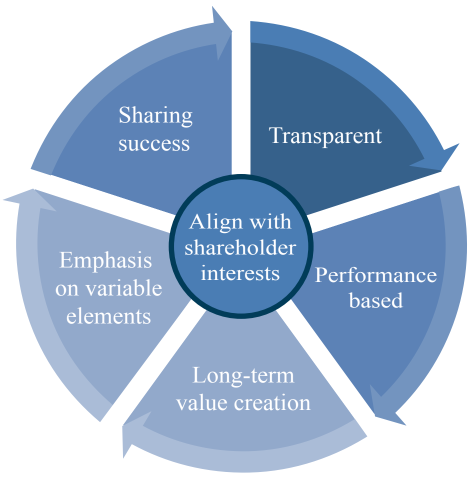
Compensation report continued

Contents

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 will comprise 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 within the Maisons.

The remuneration of each Senior Executive is dependent on performance against certain, pre-defined 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.
- 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 sub-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 to ensure that retention and motivation are in place to support the Group's long-term succession planning.

The Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the Senior Executive Committee. For all other members of senior management, the recommendations of management are also considered. 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.

Members of the Committee are appointed by the shareholders of the Company for a term of one year. During the year ended 31 March 2020, 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. The Group Chief Executive Officer, Group Human Resources Director and (from February 2020) Group Chief Finance Officer attend all 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. • Accelerated vesting of share options 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 on 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 2020	0.7 million share options were granted at strike price of CHF 82.86 Total award was reviewed and approved by the Committee, as were individual awards to Senior Executive Committee members

Restricted and Performance Share Unit plan

During the year ended 31 March 2020, the Group introduced a new Restricted Share Unit ('RSU') plan. Under this 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 a 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 on 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 2020	1.4 million RSU and PSU were granted. Total award was reviewed and approved by the Committee, as were individual awards to Senior Executive Committee members

Compensation report continued

The number of PSU awards made in 2020 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. 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 vest after three years, with the option for payment to be deferred by one year under certain circumstances. The executive receives 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. EBITA is equal to the Maison's operating profit before depreciation and amortisation charges.

The cash payout made in July 2019 to Maison senior executives reflects the performance of the Maison during the three-year period from March 2016 to March 2019, 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 will be deferred by one year, as a result of the current Covid-19 outbreak and related disruption to the Group's activities.

4. Compensation of the Board of 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 no variable compensation was awarded.

During the year under review, compensation awarded to the Chairman was as follows:

	Financial year to	
	31 March 2020 CHF	31 March 2019 CHF
Fixed annual retainer	**2 700 000**	1 350 000
Pension contributions	–	1 350 000
Total	**2 700 000**	2 700 000

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.

Non-executive directors who are also members of the Audit Committee, the Ethics sub-committee, the Compensation Committee or the Strategic Security Committee 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

The amounts above may be paid in local currency equivalents.

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. 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)	2 700 000	–	393 068	**3 093 068**	2 700 000
Non-executive directors	3 307 123	1 412 500	112 665	**4 832 288**	4 914 302
Total	6 007 123	1 412 500	505 733	**7 925 356**	7 614 302

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.

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 2020 to AGM 2021. Compared to the amount approved in the prior year, the remuneration of the Board of Directors is expected to reduce, following the decision to reduce both consulting fees and attendance fees for meetings of the Board of Directors.

5. Compensation of the Senior Executive Committee

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

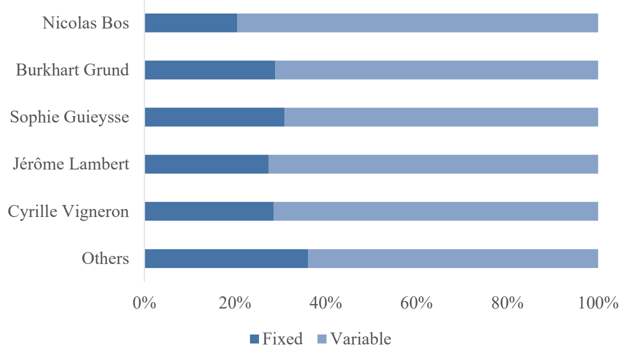
Senior Executive Committee	
Nicolas Bos	President & Chief Executive Officer, Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse	Group Human Resources Director
Jérôme Lambert	Group Chief Executive Officer
Emmanuel Perrin	Head Specialist Watchmakers Distribution
Cyrille Vigneron	President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

1. Until 26 October 2019.

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 2020 was as follows:

Variable compensation as a percentage of total



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.

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 853 200.

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 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. The impact of the Covid-19 outbreak on results for the year has therefore reduced the percentage achievement of quantitative objectives. The qualitative component is assessed on performance against both individual and collective strategic targets, measuring the contribution to creativity, team-building and succession-planning, among other elements.

The total incentive awards achieved represented on average 56% of base salary. The individual figures for the Group's executive directors are as follows:

	Quantitative (% of salary)		Qualitative (% of salary)		Total (% of salary)	
	Target	Achieved	Target	Achieved	Target	Achieved
Nicolas Bos	*41%*	37%	*34%*	38%	*75%*	75%
Burkhart Grund	*41%*	12%	*34%*	36%	*75%*	48%
Sophie Guieysse	*41%*	12%	*34%*	35%	*75%*	47%
Jérôme Lambert	*41%*	12%	*34%*	34%	*75%*	46%
Cyrille Vigneron	*41%*	29%	*34%*	32%	*75%*	61%

Given the current outbreak of Covid-19, which has resulted in significant disruption to the Group's operations, and to ensure that the impact of these disruptions is shared fairly at all levels within the Group, short-term incentives paid to members of the senior executive committee for the year ended 31 March 2020 have been further reduced.

Compensation report continued

Change in presentation of short-term incentives

During the year ended 31 March 2020, the Committee decided to change the way in which short-term incentives are disclosed in the Compensation report, to better align disclosures to the period under review. The Compensation summary (page 66) includes short-term incentives awarded for performance in the period covered by the Compensation report, being the year ended 31 March 2020. These awards will be proposed to shareholders for retrospective approval at the next AGM.

The comparative period presents short-term incentives on a cash paid basis, meaning those paid in May 2018 for performance in the period April 2017 to March 2018.

The following table summarises short-term incentives paid in May 2019 for performance in the period April 2018 to March 2019:

	CHF
Nicolas Bos	**1 610 351**
Burkhart Grund	**1 209 375**
Sophie Guieysse	**461 250**
Jérôme Lambert	**1 440 972**
Cyrille Vigneron	**1 398 600**
Other SEC members	**1 931 660**
Total	**8 052 208**

As these incentives have not yet been subject to shareholder approval, they will be included in the resolution proposed to shareholders at the next AGM.

The impact of the change on disclosures and AGM resolutions is illustrated below:

Short-term incentives awarded for performance in the period:	Compensation report	Shareholder approval
April 2017 – March 2018	2018/19	Sept 2019
April 2018 – March 2019	*	Sept 2020
April 2019 – March 2020	2019/20	Sept 2020

** disclosed in Compensation report 2019/20 but not included in summary tables on page 64*

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 PSUs 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.

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 3.1 million and of PSU was CHF 18.3 million. There may also be a cash outflow on grant, as the Group repurchases its own shares 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 June 2019, which for one member subsequently lapsed on departure from the Group. Based on the fair value at grant dates, the value of these awards to the remaining six members of the Senior Executive Committee was as follows:

	Options awarded	PSU awarded	Total IFRS value (CHF)	Multiple of base salary
Nicolas Bos	32 013	43 208	3 783 914	227%
Burkhart Grund	27 582	40 549	3 507 593	234%
Sophie Guieysse	13 791	20 275	1 753 834	234%
Jérôme Lambert	34 937	47 629	4 164 872	219%
Cyrille Vigneron	33 571	46 809	4 079 666	227%
Other SEC members	33 954	47 039	4 103 562	216%

Details of options held by members of the Board and the Senior Executive Committee under the Group's share option plan at 31 March 2020 were as follows:

	1 April 2019	Granted number of options	Exercised	Lapsed	31 March 2020	Average grant price CHF	Earliest exercise period
Nicolas Bos	215 000	32 013			**247 013**	84.84	July 2020
Burkhart Grund	240 000	27 582	20 000		**247 582**	80.96	July 2020
Sophie Guieysse	45 000	13 791			**58 791**	89.86	July 2021
Jérôme Lambert	225 000	34 937			**259 937**	85.10	July 2020
Gary Saage	855 000		140 000		**715 000**	77.33	Apr 2020
Cyrille Vigneron	250 000	33 571			**283 571**	84.68	July 2020
Other SEC members	243 333	40 371	29 999	26 417	**227 288**	84.70	July 2020
	2 073 333	182 265	189 999	26 417	**2 039 182**		

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

Other payments

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 Maison executives at that time. The total cash payments made were CHF 2.2 million, CHF 0.4 million and CHF 0.5 million respectively. These payments reflect the performance of the Maisons over the three-year period from 2016 to 2019.

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
Senior Executive Committee							
Nicolas Bos	1 686 296	114 799	3 220 000	3 783 914	404 148	**9 209 157**	4 893 359
Burkhart Grund	1 521 576	113 180	542 000	3 507 593	346 148	**6 030 497**	5 394 647
Sophie Guieysse	809 615	93 818	266 000	1 753 834	133 764	**3 057 031**	1 943 620
Jérôme Lambert	2 005 684	112 947	1 442 000	4 164 872	332 902	**8 058 405**	5 394 202
Cyrille Vigneron	1 834 015	114 834	826 000	4 079 666	326 030	**7 180 545**	5 557 083
Other	2 402 590	272 002	636 000	4 103 562	437 293	**7 851 447**	7 289 116
Total	10 259 776	821 580	6 932 000	21 393 441	1 980 285	**41 387 082**	30 472 027

Changes in the level of compensation awarded to members of the Senior Executive Committee reflect an increase in the grant date fair value of long-term awards and the related employer's social security.

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 2022. 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 2020, as follows.

	CHF
Variable remuneration for the year to 31 March 2020	
Short-term incentives for the year ended 31 March 2019	**8 052 208**
Short-term incentives for the year ended 31 March 2020	**6 932 000**
Long-term incentive awards	**21 393 441**
Employer's social security	**1 955 859**
Total	**38 333 508**

Compared to the prior year, changes in the total amount of variable compensation are due to increases in the number of share options and PSU, which were awarded in July 2019, as well as the change in presentation method described above.

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, Lenz & Staehelin, Mercer and Willis Towers Watson. None of these firms received any additional remuneration-related mandates from those consultations, with the exception of Mercer and Willis Towers Watson which participated in the benchmarking process; however, Lenz & Staehelin also received fees for legal and tax advice (see page 68). 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 116 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 2020 – AGM 2021
Senior Executive Committee	
Fixed compensation	April 2021 – March 2022
Variable compensation	April 2019 – March 2020

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
Burkhart Grund	Chief Finance Officer
Sophie Guieysse	Group Human Resources Director
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 Head of Fashion & Accessories, Eric Vallat, also served as a member of the Senior Executive Committee for the period to 26 October 2019.

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 7 925 356 and CHF 41 387 082 respectively, including pension contributions, benefits in kind and all other aspects of compensation. The highest paid executive was Nicolas Bos, with a total compensation of CHF 9 209 157.

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

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: accruals basis (prior year: cash paid basis). Had the prior year comparatives been prepared on the accruals basis, total short-term incentives would have been CHF 8 052 208 (reported basis: CHF 7 647 474 million) and total Senior Executive Committee compensation would have been CHF 30 876 761 (reported basis: CHF 30 472 027 million).
- 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 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 CHF	Share-based awards[1] CHF	Social security cost[4] CHF	Total CHF
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	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	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. Long-term benefits and share-based compensation is recognised at the total fair value at the date of the award. Details of the share-based compensation valuation model and significant inputs to this model are found in note 31.

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.

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

Compensation for the financial year to 31 March 2019

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Post-employment benefits CHF	Social security cost[4] CHF	Total CHF
Board of Directors						
Johann Rupert	1 350 000	–	–	1 350 000	–	**2 700 000**
Josua Malherbe	306 000	–	–	–	25 487	**331 487**
Nikesh Arora	181 000	1 000 000	–	–	–	**1 181 000**
Clay Brendish	390 000	–	–	–	–	**390 000**
Jean-Blaise Eckert	270 000	–	–	–	–	**270 000**
Keyu Jin	245 000	–	–	–	–	**245 000**
Ruggero Magnoni[2]	–	–	–	–	–	**–**
Jeff Moss	265 000	–	–	–	–	**265 000**
Vesna Nevistic	255 000	–	–	–	–	**255 000**
Guillaume Pictet	310 000	–	–	–	22 067	**332 067**
Alan Quasha	206 000	–	–	–	–	**206 000**
Maria Ramos	227 000	–	–	–	18 914	**245 914**
Anton Rupert[2]	–	–	–	–	–	**–**
Jan Rupert	265 000	–	–	–	22 076	**287 076**
Gary Saage	224 749	637 500	27 677	–	15 832	**905 758**
Total	4 494 749	1 637 500	27 677	1 350 000	104 376	**7 614 302**

	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
Senior Executive Committee						
Nicolas Bos[3]	1 526 017	112 692	1 182 449	1 743 300	328 901	**4 893 359**
Burkhart Grund	1 518 763	110 459	1 766 000	1 743 300	256 125	**5 394 647**
Sophie Guieysse	670 906	75 831	250 000	871 650	75 233	**1 943 620**
Jérôme Lambert[3]	1 857 923	110 280	1 238 000	1 937 000	250 999	**5 394 202**
Cyrille Vigneron	1 845 549	114 644	1 440 000	1 937 000	219 890	**5 557 083**
Other SEC members	2 557 125	291 254	1 771 025	2 324 400	345 312	**7 289 116**
Total	9 976 283	815 160	7 647 474	10 556 650	1 476 460	**30 472 027**
Total compensation						**38 086 329**

1. Long-term benefits and share-based compensation is recognised at the total fair value at the date of the award. Details of the share-based compensation valuation model and significant inputs to this model are found in note 31.

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 2019, Mr Nicolas Bos, Mr Jérôme Lambert and Mr Burkhart Grund also received a cash payout as a result of a long-term incentive award made in 2015 as compensation for their positions as brand executives at that time.

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

5. See page 62 for details of the short-term incentive accrued in relation to the year ended 31 March 2019.

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 0.8 million and CHF 0.6 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 0.5 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.3 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 a recent Group transaction, M&M Capital Limited, a company in which Mr Ruggero Magnoni is Chairman and shareholder, received a fee of CHF 2.5 million.

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 5 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 2020, 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 66 to 68 of the accompanying remuneration report of Compagnie Financière Richemont SA for the year ended 31 March 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration 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 remuneration 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 remuneration 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 remuneration 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 remuneration 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 remuneration 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 remuneration report of Compagnie Financière Richemont SA for the year ended 31 March 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Guillaume Nayet	Mario Berckmoes
Audit expert Auditor in charge	Audit expert

Geneva, 14 May 2020

Consolidated financial statements

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 2020. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2020 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 141 to 145.

Further information on the Group's activities during the year under review is given in the financial review on pages 30 to 35.

Consolidated financial statements

Company financial statements

Consolidated balance sheet
at 31 March

	Notes	2020 €m	2019 €m
Assets			
Non-current assets			
Property, plant and equipment	*7*	**2 774**	2 728
Goodwill	*8*	**3 465**	3 354
Other intangible assets	*9*	**2 623**	2 757
Right of use assets	*10*	**3 164**	–
Investment property	*11*	**282**	282
Equity-accounted investments	*12*	**180**	182
Deferred income tax assets	*13*	**600**	594
Financial assets held at fair value through profit or loss		**10**	10
Financial assets held at fair value through other comprehensive income		**115**	378
Other non-current assets	*14*	**447**	476
		13 660	10 761
Current assets			
Inventories	*15*	**6 658**	6 186
Trade receivables and other current assets	*16*	**1 246**	1 470
Derivative financial instruments	*17*	**44**	15
Financial assets held at fair value through profit or loss		**4 362**	4 528
Assets held for sale	*37*	**29**	19
Cash at bank and on hand	*18*	**4 462**	5 060
		16 801	17 278
Total assets		**30 461**	28 039
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	*19*	**334**	334
Treasury shares	*19*	**(539)**	(560)
Hedge and share option reserves	*19*	**368**	324
Cumulative translation adjustment reserve		**3 133**	2 564
Retained earnings	*19*	**13 840**	14 289
		17 136	16 951
Non-controlling interests	*41*	**123**	88
Total equity		**17 259**	17 039
Liabilities			
Non-current liabilities			
Borrowings	*20*	**3 951**	3 984
Lease liabilities	*10*	**2 702**	–
Deferred income tax liabilities	*13*	**351**	358
Employee benefit obligations	*21*	**168**	66
Provisions	*22*	**56**	65
Other long-term financial liabilities	*23*	**99**	224
		7 327	4 697
Current liabilities			
Trade payables and other current liabilities	*24*	**2 047**	2 341
Current income tax liabilities		**446**	515
Borrowings	*20*	**1**	363
Lease liabilities	*10*	**612**	–
Derivative financial instruments	*17*	**30**	84
Provisions	*22*	**262**	287
Bank overdraft	*18*	**2 477**	2 713
		5 875	6 303
Total liabilities		**13 202**	11 000
Total equity and liabilities		**30 461**	28 039

The notes on pages 76 to 132 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 March

	Notes	2020 €m	2019 €m
Revenue	*6*	**14 238**	13 989
Cost of sales		**(5 627)**	(5 344)
Gross profit		**8 611**	8 645
Selling and distribution expenses		**(3 512)**	(3 433)
Communication expenses		**(1 415)**	(1 338)
Fulfilment expenses		**(352)**	(229)
Administrative expenses		**(1 560)**	(1 422)
Other operating expenses	*25*	**(254)**	(280)
Operating profit		**1 518**	1 943
Finance costs	*28*	**(504)**	(294)
Finance income	*28*	**167**	111
Share of post-tax results of equity-accounted investments	*12*	**17**	1 408
Profit before taxation		**1 198**	3 168
Taxation	*13*	**(267)**	(381)
Profit for the year		**931**	2 787
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial (losses)/gains	*21*	**(81)**	15
Tax on defined benefit plan actuarial (losses)/gains	*13*	**10**	(3)
Fair value changes on financial assets held at fair value through other comprehensive income		**(272)**	(72)
Share of other comprehensive income of equity-accounted investments	*12*	**–**	–
		(343)	(60)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the year		**568**	670
– reclassification to profit or loss		**–**	3
Cash flow hedging			
– reclassification to profit or loss, net of tax		**3**	3
Share of other comprehensive income of equity-accounted investments	*12*	**–**	1
		571	677
Other comprehensive income, net of tax		**228**	617
Total comprehensive income		**1 159**	3 404
Profit attributable to:			
Owners of the parent company		**933**	2 784
Non-controlling interests		**(2)**	3
		931	2 787
Total comprehensive income attributable to:			
Owners of the parent company		**1 162**	3 400
Non-controlling interests		**(3)**	4
		1 159	3 404
Earnings per ‘A’ share/10 ‘B’ shares attributable to owners of the parent company during the year (expressed in € per share)			
From profit for the year			
Basic	*29*	**1.651**	4.934
Diluted	*29*	**1.646**	4.927

The notes on pages 76 to 132 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March

		Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Notes	Share capital €m	Treasury shares €m	Other reserves €m	Cumulative translation adjustment reserve €m	Retained earnings €m	Total €m	€m	€m
Balance at 1 April 2018		334	(520)	302	1 892	12 623	14 631	7	14 638
Comprehensive income									
Profit for the year		–	–	–	–	2 784	2 784	3	2 787
Other comprehensive income		–	–	3	672	(59)	616	1	617
		–	–	3	672	2 725	3 400	4	3 404
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*19*	–	(40)	–	–	(34)	(74)	–	(74)
Employee share option plan		–	–	24	–	–	24	–	24
Tax on share option plan	*13*	–	–	(5)	–	–	(5)	–	(5)
Changes in non-controlling interests		–	–	–	–	(99)	(99)	77	(22)
Dividends paid	*30*	–	–	–	–	(926)	(926)	–	(926)
		–	(40)	19	–	(1 059)	(1 080)	77	(1 003)
Balance at 31 March 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	*19*	**–**	**21**	**–**	**–**	**(8)**	**13**	**–**	**13**
Employee share option plan		**–**	**–**	**41**	**–**	**–**	**41**	**–**	**41**
Tax on share option plan	*13*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Changes in non-controlling interests		**–**	**–**	**–**	**–**	**5**	**5**	**38**	**43**
Initial recognition of put options over non-controlling interests		**–**	**–**	**–**	**–**	**(19)**	**(19)**	**–**	**(19)**
Dividends paid	*30*	**–**	**–**	**–**	**–**	**(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**

The notes on pages 76 to 132 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2020 €m	2019 €m
Cash flows from operating activities			
Cash flow generated from operations	*32*	**2 797**	2 331
Interest received		**109**	90
Interest paid		**(181)**	(139)
Dividends from equity-accounted investments	*12*	**3**	37
Dividends from other investments		**15**	13
Taxation paid		**(373)**	(306)
Net cash generated from operating activities		**2 370**	2 026
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*36*	**(245)**	(2 650)
Proceeds from disposal of subsidiary undertakings, net of cash		**–**	(44)
Acquisition of equity-accounted investments		**(1)**	–
Proceeds from disposal of, and capital distributions from, equity-accounted investments		**–**	21
Acquisition of property, plant and equipment		**(570)**	(657)
Proceeds from disposal of property, plant and equipment		**2**	24
Payments capitalised as right of use assets		**(2)**	–
Acquisition of intangible assets		**(165)**	(169)
Proceeds from disposal of intangible assets		**–**	4
Acquisition of investment property		**(4)**	(63)
Investment in money market and externally managed funds		**(8 422)**	(6 177)
Proceeds from disposal of money market and externally managed funds		**8 600**	6 892
Acquisition of other non-current assets and investments		**(30)**	(44)
Proceeds from disposal of other non-current assets and investments		**11**	25
Net cash used in investing activities		**(826)**	(2 838)
Cash flows from financing activities			
Proceeds from borrowings	*33*	**–**	11
Repayment of borrowings	*33*	**(365)**	(323)
Dividends paid		**(1 017)**	(926)
Acquisition of treasury shares		**–**	(180)
Proceeds from sale of treasury shares		**13**	106
Contributions received from non-controlling interests		**34**	57
Acquisition of non-controlling interests in a subsidiary		**–**	(195)
Lease payments – principal	*33*	**(588)**	–
Capital element of finance lease payments	*33*	**–**	(6)
Net cash used in financing activities		**(1 923)**	(1 456)
Net change in cash and cash equivalents		**(379)**	(2 268)
Cash and cash equivalents at the beginning of the year		**2 347**	4 504
Exchange gains/(losses) on cash and cash equivalents		**17**	111
Cash and cash equivalents at the end of the year	*18*	**1 985**	2 347

The notes on pages 76 to 132 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2020

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, Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Panerai, IWC Schaffhausen, Baume & Mercier, Roger Dubuis, YOOX NET-A-PORTER ('YNAP'), Watchfinder, Montblanc, dunhill, Chloé, Peter Millar, Alaïa, Serapian and Purdey.

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 14 May 2020 and are subject to approval at the shareholders' general meeting due to be held on 9 September 2020.

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 IFRSs effective for the financial year ended 31 March 2020 have a material impact on the Group.

IFRS 16, *Leases*

The Group has adopted IFRS 16 for the first time in the year ending 31 March 2020. This standard eliminates the distinction between operating and finance leases for lessees, and results in the recognition of a right of use asset and corresponding lease liabilities for the Group's lease contracts.

The Group has applied the 'modified retrospective' method for transition, according to the provisions of IFRS 16 C5(b), which allows the cumulative effect of transition to be recognised on the date of initial application, being 1 April 2019. For each lease agreement, the right of use asset is measured at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments recorded in the balance sheet immediately prior to initial application. As a result, there is no impact on retained earnings as a result of the adoption of IFRS 16.

Further details of the impact of first time adoption of this standard can be found in note 10.

Amendment to IFRS 3, *Business combinations*

The Group has early adopted the amendments to IFRS 3, *Business combinations* which relate to the definition of a business for the first time in the year ending 31 March 2020.

Certain acquisitions by the Group of the operations of external boutiques and distribution agents no longer fall within the scope of the standard as a result. The amendments are applied prospectively from 1 April 2019. There is no significant impact on the net assets of the Group, nor on its result for the period, as a result of these amendments.

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.

2. Summary of significant accounting policies continued

2.3. Basis of consolidation continued

(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 gives consideration to 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 action 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 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 15.

(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 13.

(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 8.

(d) Impact of the Covid-19 outbreak
At the date of these financial statements, the impact and duration of the current Covid-19 outbreak and the related measures taken to control it, including the likelihood of a global recession, are unknown. In preparing these financial statements, the short-term impact on items such as inventory and sales return provisions has been fully considered. The valuations of financial assets and liabilities carried at fair value reflect inputs at the balance sheet date. In assessing the carrying value of its other non-current assets, the Group has assumed that, despite a significant short-term impact, long-term market conditions remain unchanged, as the timing and scale of the economic impact and luxury market recovery remain uncertain.

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 Cartier, Van Cleef & Arpels and Buccellati.
- **Specialist Watchmakers** – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Panerai, IWC Schaffhausen, Baume & Mercier and Roger Dubuis.
- **Online Distributors** – businesses whose primary activity is the online sale of luxury goods. This group comprises YNAP and Watchfinder.

Buccellati is presented as part of Jewellery Maisons for the first time following its recent acquisition (note 36).

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 Montblanc, dunhill, Chloé, Peter Millar, Alaïa, Serapian, Purdey, 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.

5. Segment information continued

(a) Information on reportable segments continued

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, 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.

Revenue by business area is as follows:

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**

Year to 31 March 2019	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue €m
Revenue						
External revenue	7 082	2 978	2 105	1 824	–	13 989
Inter-segment revenue	1	2	–	57	(60)	–
	7 083	2 980	2 105	1 881	(60)	13 989

The operating result by business area is as follows:

	2020 €m	2019 re-presented €m
Operating result		
Jewellery Maisons	**2 077**	2 229
Specialist Watchmakers	**304**	381
Online Distributors	**(241)**	(99)
Other	**(141)**	(95)
	1 999	2 416
Elimination of internal transactions	**(2)**	2
Impact of valuation adjustments on acquisitions	**(196)**	(173)
Unallocated corporate costs	**(283)**	(302)
Consolidated operating profit before finance and tax	**1 518**	1 943
Finance costs	**(504)**	(294)
Finance income	**167**	111
Share of post-tax results of equity-accounted investments	**17**	1 408
Profit before taxation	**1 198**	3 168
Taxation	**(267)**	(381)
Profit for the year	**931**	2 787

	2020 €m	2019 re-presented €m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	**488**	204
Specialist Watchmakers	**260**	139
Online Distributors	**171**	104
Other	**206**	99
Unallocated	**367**	266
	1 492	812

5. Segment information continued

(a) Information on reportable segments continued

In the year to 31 March 2020 an impairment charge of € 45 million was included in the 'Other' segment (2019: € 1 million).

Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets and inventory adjustments made on acquisition, as presented to the CODM. This change primarily impacts the Online Distributor segments, and results in a reduction of losses for that business area of € 165 million for the prior year. The CODM believes that this presentation provides a better reflection of the underlying financial performance of the Maisons and Online Distributors.

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	2020 €m	2019 €m
Segment assets		
Jewellery Maisons	**3 506**	3 381
Specialist Watchmakers	**1 616**	1 534
Online Distributors	**1 006**	902
Other	**1 050**	1 075
	7 178	6 892
Eliminations	**(17)**	(21)
	7 161	6 871

Total segment assets	**7 161**	6 871
Property, plant and equipment	**2 774**	2 728
Goodwill	**3 465**	3 354
Other intangible assets	**2 623**	2 757
Right of use assets	**3 164**	–
Investment property	**282**	282
Equity-accounted investments	**180**	182
Deferred income tax assets	**600**	594
Financial assets at fair value through profit or loss	**4 372**	4 538
Financial assets at fair value through other comprehensive income	**115**	378
Other non-current assets	**447**	476
Other receivables	**743**	785
Derivative financial instruments	**44**	15
Cash at bank and on hand	**4 462**	5 060
Assets held for sale	**29**	19
Total assets	**30 461**	28 039

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

	2020 €m	2019 €m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**309**	292
Specialist Watchmakers	**99**	107
Online Distributors	**172**	198
Other	**89**	164
Unallocated	**124**	129
	793	890

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:

	2020 €m	2019 €m
Europe	**4 298**	4 118
United Kingdom	**1 024**	879
Germany, Italy and Spain	**1 171**	1 138
France	**739**	772
Switzerland	**464**	482
Other Europe	**900**	847
Middle East and Africa	**930**	929
Asia	**6 204**	6 391
China	**3 085**	3 480
– of which mainland China	***1 797***	*1 571*
– of which Hong Kong SAR and Macau SAR	***1 288***	*1 909*
Japan	**1 212**	1 148
South Korea	**818**	707
Other Asia	**1 089**	1 056
Americas	**2 806**	2 551
United States	**2 457**	2 191
Other Americas	**349**	360
	14 238	13 989

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for online transactions.

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:

	2020 €m	2019 €m
Italy	**4 374**	4 039
United Kingdom	**2 082**	1 917
Switzerland	**1 960**	1 795
United States	**1 152**	385
France	**996**	497
Rest of the world	**2 232**	975
	12 796	9 608

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:

	2020 €m	2019 €m
Jewellery	**5 205**	5 061
Watches	**4 816**	4 930
Clothing	**1 792**	1 553
Leather goods and accessories	**1 415**	1 402
Writing instruments	**383**	414
Other	**627**	629
	14 238	13 989

(d) Major customers

Sales to no single customer represented more than 10% of total revenue.

6. 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.

	2020 €m	2019 €m
Revenue from contracts with customers	**14 195**	13 950
Royalty income	**43**	39
	14 238	13 989

6. Revenue continued

Analysis of revenue by geographical area and by reporting segment is as follows:

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**

Year to 31 March 2019	Asia €m	Europe €m	Americas €m	Japan €m	Middle East and Africa €m	Total €m
Jewellery Maisons	2 974	1 573	1 221	723	592	7 083
Specialist Watchmakers	1 508	829	302	185	156	2 980
Online Distributors	264	1 106	563	85	87	2 105
Other	507	633	488	157	96	1 881
	5 253	4 141	2 574	1 150	931	14 049
Intersegment eliminations	(10)	(23)	(23)	(2)	(2)	(60)
	5 243	4 118	2 551	1 148	929	13 989

7. 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. Assets under construction are not depreciated.

Land is not depreciated.

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2018					
Cost	1 287	780	2 757	171	4 995
Depreciation	(411)	(553)	(1 706)	–	(2 670)
Net book value at 1 April 2018	876	227	1 051	171	2 325
Exchange adjustments	40	10	52	7	109
Acquisition through business combinations	30	52	50	38	170
Additions	33	63	407	155	658
Disposals	(2)	(1)	(26)	(3)	(32)
Depreciation charge	(57)	(63)	(362)	–	(482)
Impairment charge	–	–	(1)	–	(1)
Reclassified to assets held for sale (note 37)	(19)	–	–	–	(19)
Transfers and reclassifications	37	52	80	(169)	–
31 March 2019					
Cost	1 413	950	3 125	199	5 687
Depreciation	(475)	(610)	(1 874)	–	(2 959)
Net book value at 31 March 2019	938	340	1 251	199	2 728

7. 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 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 (note 36)	**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 (note 10)	**(39)**	**–**	**(17)**	**–**	**(56)**
Reclassified to assets held for sale (note 37)	**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**

Land and buildings comprise mainly manufacturing facilities, retail boutiques, offices and distribution centres.

Impairment charges of € 39 million (2019: € 1 million) are included in other expenses.

Committed capital expenditure not reflected in these financial statements amounted to € 23 million at 31 March 2020 (2019: € 35 million).

8. 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 2018	297
Exchange adjustments	18
Goodwill arising on business combinations	3 039
Cost at 31 March 2019	**3 354**
Exchange adjustments	**9**
Goodwill arising on business combinations (note 36)	**103**
Impairment charge	**(1)**
Cost at 31 March 2020	**3 465**

8. 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:

	2020 €m	2019 €m
Jewellery Maisons	**1 135**	1 026
Specialist Watchmakers	**443**	437
Online Distributors	**1 709**	1 713
Other Maisons	**178**	178
	3 465	3 354

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 € 824 million (2019: € 819 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% (2019: 3%) and a terminal growth rate of 2.2% (2019: 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 7.07% (2019: 8.90%).

Goodwill allocated to the YNAP CGU amounts to € 1 549 million (2019: € 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 13% and 24% per annum, or 17% CAGR (2019: 19% CAGR), based on management forecasts and external industry analysis and a terminal growth rate of 2.25% (2019: 3%), with operating 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 8.88% (2019: 9.86%). 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 fair value hierarchy.

A reasonably possible change in key assumptions at 31 March 2020 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 € 486 million. The following reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount.

	Key assumption	Change
Terminal growth	**2.3%**	-0.53 ppt
Discount rate	**8.9%**	+0.49 ppt
Revenue growth (CAGR)	**17.5%**	-0.55 ppt
EBITDA margin	**0.2% - 12.4%**	-2.7%

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 € 688 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.

At 31 March 2020, impairments totalling € 45 million have been identified (2019: € 1 million) arising from three CGUs included within 'Other' for segmental reporting (note 5). This impairment includes € 1 million of goodwill (2019: nil). Following the guidance of IAS 36, the recoverable value has been forecast to be nil. Impairment charges are included in Other operating expenses.

Impairment tests were performed in February 2020 following the Group's well-established impairment testing processes. As mentioned in note 4, the impact of the Covid-19 outbreak, and the related economic impacts, were uncertain at the date of this report and remain so in the period prior to issue; however, the long-term prospects of the luxury industry – including luxury e-commerce – are assumed to remain unchanged. Management has performed additional sensitivity testing on its CGUs based on the assumption of a significant impact in the short-term, with long-term market conditions unchanged, and concluded that in this scenario no further impairment charges were required.

9. 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	5 years
• Software 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 2018					
Cost	215	283	171	201	870
Amortisation	(110)	(150)	(129)	(111)	(500)
Net book value at 1 April 2018	105	133	42	90	370
Exchange adjustments	34	3	3	5	45
Acquisition through business combinations	2 204	6	294	–	2 504
Additions:					
– internally developed	–	–	35	26	61
– other	–	3	105	–	108
Disposals	–	(2)	–	(3)	(5)
Amortisation charge	(146)	(30)	(119)	(31)	(326)
31 March 2019					
Cost	2 455	268	596	218	3 537
Amortisation	(258)	(155)	(236)	(131)	(780)
Net book value at 31 March 2019	2 197	113	360	87	2 757

9. 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 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 (note 36)	**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**

Computer software and related licences include internally generated computer software, whilst internally generated product development costs are included within the total for development costs.

Other intangible assets at 31 March 2020 includes intellectual property-related assets, specifically the trading names ‘NET-A-PORTER’ and ‘YOOX’, which have a carrying value of € 1 610 million (2019: € 1 732 million). The assets have a remaining useful life of 18 years. No other individual intangible assets are material to the Group.

Amortisation of € 23 million (2019: € 32 million) is included in cost of sales; € 25 million (2019: € 28 million) is included in selling and distribution expenses; € 112 million (2019: € 88 million) is included in administration expenses; and € 195 million (2019: € 178 million) is included in other expenses.

Committed capital expenditure not reflected in these financial statements amounted to € 25 million at 31 March 2020 (2019: € 39 million).

10. Leases

The Group adopted IFRS 16, *Leases* for the first time from 1 April 2019. For further details of the adoption of this new standard, refer to note 2.2.

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 12 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.

In the comparative period, the Group applied the requirements of IAS 17, *Leases*.

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 2020 and on the date of initial application 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**
	3 022	**23**	**3 045**
Exchange adjustments	**20**	**–**	**20**
Acquisition through business combinations (note 36)	**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**

'Other assets' includes plant & machinery, fixtures, fittings, tools and equipment.

10. Leases continued

Total lease liabilities at 31 March 2020 and on the date of initial application are as follows:

	31 March 2020 €m	1 April 2019 €m
Non-current lease liabilities	**(2 702)**	(2 631)
Current lease liabilities	**(612)**	(526)
	(3 314)	(3 157)

At 31 March 2020, the maturity of the Group's lease liabilities is as follows:

31 March 2020	Carrying value €m	Contractual cash flows €m
Less than one year	**(612)**	(669)
Between 1-2 years	**(595)**	(650)
Between 2-3 years	**(411)**	(447)
Between 3-4 years	**(346)**	(376)
Between 4-5 years	**(282)**	(306)
More than 5 years	**(1 068)**	(1 238)
	(3 314)	(3 686)

Included within operating profit are the following expenses, which are not reflected in the lease liabilities:

	2020 €m
Short-term leases	**83**
Low-value asset leases	**24**
Variable rental payments	**368**
	475

Interest charges recognised during the period amounted to €74 million (note 28).

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 € 368 million, which represented 32% of the total rental payments made. 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 € 1 129 million.

At 31 March 2020, the Group had commitments totalling € 340 million for lease agreements which had not yet commenced.

10. Leases continued

Transition to IFRS 16

The Group applied the modified retrospective approach, under which the impact of transition to the new standard is recognised on the date of initial application. In applying IFRS 16 for the first time, the Group used the following practical expedients:

- Operating leases with a remaining lease term of less than 12 months as at 1 April 2019 are treated as short-term leases and excluded from the calculation of lease liabilities.
- Initial direct costs were excluded from the measurement of right of use assets at 1 April 2019.
- The Group used hindsight to determine the lease term in cases where the contract contained options to extend or terminate the lease.
- The Group relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review.

The following table illustrates the adjustments made to the opening balance sheet.

	31 March 2019 as reported €m	Adoption of IFRS 16 €m	1 April 2019 post-transition €m
Assets			
Non-current assets			
Property, plant and equipment	**2 728**	**(56)**	**2 672**
Right of use assets	**–**	**3 045**	**3 045**
Deferred income tax assets	**594**	**525**	**1 119**
Other non-current assets	**476**	**(23)**	**453**
Current assets			
Trade receivables and other current assets	**1 470**	**(22)**	**1 448**
Liabilities			
Non-current liabilities			
Borrowings	**3 984**	**(36)**	**3 948**
Lease liabilities	**–**	**2 631**	**2 631**
Deferred income tax liabilities	**358**	**525**	**883**
Provisions	**65**	**(1)**	**64**
Other long-term financial liabilities	**224**	**(141)**	**83**
Current liabilities			
Trade payables and other current liabilities	**2 341**	**(28)**	**2 313**
Borrowings	**363**	**(6)**	**357**
Lease liabilities	**–**	**526**	**526**
Provisions	**287**	**(1)**	**286**

Deferred tax assets and liabilities in the table above are presented gross. As the deferred tax asset and deferred tax liability arising from a lease contract are related to taxes levied by the same tax jurisdiction and within the same legal entity, these amounts are presented net in note 13.

10. Leases continued

On transition, the Group recognised lease liabilities for leases which had previously been classified as operating leases under IAS 17, *Leases*. These liabilities are measured at the present value of the remaining lease payments on the date of initial application, discounted using the incremental borrowing rate on 1 April 2019. The weighted average incremental borrowing rate applied was 2.3%. The reconciliation of opening lease liabilities to lease commitments disclosed in the prior year is as follows:

	€m
Operating lease commitments at 31 March 2019	**3 667**
Short-term leases	**(75)**
Low-value asset leases	**(1)**
Leases committed but not yet commenced at 1 April 2019	**(285)**
Change in determination of lease term	**184**
Impact of discounting	**(382)**
Other	**7**
Lease liability at 1 April 2019	**3 115**
Leases capitalised as finance leases under IAS 17	**42**
Total lease liability at 1 April 2019	**3 157**

11. 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 2018	
Cost	224
Depreciation	(2)
Net book value at 1 April 2018	222
Exchange adjustments	1
Additions:	
– new property	63
Depreciation	(4)
31 March 2019	
Cost	287
Depreciation	(5)
Net book value at 31 March 2019	282

	€m
1 April 2019	
Cost	**287**
Depreciation	**(5)**
Net book value at 1 April 2019	**282**
Exchange adjustments	**–**
Additions:	
– subsequent expenditure	**4**
Depreciation	**(4)**
31 March 2020	
Cost	**291**
Depreciation	**(9)**
Net book value at 31 March 2020	**282**

The Group owns investment properties located in Canada, France and Denmark. Independent property valuers performed market valuations of the Group's properties as at 31 March 2020. 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.

11. 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 2.75% and 4.25% 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 € 339 million at 31 March 2020 (2019: € 322 million). These valuations do not fully reflect the impact of the Covid-19 outbreak, as the extent of the outbreak was uncertain as at 31 March 2020 and continues to be uncertain between the year end and the date of issue of these financial statements. Due to the headroom shown in these valuations, however, the investment properties are not considered to be impaired.

Investment properties with a net book value of € 35 million are pledged as security for long-term liabilities at 31 March 2020 (2019: € 31 million).

Committed capital expenditure on investment properties not reflected in the balance sheet amounted to € 1 million (2019: € 7 million).

The Group leases out its investment properties. The minimum rental payments under non-cancellable leases receivable at 31 March are not significant.

Rental income of € 2 million was received in the year to 31 March 2020 and included as other operating income (2019: € 2 million). Repairs and maintenance expenses of € 5 million (2019: € 7 million) related to income-generating properties are included as other operating expenses.

Investment properties are leased out for use as retail or office space with the longest dated contract terms expiring in 2022. The lease terms are comparable with the market for retail or office space in the appropriate location, recognising the commencement date of the lease. These include a mix of fixed base rent and fixed annual increases.

12. 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 2018	1 308
Exchange adjustments	2
Acquisition through business combinations	1
Capital distribution from equity-accounted investments	(20)
Disposal of equity-accounted investments	(2 481)
Dividend received	(37)
Share of post-tax results	1 408
Share of other comprehensive income	1
At 31 March 2019	**182**
Exchange adjustments	**(2)**
Acquisition of equity-accounted investments	**1**
Disposal of equity-accounted investments	**(7)**
Dividends received	**(3)**
Share of post-tax results	**9**
Share of other comprehensive income	**–**
At 31 March 2020	**180**

12. Equity-accounted investments continued

The value of equity-accounted investments at 31 March 2020 includes goodwill of € 43 million (2019: € 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 and of Ralph Lauren Watch & Jewelry Company of € 8 million. In the prior year, this amount included the revaluation gain on € 1 381 million recorded on the deemed disposals of the existing shareholding of YNAP Group, following completion of the voluntary tender offer, and of Dalloz Pre-Setting SAS.

The Group's principal equity-accounted investments at 31 March 2020 are as follows:

		2020 interest held (%)	2019 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
E_Lite SpA	Luxury e-commerce	**–**	49	Italy	Worldwide
Joint ventures					
Laureus World Sports Awards Limited	Sports Awards	**50**	50	United Kingdom	Worldwide
Ralph Lauren Watch & Jewelry Company Sàrl[2]	Watchmaker	**–**	50	Switzerland	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	**51**	51	India	India

1. Montblanc India Retail Private Limited is classified as a joint venture due to the terms of the agreement between the Group and the joint venture partner.

2. In liquidation since March 2018.

During the period, the majority shareholder of E_Lite SpA exercised a call option over the Group's shareholding in that entity.

13. 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.

13.1. Deferred income tax

(a) Deferred income tax assets

	1 April 2018 €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 2019 €m
Depreciation	29	1	4	–	5	39
Provision for inventories	44	2	39	–	10	95
Provision for impairment of receivables	2	–	1	–	–	3
Employee benefit obligations	22	–	7	(3)	1	27
Unrealised gross margin elimination	437	18	3	–	–	458
Tax losses carried forward	7	1	27	–	58	93
Equity-settled share plans	16	1	(2)	(5)	–	10
Other	148	6	(28)	–	20	146
	705	29	51	(8)	94	871
Offset against deferred tax liabilities for entities settling on a net basis	(101)					(277)
	604					594

	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**
Deferred tax on equity-settled option plan	**10**	**–**	**(5)**	**–**	**–**	**5**
Leases (IFRS 16)	**–**	**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**

€ 433 million of deferred tax assets are expected to be recovered after more than twelve months (2019: € 315 million).

13. Taxation continued

13.1. Deferred income tax continued

(b) Deferred income tax liabilities

	1 April 2018 €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 2019 €m
Depreciation	(37)	(3)	(2)	–	(4)	(46)
Provision for inventories	(16)	(2)	(64)	–	–	(82)
Undistributed retained earnings	(34)	–	(7)	–	–	(41)
Other	(22)	(7)	37	–	(474)	(466)
	(109)	(12)	(36)	–	(478)	(635)
Offset against deferred tax assets for entities settling on a net basis	101					277
	(8)					(358)

	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 (IFRS 16)	**–**	**(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)**

€ 617 million of deferred tax liabilities are expected to be settled after more than twelve months (2019: € 553 million).

In the prior year, Other deferred tax liabilities included an amount of € 437 million in relation to deferred taxes arising on the intangible assets recognised on the acquisitions. This amount has been reclassified during the current year and is now presented separately.

(c) 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 € 839 million (2019: € 697 million). € 771 million of the unrecognised tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2019: € 646 million). The remainder of the unrecognised tax losses have maximum expiration dates of between five and ten years. Additionally, the Group has not recognised a deferred tax asset in respect of other temporary differences of € 0 million (2019: € 51 million) and 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 € 182 million (2019: € 168 million).

13. Taxation continued

13.2. Taxation charge from continuing operations

Taxation charge for the year:

	2020 €m	2019 €m
Current tax	**283**	396
Deferred tax (credit)/charge	**(16)**	(15)
	267	381

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 2020 and 2019 were 22.6% and 21.6% respectively.

The reform of federal and cantonal taxes in Switzerland has led to a reduction in the tax rate applicable to the Group's Swiss subsidiaries. This has resulted in a lower current tax charge, as well as a re-assessment of deferred tax assets and liabilities. The total impact is not considered to be material to the Group.

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:

	2020 €m	2019 €m
Profit before taxation	**1 198**	3 168
Share of post-tax results of equity-accounted investments	**(17)**	(1 408)
Adjusted profit before taxation	**1 181**	1 760
Tax on adjusted profit calculated at statutory tax rate	**165**	369
Difference in tax rates	**91**	(113)
Non-taxable income	**(9)**	(16)
Non-deductible expenses net of other permanent differences	**1**	31
Utilisation and recognition of prior year tax losses	**(3)**	77
Non-recognition of current year tax losses	**28**	29
Withholding and other taxes	**8**	22
Prior year adjustments	**(14)**	(18)
Taxation charge	**267**	381

The statutory tax rate applied of 14% (2019: 21%) reflects the average rate applicable to the main Swiss-based operating companies. The reduction in the statutory tax rate arose following the reform of corporate taxes in Switzerland, which took place during the year.

14. 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.

	2020 €m	2019 €m
Maisons' collections	**288**	261
Lease deposits	**133**	165
Loans and receivables	**6**	6
Other assets	**20**	44
	447	476

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.

15. 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.

	2020 €m	2019 €m
Raw materials and work in progress	**2 096**	1 930
Finished goods	**5 379**	5 068
	7 475	6 998
Provision for inventories	**(817)**	(812)
	6 658	6 186

The cost of inventories recognised as an expense and included in cost of sales amounted to € 5 043 million (2019: € 4 746 million).

The Group reversed € 106 million (2019: € 76 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 € 221 million (2019: € 262 million) of write-down of inventories within cost of sales.

16. 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.

	2020 €m	2019 €m
Trade receivables	**533**	706
Less: provision for impairment	**(30)**	(21)
Trade receivables – net	**503**	685
Loans and other receivables	**280**	351
Current financial assets	**783**	1 036
Sales return asset	**50**	61
Prepayments and other	**413**	373
	1 246	1 470

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.

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.

In addition to the amounts above there are non-current assets amounting to € 139 million (2019: € 171 million) and cash balances as disclosed in note 18 which are considered to be loans and receivables.

Provision for impairment

The movement in the provision for impairment of trade and other receivables was as follows:

	2020 €m	2019 €m
Balance at 1 April of prior year	**(21)**	(21)
Provision charged to profit or loss	**(23)**	(12)
Utilisation of provision	**3**	3
Reversal of unutilised provision	**11**	9
Balance at 31 March	**(30)**	(21)

At 31 March 2020, trade and other receivables of € 36 million (2019: € 26 million) were impaired.

Receivables past due but not impaired:

	2020 €m	2019 €m
Up to three months past due	**58**	64
Three to six months past due	**6**	9
Over six months past due	**12**	7
	76	80

Due to their short maturity, the fair values of trade and other receivables approximate to their book values.

17. Derivative financial instruments

The Group uses the following derivative instruments:

(a) currency forwards: representing commitments to purchase or sell foreign currencies; and

(b) interest rate swaps (including forward-starting interest rate swaps) and currency swap derivatives: commitments to exchange one set of cash flows for another. Interest rate swaps result in an economic exchange of interest rates (for example, fixed for floating). No exchange of principal takes place. The Group's credit exposure represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation.

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	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Currency forwards	**4 399**	3 493	**44**	5	**(30)**	(69)
Currency swap derivatives	**–**	1 142	**–**	10	**–**	–
Interest rate swap derivatives	**–**	356	**–**	–	**–**	(15)
	4 399	4 991	**44**	15	**(30)**	(84)

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	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Currency forwards	**2 800**	1 792	**1 599**	1 701	**–**	–
Currency swap derivatives	**–**	964	**–**	178	**–**	–
Interest rate swap derivatives	**–**	–	**–**	–	**–**	356
	2 800	2 756	**1 599**	1 879	**–**	356

Nominal amount

Nominal amounts represent the following:

- Currency forwards: the sum of all contract volumes outstanding at the year end.
- Interest rate and currency swap derivatives: the notional principal amount on which the exchanged interest payments are based.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

Notes to the consolidated financial statements continued

18. Cash and cash equivalents

	2020 €m	2019 €m
Cash at bank and on hand	**4 462**	5 060
Bank overdrafts	**(2 477)**	(2 713)
	1 985	2 347

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 1.0% (2019: 0.8%). The effective interest rate on bank overdrafts was 0.9% (2019: 1.0%).

19. Equity

19.1. 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.

	2020 €m	2019 €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.

19.2. 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 2018	9.6	520
Purchased	2.3	180
Sold	(2.5)	(140)
Balance at 31 March 2019	**9.4**	**560**
Sold	**(0.3)**	**(21)**
Balance at 31 March 2020	**9.1**	**539**

The Company has given a pledge over 2 331 393 Richemont ‘A’ shares as security for vested warrants granted under the Group’s share option plan (2019: 1 410 254 Richemont ‘A’ shares).

19. Equity continued

19.2. Treasury shares continued

These treasury shares provide a comprehensive hedge of the Group's potential obligations arising under its share option and restricted share unit plans. During the year under review the Group did not acquire any treasury shares (2019: 2.3 million shares acquired at a total cost of € 180 million).

In the same period the Group delivered 0.3 million treasury shares for proceeds of € 13 million, in settlement of options exercised in the period and traded options exercised in previous periods (2019: 2.5 million shares for proceeds of € 106 million). The cost of the 0.3 million shares (2019: 2.5 million) sold during the year to plan participants who exercised their options was €21 million (2019: € 140 million). The loss realised on shares sold during the year amounted to € 8 million (2019: gain of € 34 million) which was recognised directly in retained earnings.

The market value of the 9.1 million shares (2019: 9.4 million) held by the Group at the year end, based on the closing price at 31 March 2020 of CHF 53.06 (2019: CHF 72.54), amounted to € 456 million (2019: € 609 million).

19.3. Other reserves

Other reserves include the hedge reserve and the share-based payments reserve.

	2020 €m	2019 €m
Balance at 1 April of prior year	**324**	302
Movement in hedge reserve		
– recycled to profit and loss, net of tax	**3**	3
Movement in equity-based compensation reserve		
– equity-based compensation expense	**41**	24
– tax on equity-based compensation expense	**–**	(5)
Balance at 31 March	**368**	324

19.4. Retained earnings

	2020 €m	2019 €m
Balance at 1 April of prior year	**14 289**	12 623
Profit for the year	**933**	2 784
Other comprehensive income:		
– defined benefit plan actuarial gains/(losses)	**(81)**	15
– tax on defined benefit plan actuarial gains/(losses)	**10**	(3)
– fair value changes on assets held at FVTOCI	**(272)**	(72)
– share of other comprehensive income of associates, net of tax	**–**	1
Dividends paid (note 30)	**(1 017)**	(926)
Initial recognition of put options over non-controlling interests	**(19)**	–
Changes in non-controlling interests	**5**	(99)
(Loss)/gain on sale of treasury shares	**(8)**	(34)
Balance at 31 March	**13 840**	14 289

20. 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.

	2020 €m	2019 €m
Non-current:		
Corporate bonds	**3 935**	3 929
Secured bank borrowings	**16**	16
Unsecured bank borrowings	**–**	3
Finance lease obligations	**–**	36
	3 951	3 984
Current:		
Unsecured bank borrowings	**1**	357
Finance lease obligations	**–**	6
	1	363
Total borrowings	**3 952**	4 347

The Group's borrowings are denominated in the following currencies:

	2020 €m	2019 €m
Euro	**3 937**	3 946
US dollar	**–**	358
Swiss franc	**–**	24
Other	**15**	19
	3 952	4 347

The Group's borrowings are subject to interest rates as follows:

	2020 €m	2019 €m
Fixed rate borrowings	**3 952**	4 305
Floating rate borrowings	**–**	–
Finance lease obligations	**–**	42
	3 952	4 347

The Group has two fixed rate borrowings other than the corporate bonds; fixed rate DKK borrowings totalling € 15 million for which the rates of 0.88% are fixed until September 2020. The DKK loans are secured on the Group's investment property located in Copenhagen. A USD-denominated fixed rate borrowing of € 358 million matured in 2019. The fair values of these fixed rate borrowings are not significantly different to the carrying value.

20. Borrowings continued

In March 2018, a subsidiary of the Group based in Luxembourg, Richemont International Holding SA, issued the following corporate bonds which are listed on the Luxembourg Stock Exchange:

	2020 €m	2019 €m
1.00% € 1 500 million bond maturing in 2026 issued at 98.784%	**1 482**	1 479
1.50% € 1 250 million bond maturing in 2030 issued at 98.701%	**1 232**	1 230
2.00% € 1 000 million bond maturing in 2038 issued at 97.805%	**975**	974
2.00% € 250 million bond maturing in 2038 issued at 98.557%	**246**	246
	3 935	3 929

21. 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 € 72 million in the year ended 31 March 2021 (year ended March 2020: € 65 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 17 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.

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 expects to contribute € 15 million in the year ended 31 March 2021 (year ended March 2020: € 14 million) to the defined benefit plans.

21. Employee benefit obligations continued

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	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Present value of funded obligations	**(1 725)**	(1 506)	**(184)**	(532)	**(1 909)**	(2 038)
Fair value of plan assets	**1 620**	1 514	**184**	525	**1 804**	2 039
Net funded obligations	**(105)**	8	**–**	(7)	**(105)**	1
Present value of unfunded obligations	**–**	–	**(63)**	(58)	**(63)**	(58)
Amount not recognised due to asset limit	**–**	(8)	**–**	(1)	**–**	(9)
Net liabilities	**(105)**	–	**(63)**	(66)	**(168)**	(66)

	Switzerland		Rest of the world		Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Expense charged in:						
Cost of sales	**37**	32	**3**	3	**40**	35
Net operating expenses	**48**	47	**11**	8	**59**	55
	85	79	**14**	11	**99**	90

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	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Balance at 1 April of prior year	**1 514**	1 386	**525**	524	**2 039**	1 910
Exchange differences	**83**	72	**1**	–	**84**	72
Interest on plan assets	**9**	13	**3**	11	**12**	24
Actual return on plan assets less interest on plan assets	**(37)**	50	**(1)**	3	**(38)**	53
Assets distributed on settlements	**–**	–	**(348)**	–	**(348)**	–
Contributions paid by employer	**69**	63	**16**	16	**85**	79
Contributions paid by plan participants	**52**	46	**–**	–	**52**	46
Benefits paid	**(68)**	(114)	**(12)**	(29)	**(80)**	(143)
Administrative expenses	**(2)**	(2)	**–**	–	**(2)**	(2)
Balance at 31 March	**1 620**	1 514	**184**	525	**1 804**	2 039

21. Employee benefit obligations continued

The movement in the present value of the employee benefit obligation was as follows:

	Switzerland		Rest of the world		Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Balance at 1 April of prior year	**(1 506)**	(1 333)	**(590)**	(591)	**(2 096)**	(1 924)
Exchange differences	**(86)**	(70)	**(2)**	(1)	**(88)**	(71)
Current service cost (employer part)	**(83)**	(69)	**(16)**	(15)	**(99)**	(84)
Contributions by plan participants	**(52)**	(46)	**–**	–	**(52)**	(46)
Interest on benefit obligations	**(9)**	(12)	**(3)**	(12)	**(12)**	(24)
Actuarial (losses)/gains	**(57)**	(81)	**6**	(1)	**(51)**	(82)
Past service cost	**–**	(9)	**–**	1	**–**	(8)
Liabilities extinguished on settlements	**–**	–	**348**	–	**348**	–
Liabilities acquired in a business combination	**–**	–	**(2)**	–	**(2)**	–
Benefits paid	**68**	114	**12**	29	**80**	143
Balance at 31 March	**(1 725)**	(1 506)	**(247)**	(590)	**(1 972)**	(2 096)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		Rest of the world		Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Balance at 1 April of prior year	**(8)**	(53)	**(1)**	(1)	**(9)**	(54)
Change in surplus/(deficit)	**8**	47	**1**	1	**9**	48
Exchange differences	**–**	(2)	**–**	(1)	**–**	(3)
Balance at 31 March	**–**	(8)	**–**	(1)	**–**	(9)

The major categories of plan assets at the reporting date are as follows:

	Switzerland		Rest of the world		Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Equities	**481**	487	**31**	34	**512**	521
Government bonds	**503**	469	**51**	47	**554**	516
Corporate bonds	**31**	29	**90**	85	**121**	114
Property	**384**	336	**1**	1	**385**	337
Cash	**45**	40	**5**	3	**50**	43
Insurance policies and other assets	**176**	153	**6**	355	**182**	508
Fair value of plan assets	**1 620**	1 514	**184**	525	**1 804**	2 039

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 (2019: € 19 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.

21. 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	
	2020	2019	2020	2019
Discount rate	**0.6%**	0.6%	**1.4%**	1.2%
Interest credit rate	**1.0%**	1.0%	**0.4%**	0.4%
Future pension increases	**–**	–	**1.7%**	1.7%
Swiss technical rate	**2.0%**	2.0%	**n/a**	n/a
Life expectancy of 60 year old	**27.6**	27.4	**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% pa would increase obligations by € 151 million (2019: € 130 million), although this is also likely to have an impact on the Foundation's assets.
- Interest credit rate – A 0.5% pa decrease in the interest credit rate leads to a € 70 million (2019: € 60 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 (2019: € 35 million).
- Life expectancy – A one-year increase would increase obligations by € 29 million (2019: € 25 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% pa would increase the obligations by approximately € 11 million (2019: € 10 million).

22. Provisions

	Warranties and sales-related €m	Employee benefits €m	Other €m	Total €m
At 1 April 2019 represented	**234**	**75**	**41**	**350**
Acquisition through business combinations (note 36)	**–**	**–**	**11**	**11**
Charged/(credited) to profit or loss:				
– additional provisions	**773**	**47**	**16**	**836**
– unused amounts reversed	**(41)**	**(8)**	**(13)**	**(62)**
Net charge	**732**	**39**	**3**	**774**
Utilised during the year	**(752)**	**(46)**	**(26)**	**(824)**
Exchange adjustments	**3**	**2**	**2**	**7**
At 31 March 2020	**217**	**70**	**31**	**318**

	2020 €m	2019 €m
Total provisions at 31 March:		
– non-current	**56**	65
– current	**262**	287
	318	352

Refer to notes 2.2 and 10 for details of the re-presentation of opening balances following adoption of IFRS 16, *Leases*.

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 € 217 million (2019: € 234 million) has been recognised for expected sales returns and warranty claims. It is expected that € 198 million (2019: € 220 million) of this provision will be used within the following twelve months and that the remaining € 19 million (2019: € 14 million), which relates solely to potential warranty claims, will be utilised over the remainder of the expected warranty period of the products.

22. Provisions continued

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 € 45 million (2019: € 40 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 2020. The Group's restructuring provision is expected to be utilised in the coming year.

23. Other long-term financial liabilities

	2020 €m	2019 €m
Other lease liabilities	**30**	172
Other long-term financial liabilities	**69**	52
	99	224

24. Trade and other current liabilities

	2020 €m	2019 €m
Trade payables	**600**	760
Other payables	**709**	735
Accruals	**543**	658
Current financial liabilities	**1 852**	2 153
Other current non-financial liabilities	**195**	188
	2 047	2 341

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.

25. Other operating (expense)/income

	2020 €m	2019 €m
Royalty expenses	**(4)**	(3)
Investment property rental income	**2**	2
Investment property costs	**(5)**	(7)
Amortisation of intangible assets acquired on business combinations	**(200)**	(177)
Other expense	**(47)**	(95)
	(254)	(280)

Notes to the consolidated financial statements continued

26. Operating profit

Operating profit includes the following items of expense/(income):

	2020 €m	2019 €m
Depreciation of property, plant and equipment (note 7)	**515**	482
Impairment of property, plant and equipment (note 7)	**39**	1
Amortisation of other intangible assets (note 9)	**355**	326
Impairment of other intangible assets (note 9)	**5**	–
Impairment of goodwill (note 8)	**1**	–
Depreciation of right of use assets (note 10)	**618**	–
Variable lease payments	**368**	–
Operating lease rentals:		
– minimum lease rental		703
– contingent rental		357
Sub-lease rental income (non-investment property)	**(4)**	(4)
Research and development costs	**88**	90
Loss on disposal of property, plant and equipment	**8**	6
Loss on disposal of other intangible assets	**3**	1
Restructuring charges	**3**	12

For details of rental costs in the year ended 31 March 2020, following the adoption of IFRS 16, *Leases* (note 2.2), refer to note 10.

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.

	2020 €m	2019 €m
Wages and salaries including termination benefits of € 16 million (2019: € 28 million)	**2 226**	2 075
Social security costs	**360**	335
Share-based compensation expense (note 31)	**28**	28
Long-term employee benefits	**26**	27
Pension costs – defined contribution plans	**80**	70
Pension costs – defined benefit plans (note 21)	**99**	90
	2 819	2 625

28. Finance costs and income

	2020 €m	2019 €m
Finance costs:		
Interest expense:		
– bank borrowings	**(29)**	(49)
– corporate bonds	**(69)**	(69)
– other financial expenses	**(20)**	(33)
– lease liabilities	**(74)**	–
Net foreign exchange losses on monetary items	**(245)**	(12)
Mark-to-market adjustment in respect of hedging activities	**–**	(112)
Net loss in fair value of financial instruments at fair value through profit or loss:		
– held for trading	**(67)**	(19)
Finance costs	**(504)**	(294)
Finance income:		
Interest income:		
– from financial assets at amortised cost (including bank and other deposits)	**48**	46
– from financial assets held at fair value through profit or loss	**57**	43
– other financial income	**3**	9
Dividend income from financial assets held at fair value through other comprehensive income	**15**	13
Mark-to-market adjustment in respect of hedging activities	**44**	–
Finance income	**167**	111
Net finance costs	**(337)**	(183)

29. Earnings per share

29.1. 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.

	2020	2019
Total attributable to owners of the parent company (€ millions)	**933**	2 784
Weighted average number of shares in issue (millions)	**565.0**	564.3
Total basic earnings per 'A' share/10 'B' shares	**1.651**	4.934

29.2. 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 two categories of dilutive potential shares: share options and restricted share units.

The calculation is performed for the share options 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 outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

29. Earnings per share continued

29.2. Diluted continued

For the year ended 31 March 2020, a total of 7 835 228 options granted to employees are not dilutive and so are excluded from the calculation of diluted EPS (2019: 7 720 669 options).

	2020	2019
Total profit attributable to owners of the parent company (€ millions)	**933**	2 784
Weighted average number of shares in issue (millions)	**565.0**	564.3
Adjustment for share options (millions)	**1.8**	0.8
Weighted average number of shares for diluted earnings per share (millions)	**566.8**	565.1
Total diluted earnings per ‘A’ share/10 ‘B’ shares	**1.646**	4.927

29.3. 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.

	2020 €m	2019 €m
Profit attributable to owners of the parent company	**933**	2 784
Loss on disposal of non-current assets	**11**	7
Impairment of non-current assets	**45**	1
Gain on disposal of an associate	**(5)**	–
Loss on disposal of subsidiary undertaking	**–**	59
Gain on deemed disposal of equity-accounted investments	**–**	(1 381)
Currency exchange (gains)/losses reclassified from currency translation adjustment reserve	**–**	(3)
Headline earnings	**984**	1 467

	2020 millions	2019 millions
Weighted average number of shares:		
– Basic	**565.0**	564.3
– Diluted	**566.8**	565.1
	€ per share	€ per share
Headline earnings per ‘A’ share/10 ‘B’ shares:		
– Basic	**1.742**	**2.600**
– Diluted	**1.736**	**2.596**

30. 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 2019 a dividend of CHF 2.00 per ‘A’ share and CHF 0.20 per ‘B’ share was paid (September 2018: CHF 1.90 and CHF 0.19 respectively).

31. Share-based payment

Accounting policy

The Group operates equity-settled share-based compensation plans based on options and restricted shares 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.

An additional, cash-settled plan was operated for certain employees during the prior year, based on options granted over the shares of a subsidiary company. The fair value of the estimated amount payable was expensed on a straight-line basis over the vesting period. The fair value was remeasured at each reporting date with changes recognised in profit or loss. During the year ended 31 March 2020, this option plan was cancelled and replaced with a cash plan which pays cash bonuses to certain employees after a vesting period in line with the original option plan. The liability for this new cash plan is included in note 22.

Equity-settled 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 2018	71.59	9 356 592
Granted	92.00	2 818 150
Exercised	46.61	(964 187)
Lapsed	75.57	(371 332)
Balance at 31 March 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**

Of the total options outstanding at 31 March 2020, options in respect of 3 143 190 shares (2019: 2 749 189 shares) had vested and were exercisable.

The weighted average share price at the date of exercise for options exercised during the year was CHF 85.09 (2019: CHF 87.13).

31. 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 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**	**8.2 years**
31 March 2019	CHF 54.95	581 170	1.2 years
	CHF 57.45	851 984	2.2 years
	CHF 90.11	936 170	3.2 years
	CHF 94.00	1 097 573	4.2 years
	CHF 83.80	1 098 526	5.2 years
	CHF 56.55	1 685 400	6.2 years
	CHF 80.20	1 801 750	7.2 years
	CHF 92.00	2 786 650	8.2 years

The per unit fair value of options granted during the year determined using the Binomial model was CHF 17.66. The significant inputs to the model were the share price of CHF 82.86 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 26%, an expected option life of five years, a dividend yield of 2.3% 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 current period whereby executives are awarded Restricted Share Units ('RSU'). Awards under this plan also vest over periods of three to five 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.

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 31 March 2019	–
Granted	**1 397 403**
Lapsed	**(30 118)**
Balance at 31 March 2020	**1 367 285**

The per unit fair value of RSU and PSU granted during the year was CHF 74.49. The significant inputs to the model were the share price of CHF 82.42 at the grant date and a dividend yield of 2.4%.

Share-based compensation expense

The amount recognised in profit or loss before social security and taxes for equity-settled share-based payment transactions was € 41 million (2019: € 24 million), together with a € 3 million reversal (2019: € 4 million charge) for cash-settled share-based payment transactions. Following cancellation of the cash-settled plan, the remaining liability of € 10 million was released; however, a separate provision for the cash plan which replaced it has been created (note 22).

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 2018 of CHF 19.37 per share option was revalued following the AGM in September 2019 at CHF 13.65 per share option. The estimated fair value of options and PSU awarded to members of the SEC in the year ended 31 March 2020 is based on the valuation at the award date of June 2019. Changes in the fair value of these options and PSU between the award date and 31 March 2020 are not significant to the Group. The final fair value will be fixed in September 2020 following approval by shareholders.

32. Cash flow generated from operations

	2020 €m	2019 €m
Operating profit	**1 518**	1 943
Depreciation of property, plant and equipment	**515**	482
Depreciation of right of use assets	**618**	–
Depreciation of investment property	**4**	4
Amortisation of other intangible assets	**355**	326
Impairment of property, plant and equipment	**39**	1
Impairment of goodwill	**1**	–
Impairment of other intangible assets	**5**	–
Loss on disposal of property, plant and equipment	**8**	6
Loss on disposal of intangible assets	**3**	1
Profit on disposal of investment properties	**(3)**	–
Profit on lease remeasurement	**(3)**	–
Increase in non-current provisions	**9**	15
Increase in retirement benefit obligations	**14**	12
Non-cash items	**41**	71
Increase in inventories	**(196)**	(278)
Decrease/(increase) in trade receivables	**181**	(53)
Decrease in other current assets	**103**	24
Decrease in current liabilities	**(348)**	(99)
(Decrease)/increase in long-term liabilities	**(16)**	4
Decrease in derivative financial instruments	**(51)**	(128)
	2 797	2 331

33. Liabilities arising from financing activities

	Corporate bonds €m	Fixed and floating rate borrowings €m	Finance leases €m	Total €m
At 1 April 2018	3 922	344	26	4 292
Acquisition through business combinations	–	312	10	322
Additions to finance leases	–	–	11	11
Amortised interest costs	7	–	–	7
Exchange adjustments	–	32	1	33
Non-cash movements	7	344	22	373
Proceeds from borrowings	–	11	–	11
Repayment of borrowings	–	(323)	–	(323)
Capital element of finance lease payments	–	–	(6)	(6)
Net cash (paid)/received	–	(312)	(6)	(318)
At 31 March 2019	3 929	376	42	4 347
Total liabilities arising from financing activities at 31 March:				
– current	–	357	6	363
– non-current	3 929	19	36	3 984
At 31 March 2019	3 929	376	42	4 347

33. Liabilities arising from financing activities continued

	Corporate bonds €m	Fixed and floating rate borrowings €m	Lease liabilities €m	Total €m
At 1 April 2019 re-presented	**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**

Refer to notes 2.2. and 10 for details of the re-presentation of opening balances following adoption of IFRS 16, *Leases*.

34. 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.

34. Financial instruments: fair values and risk management continued

34.1. 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 2020	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	–	**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 14)	–	–	**6**	–	**6**				
Non-current lease deposits (note 14)	–	–	**133**	–	**133**				
Trade and other receivables (note 16)	–	–	**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 20)	–	–	–	**(3 952)**	**(3 952)**	**(3 895)**			**(3 895)**
Lease liabilities (note 10)	–	–	–	**(3 314)**	**(3 314)**				
Other long-term financial liabilities	–	–	–	**(99)**	**(99)**				
Trade and other payables (note 24)	–	–	–	**(1 852)**	**(1 852)**				
Bank overdrafts	–	–	–	**(2 477)**	**(2 477)**				
	–	–	–	**(11 694)**	**(11 694)**				

34. Financial instruments: fair values and risk management continued

34.1. Fair value estimation continued

	Carrying amount					Fair value			
31 March 2019	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	–	378	–	–	378	378			378
Unlisted investments	10	–	–	–	10			10	10
Non-current assets measured at fair value	10	378	–	–	388				
Investments in externally managed funds	4 462	–	–	–	4 462	4 462			4 462
Investments in money market funds	66	–	–	–	66		66		66
Derivatives	15	–	–	–	15		15		15
Current assets measured at fair value	4 543	–	–	–	4 543				
	4 553	378	–	–	4 931				
Financial assets not measured at fair value									
Non-current loans and receivables (note 14)	–	–	6	–	6				
Non-current lease deposits (note 14)	–	–	165	–	165				
Trade and other receivables (note 16)	–	–	1 036	–	1 036				
Cash at bank and on hand	–	–	5 060	–	5 060				
	–	–	6 267	–	6 267				
Financial liabilities measured at fair value									
Derivatives	(84)	–	–	–	(84)		(84)		(84)
Financial liabilities not measured at fair value									
Fixed rate borrowings (note 20)	–	–	–	(4 305)	(4 305)	(4 587)			(4 587)
Finance lease obligations (note 20)	–	–	–	(42)	(42)				
Other long-term financial liabilities	–	–	–	(224)	(224)				
Trade and other payables (note 24)	–	–	–	(2 153)	(2 153)				
Bank overdrafts	–	–	–	(2 713)	(2 713)				
	–	–	–	(9 437)	(9 437)				

The Group does not disclose the fair value for financial instruments where the carrying value is a reasonable approximation of the fair value.

34. Financial instruments: fair values and risk management continued

34.1. 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 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 2020 the carrying amount decreased to € 10 million due to the disposal of an unlisted investment.

34.2. 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, 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 managed primarily through borrowings denominated in the relevant foreign currencies.

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 2019.

	Change in rate		Profit or loss	
	2020 %	2019 %	2020 €m	2019 €m
USD strengthening vs CHF	**7%**	6%	**156**	109
JPY strengthening vs CHF	**7%**	6%	**(26)**	(23)
HKD strengthening vs CHF	**7%**	6%	**(85)**	(43)
SGD strengthening vs CHF	**6%**	5%	**(27)**	(23)
CHF strengthening vs EUR	**11%**	8%	**(120)**	(88)
AED strengthening vs CHF	**8%**	7%	**(20)**	(22)
CNY strengthening vs CHF	**9%**	8%	**22**	(38)

	Change in rate		Profit or loss	
	2020 %	2019 %	2020 €m	2019 €m
USD weakening vs CHF	**7%**	6%	**(156)**	(109)
JPY weakening vs CHF	**7%**	6%	**26**	20
HKD weakening vs CHF	**7%**	6%	**85**	37
SGD weakening vs CHF	**6%**	5%	**27**	21
CHF weakening vs EUR	**11%**	8%	**120**	69
AED weakening vs CHF	**8%**	7%	**20**	19
CNY weakening vs CHF	**9%**	8%	**(22)**	30

34. Financial instruments: fair values and risk management continued

34.2. Financial risk factors continued

(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. 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 and government bond funds held by the Group at 31 March 2020 and 2019 is considered to be minimal, due to the high credit quality of the underlying investments.

(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 20). 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 2020 would not affect the profit for the year.

During the year ended 31 March 2020, the Group's forward-starting USD-denominated interest rate swap contract was terminated. No further interest rate swaps have been entered into by the Group at the date of this report.

- 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) € 15 million (2019: plus/(minus) € 20 million), all other variables remaining constant. The analysis is performed on the same basis as for 2019.

(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 rating of AA is applied to externally managed funds.

At 31 March 2020, the Group had € 4 362 million invested in money market and externally managed funds denominated in various currencies, including euro, CHF and USD (2019: € 4 528 million) and € 4 462 million held as cash at bank (2019: € 5 060 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 10.

34. Financial instruments: fair values and risk management continued

34.2. Financial risk factors continued

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 long-term 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**	**–**	**–**

31 March 2019	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	4 347	5 292	4	427	128	4 733
Other long-term financial liabilities	224	224	–	–	80	144
Trade and other payables	2 153	2 153	2 153	–	–	–
Bank overdrafts	2 713	2 713	2 713	–	–	–
	9 437	10 382	4 870	427	208	4 877
Derivative financial liabilities						
Currency forwards	69	3 258	1 706	1 552	–	–
Forward-starting interest rate swap	15	15	15	–	–	–
	84	3 273	1 721	1 552	–	–

34.3. 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.

During the year to 31 March 2018, 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 17.

Notes to the consolidated financial statements continued

34. Financial instruments: fair values and risk management continued

34.4. 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 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)**

	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 2019					
Trade receivables	98	(18)	80	–	80
Cash at bank and on hand	5 060	–	5 060	(2 691)	2 369
Derivative assets	15	–	15	(9)	6
	5 173	(18)	5 155	(2 700)	2 455
Trade payables	(125)	18	(107)	–	(107)
Bank overdrafts	(2 713)	–	(2 713)	2 691	(22)
Derivative liabilities	(84)	–	(84)	9	(75)
	(2 922)	18	(2 904)	2 700	(204)

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.

34.5. 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 2020, the net cash position of the Group was € 2 395 million (2019: € 2 528 million).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

35. Financial commitments and contingent liabilities

At 31 March 2020, 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 17, in respect of property, plant and equipment in note 7 and in respect of intangible assets in note 9. The Group has commitments of € 33 million with respect to its short-term leases.

36. 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.

Buccellati

On 26 September 2019, the Group completed the acquisition of 100% of the share capital and voting rights of Buccellati Italia Holding S.p.A ('Buccellati') for a total consideration of € 230 million. Buccellati is a jewellery designer, creator and retailer registered in Italy and the offer was intended to strengthen the Group's presence in the jewellery sector through the acquisition of a Maison that is complementary to the Group's existing jewellery Maisons, in terms of style, heritage and craftsmanship. The results of Buccellati are consolidated into those of the Group with effect from 30 September 2019.

36. Business combinations continued

Other business combinations

During the period, the Group also acquired the operations of external boutiques and distributors in strategic markets, mostly in the Middle East. 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.

	Buccellati €m	Other €m	Total €m
Property, plant and equipment	**7**	**–**	**7**
Intangible assets	**108**	**6**	**114**
Right of use assets	**62**	**–**	**62**
Other non-current assets	**3**	**–**	**3**
Inventories	**60**	**15**	**75**
Cash and cash equivalents	**2**	**–**	**2**
Trade and other receivables	**11**	**–**	**11**
Trade and other payables	**(74)**	**–**	**(74)**
Current and deferred tax	**(20)**	**–**	**(20)**
Lease liabilities	**(66)**	**–**	**(66)**
Non-current liabilities	**(3)**	**–**	**(3)**
Net assets acquired	**90**	**21**	**111**
Fair value of net assets acquired	**90**	**21**	**111**
Goodwill	**103**	**–**	**103**
Total consideration paid	**193**	**21**	**214**
Assignment of loans	**37**	**–**	**37**
Consideration deferred to future periods	**–**	**(6)**	**(6)**
Purchase consideration – cash paid	**230**	**15**	**245**
Cash and cash equivalents acquired	**(2)**	**–**	**(2)**
Payment of amounts deferred in prior periods	**–**	**2**	**2**
Cash outflow on acquisitions	**228**	**17**	**245**

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 in terms of jewellery creation. None of the goodwill is expected to be deductible for tax purposes.

The gross contractual value of receivables acquired was € 5 million, all of which is considered to be recoverable.

In the period since acquisition, the businesses contributed € 21 million to sales and a loss of € 8 million to net profit. Had the acquisitions been made on 1 April 2019, the contribution to sales and to net profit for the full period would have been € 44 million and a loss of € 15 million respectively.

Acquisition-related transaction costs of € 7 million were expensed in the year to 31 March 2020.

Contingent consideration

At 31 March 2020, the Group has a total provision of € 35 million related to contingent consideration payable as a result of business combinations in the current and prior periods (2019: € 36 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 fair value hierarchy. Re-assessment of the expected future cash flows, based on the methodology described above, resulted in a credit to the income statement of € 1 million (2019: credit of € 1 million) which is included within Other income/(expenses). The only other movement in this balance during the year, other than for payments made as described above, was due to exchange rate movements.

37. Assets held for sale

At 31 March 2020, assets with a net book value of € 29 million are presented as Held for Sale. 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.

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 2020 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 2020, 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 12).
- Richemont foundations (employee and others).
- 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

	2020 €m	2019 €m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	**(7)**	(5)
Ralph Lauren Watch & Jewelry Company Sàrl – purchases of finished goods	**–**	(2)
Schwab-Feller AG – purchase of watch components	**(3)**	(2)
Kering Eyewear SpA – purchase of finished goods	**(14)**	(10)
E_Lite SpA – purchase of services	**(3)**	(2)
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	**(1)**	(2)
Laureus Sports for Good Foundation – donations	**(5)**	(4)
Goods and services sold to and other transactions with equity-accounted investments:		
YOOX NET-A-PORTER SpA – sale of finished goods	**–**	1
Montblanc India Retail Private Limited – sale of finished goods	**4**	5
Kering Eyewear SpA – sale of finished goods	**1**	4
Kering Eyewear SpA – royalties	**17**	6
E_Lite SpA – commissions received	**41**	20
E_Lite SpA – other services	**9**	3
Ralph Lauren Watch & Jewelry Company Sàrl	**–**	11
Payables outstanding at 31 March:		
E_Lite SpA – trading	**(8)**	(10)
Kering Eyewear SpA – trading	**(8)**	(3)
Laureus World Sports Awards Limited – sponsorship	**–**	(6)
Receivables outstanding at 31 March:		
Kering Eyewear SpA – trading	**6**	13
E_Lite SpA – trading	**2**	1
Laureus Sports Awards Limited – sponsorship	**–**	5
Montblanc India Retail Private Limited – trading	**–**	1

Sales of finished goods to YOOX NET-A-PORTER SpA 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

	2020 €m	2019 €m
Services bought from and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**(7)**	(6)
Services provided to and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**1**	–

	2020 €m	2019 €m
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 2020 for the lease of a property owned by its post-employment benefit foundation in Switzerland, a related party.

In the year to 31 March 2019, an entity controlled by the Rupert family's interests increased its investment in a Group company, resulting in the recognition of a total non-controlling interest on the balance sheet of € 63 million. At 31 March 2020, the non-controlling interest related to this investment amounts to € 64 million.

(c) Individuals

During the year, the Group gave donations of € 0.2 million (2019: € 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 € 0.4 million (2019: € 0.9 million) from Group companies for advice on legal and taxation matters.

In a recent Group transaction, M&M Capital Limited, a company in which Mr Ruggero Magnoni is Chairman and shareholder, received a fee of € 2.3 million (2019: € 1.0 million).

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 2020, Mr Saage received € 0.7 million and Mr Arora received € 0.6 million (2019: € 0.6 million and € 0.9 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

	2020 €m	2019 €m
Salaries and short-term employee benefits	**16**	14
Short-term incentives	**9**	6
Long-term benefits	**–**	4
Post-employment benefits	**1**	2
Share-based compensation expense	**8**	4
Employer social security	**1**	1
	35	31

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	Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse	Group Human Resources Director
Jérôme Lambert	Group Chief Executive Officer
Cyrille Vigneron	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
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	Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse	Group Human Resources Director
Jérôme Lambert	Chief Executive Officer
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Eric Vallat[1]	Head of Fashion & Accessories
Cyrille Vigneron	Chief Executive Officer Cartier
Frank Vivier	Chief Transformation Officer

1. Until 26 October 2019.

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 2019	Granted in year	Exercised in year	Forfeited in year	31 March 2020	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors								
Nicolas Bos	215 000	32 013	–	–	**247 013**	84.84	Jul 2020-Jul 2024	June 2028
Burkhart Grund	240 000	27 582	20 000	–	**247 582**	80.96	Apr 2020-Jul 2024	June 2028
Sophie Guieysse	45 000	13 791	–	–	**58 791**	89.86	Jul 2021-Jul 2024	June 2028
Jérôme Lambert	225 000	34 987	–	–	**259 987**	85.10	Jul 2020-Jul 2024	June 2028
Cyrille Vigneron	250 000	33 571	–	–	**283 571**	84.68	Jul 2020-Jul 2024	June 2028
Gary Saage	855 000	–	140 000	–	**715 000**	77.33	Apr 2020-Jul 2021	June 2025
Senior Executive Committee								
Senior Executives	243 333	40 371	29 999	26 417	**227 288**	84.70	Apr 2020-Jul 2024	June 2028
	2 073 333	182 315	189 999	26 417	**2 039 232**			

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 Restricted Share Units ('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 2019	Granted in year	Vested in year	Cancelled in year	31 March 2020	Earliest vesting date
Board of Directors						
Nicolas Bos	–	43 208	–	–	**43 208**	Aug 2022-Aug 2024
Burkhart Grund	–	40 549	–	–	**40 549**	Aug 2022-Aug 2024
Sophie Guieysse	–	20 275	–	–	**20 275**	Aug 2022-Aug 2024
Jérôme Lambert	–	47 629	–	–	**47 629**	Aug 2022-Aug 2024
Cyrille Vigneron	–	46 809	–	–	**46 809**	Aug 2022-Aug 2024
Senior Executive Committee						
Senior Executives	–	56 222	–	9 183	**47 039**	Aug 2022-Aug 2024
	–	254 692	–	9 183	**245 509**	

38. Related-party transactions continued

(d) Key management compensation continued

Share ownership
As at 31 March 2020, 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 2020. The interest of individual directors and members of the Senior Executive Committee in Richemont 'A' shares is as follows:

	at 31 March 2020	at 31 March 2019 restated
Board of Directors		
Clay Brendish	**2 010**	1 135
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**	500
Jan Rupert	**3 000**	3 000
Gary Saage	**8 000**	8 000
Cyrille Vigneron	**12 500**	12 500
	39 072	37 293

The above table has been restated to correct the shareholding disclosed for one director in the prior year.

Following the decision of the annual general meeting on 11 September 2019 to pay dividends of CHF 2.00 per 'A' registered share and CHF 0.20 per 'B' registered share, dividends of CHF 120 595 672 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.

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 2020.

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.

Loans to members of governing bodies
As at 31 March 2020, 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. 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.

40. Events after the reporting date

Dividend

A dividend of CHF 1.00 per share is proposed for approval at the annual general meeting of the Company, to be held on 9 September 2020. 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 2021.

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	Azzedine Alaïa SAS	100.0%	€ 250
	Paris	Cartier Joaillerie International SAS	100.0%	€ 28 755
	Paris	Cartier Parfums SAS	100.0%	€ 4 168
	Paris	Chloé SAS	100.0%	€ 14 450
	Paris	Les Ateliers VCA SAS	100.0%	€ 149 370
	Paris	Montblanc France SAS	100.0%	€ 325
	Paris	Richemont Holding France SAS	100.0%	€ 100 250
	Paris	RLG Property France SAS	100.0%	€ 80 864
	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

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%	€ 1 010
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%	€ 17 700
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 SLU	100.0%	€ 1 000
	Madrid	Richemont Iberia SLU	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
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$ 318 649
	Wilmington	Richemont North America Inc.	100.0%	US$ 117 649
	New York	YNAP Corporation	100.0%	US$ 3

Details of the Group's associates and joint ventures are provided in note 12.

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

	2020 €m	2019 €m
Non-current assets	**333**	222
Current assets	**245**	129
Non-current liabilities	**(25)**	(14)
Current liabilities	**(29)**	(11)
Intra-Group balances	**239**	272
	763	598
Carrying amount of non-controlling interests	**(123)**	(88)

Statement of comprehensive income

	2020 €m	2019 €m
Revenue	**190**	97
Profit/(loss)	**(11)**	1
Profit/(loss) allocated to non-controlling interests	**(2)**	3

Cash flow statement

	2020 €m	2019 €m
Cash flows from operating activities	**8**	40
Cash flows from investing activities	**(35)**	(55)
Cash flows from financing activities	**89**	74

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 2020, 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 72 to 132) give a true and fair view of the consolidated financial position of the Group as at 31 March 2020 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.

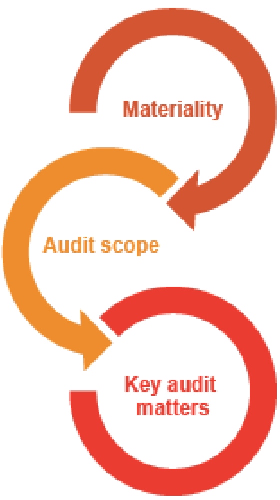
Basis for opinion

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 IESBA Code of Ethics for Professional Accountants, 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: € 68.3 million

We conducted a full scope audit at 32 reporting units, which resulted in a coverage of 83% 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
- IFRS 16 – Leases, initial implementation

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	€ 68.3 million
How we determined it	4.5% of consolidated operating profit, rounded
Rationale for the materiality benchmark applied	We have applied this 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 € 3.4 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 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 through site visits, 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 YNAP amounts to €1'549 million per 31 March 2020. 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 8 – Goodwill.	We obtained the Group's impairment analysis for the YNAP CGU and ● tested the mathematical accuracy of the model ● assessed the quality of the cash flow projections by comparing the actual results to prior year budget 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 YNAP management; ● We 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 specialists, the reasonableness of the cash flows growth after the forecast period assumption of 2.3% and the discount rate of 8.9%; ● 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 obtained the Group's analysis of the expected impact of COVID-19 outbreak and validated the assessment by comparing the underlying data with analysts' reports of the industry and peer companies. We assessed the adequacy of the disclosures included in Note 8 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 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 (€446 million as at 31 March 2020). Refer to note 4 - Critical accounting estimates and assumptions and note 13 - 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 representing the most likely outcome 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 € 817 million at 31 March 2020. 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 15 – 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 outbreak 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.

IFRS 16 – Leases, initial implementation

Key audit matter	How our audit addressed the key audit matter
The initial application of the new accounting standard on leases as of 1 April 2019, using the modified retrospective approach, resulted in a significant impact on the Group's consolidated financial statements. As of 1 April 2019, right-of-use assets in the amount of € 3'045 million and lease liabilities in the amount of € 3'157 million were recognized in the consolidated financial statements. Right-of-use assets amount to 9.7% of total assets and thus have a material impact on the company's financial position. The implementation of IFRS 16 is considered as a key audit matter to our audit, considering the amounts involved, the volume of existing contracts and the complexity of accounting estimates and judgments applied by management to meet the recognition, measurement and disclosure requirements of the standard. Refer to note 10 – Leases.	In cooperation with our local audit teams and internal specialists, we ● assessed the design and operating effectiveness of the Group's process to identify and record contracts containing a lease; ● assessed the appropriateness of the incremental borrowing rates applied in determining the lease liabilities with assistance of our internal valuation experts; ● considered completeness of lease contracts by tracing a representative sample of identified boutique leases to management reports monitoring individual performance of Group's boutiques; ● analyzed the list of lease contracts for completeness by comparing the lease charges recognized under the former standard on leases (IAS 17) in the comparative period to charges recognized in accordance with IFRS 16 in the current period; ● verified the accuracy and completeness of the underlying lease data included in the calculation by agreeing a sample of leases to the corresponding contracts; ● tested the integrity and mathematical accuracy of the amounts used for accounting purposes for a sample of lease contracts; ● assessed the appropriateness and completeness of the disclosures required by IFRS 16 as included in the notes to the consolidated financial statements, including the information on the initial application. As a result of our procedures performed, we concluded that the Group's approach to implement IFRS 16 as being 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 and the remuneration report 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 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 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	Mario Berckmoes
Audit expert Auditor in charge	Audit expert

Geneva, 14 May 2020

Company financial statements
Compagnie Financière Richemont SA

Income statement

for the year ended 31 March

	Notes	2020 CHFm	2019 CHFm
Operating income			
Dividend income		**1 208.7**	1 124.6
		1 208.7	1 124.6
Operating expense			
General expenses	*3,4*	**12.3**	14.5
		12.3	14.5
Operating profit		**1 196.4**	1 110.1
Non-operating income/(expense)			
Financial income	*5*	**36.1**	47.5
Financial expenses	*5*	**(7.5)**	(8.9)
		28.6	38.6
Profit before taxes		**1 225.0**	1 148.7
Direct taxes		**0.2**	(9.5)
Net profit		**1 225.2**	1 139.2

Balance sheet

at 31 March

	Notes	2020 CHFm	2019 CHFm
Current assets			
Cash and cash equivalents		**291.9**	682.0
Other receivables		**0.5**	0.3
Taxation		**6.0**	–
Current accounts receivable from Group companies		**2 613.1**	3 056.6
		2 911.5	3 738.9
Long-term assets			
Long-term loans receivable from a Group company		**168.9**	174.2
Investments	*6*	**4 560.7**	3 713.2
		4 729.6	3 887.4
Total assets		**7 641.1**	7 626.3
Current liabilities			
Bank overdraft		**–**	70.9
Current accounts payable to Group companies		**2.2**	3.9
Taxation		**–**	7.4
Accounts payable and accrued expenses		**0.8**	1.2
		3.0	83.4
Shareholders' equity			
Share capital	*7*	**574.2**	574.2
Statutory legal reserve	*8*	**117.6**	117.6
Reserve for own shares	*9*	**742.6**	766.2
Retained earnings	*10*	**6 203.7**	6 084.9
		7 638.1	7 542.9
Total equity and liabilities		**7 641.1**	7 626.3

Notes to the Company financial statements

at 31 March 2020

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 2020 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 3.6 million (2019: CHF 3.4 million).

Note 4 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, Article 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 5.3 million of exchange losses incurred on loans receivable from a Group company. In 2019, financial income included CHF 7.4 million of exchange gains incurred on loans receivable from a Group company.

Compagnie Financière Richemont SA
Notes to the Company financial statements continued

Note 6 – Investments

Company	Domicile	Purpose	% capital/voting rights	2020 CHFm	2019 CHFm
Richemont Holdings AG	Switzerland	Investment holding company	100%	**770.7**	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100%	**3 171.5**	2 324.0
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
				4 560.7	3 713.2

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

	2020 CHFm	2019 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

Note 8 – Statutory legal reserve
The legal reserve of CHF 117.6 million (2019: 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 REBL purchased no shares in the open market (2019: 1 900 000 ‘A’ shares were purchased).

During the year 251 931 ‘A’ shares (2019: 278 994 ‘A’ shares) were sold to executives under the Richemont share option plan by REBL and a further 5 217 ‘A’ shares (2019: 2 287 112 ‘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 2020, following these transactions, REBL held 9 118 662 Richemont ‘A’ shares (2019: 9 375 810) with a cost of CHF 742.6 million (2019: CHF 766.2 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 23.6 million has been transferred from the reserve (2019: CHF 48.9 million to the reserve) during the year.

During 2019, share options were granted under the Richemont share option plan to certain executives resident in the United States, 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.

Note 10 – Retained earnings

	2020 CHFm	2019 CHFm
Balance at 1 April	**6 084.9**	6 067.7
Dividend paid	**(1 130.0)**	(1 073.1)
Net transfer to reserve for own shares	**23.6**	(48.9)
Net profit	**1 225.2**	1 139.2
Balance at 31 March	**6 203.7**	6 084.9

Notes to the Company financial statements continued

Note 11 – Commitments and contingencies

At 31 March 2020, the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 4 499.8 million (2019: CHF 5 543.3 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 2020.

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 2020, Richemont Securities SA held 66 600 769 Richemont ‘A’ shares (2019: 85 577 407 shares), representing some 13% (2019: 16%) 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 2020

	CHFm
Available retained earnings	
Balance at 1 April 2019	**6 084.9**
Dividend paid	**(1 130.0)**
Net transfer from reserve for own shares	**23.6**
Net profit	**1 225.2**
Balance at 31 March 2020	**6 203.7**

Proposed appropriation

The proposed ordinary dividend payable to Richemont shareholders will be CHF 1.00 per Richemont share. This equivalent to CHF 1.00 per ‘A’ registered share in the Company and CHF 0.10 per ‘B’ registered share in the Company. It will be payable to Richemont shareholders in September 2020, 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, 14 May 2020

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 balance sheet as at 31 March 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 141 to 145) as at 31 March 2020 comply with Swiss law and the company's articles of incorporation.

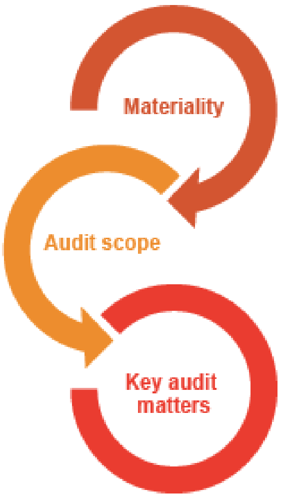
Basis for opinion

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 38 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 38'000'000
• **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 3.8 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	Mario Berckmoes
Audit expert Auditor in charge	Audit expert

Geneva, 14 May 2020

Five-year record

Summary income statement	2016 €m	2017 €m	2018 re-presented* €m	2019 €m	2020 €m
Continuing operations					
Sales	11 076	10 647	11 013	13 989	**14 238**
Cost of sales	(3 958)	(3 848)	(3 829)	(5 344)	**(5 627)**
Gross profit	7 118	6 799	7 184	8 645	**8 611**
Net operating expenses	(5 057)	(5 035)	(5 340)	(6 702)	**(7 093)**
Operating profit	2 061	1 764	1 844	1 943	**1 518**
Net finance (costs)/income	2	(160)	(150)	(183)	**(337)**
Share of post-tax results of equity-accounted investments	(5)	(34)	(41)	1 408	**17**
Profit before taxation	2 058	1 570	1 653	3 168	**1 198**
Taxation	(370)	(360)	(432)	(381)	**(267)**
Profit from continuing operations	1 688	1 210	1 221	2 787	**931**
Profit/(loss) from discontinued operations	539	–	–	–	**–**
Profit for the year	2 227	1 210	1 221	2 787	**931**
Gross profit margin	64.3%	63.9%	65.2%	61.8%	**60.5%**
Operating profit margin	18.6%	16.6%	16.7%	13.9%	**10.7%**
Sales by business area					
Jewellery Maisons	6 048	5 927	6 452	7 083	**7 217**
Specialist Watchmakers	3 225	2 879	2 714	2 980	**2 859**
Online Distributors	–	–	–	2 105	**2 427**
Other	1 803	1 841	1 847	1 881	**1 788**
Eliminations	–	–	–	(60)	**(53)**
	11 076	10 647	11 013	13 989	**14 238**
Sales by geographic region					
Asia Pacific	3 937	3 903	4 352	5 243	**4 992**
Europe	3 388	3 068	3 019	4 118	**4 298**
Americas	1 745	1 781	1 806	2 551	**2 806**
Japan	1 031	1 010	980	1 148	**1 212**
Middle East and Africa	975	885	856	929	**930**
	11 076	10 647	11 013	13 989	**14 238**
Sales by distribution channel					
Retail	6 142	6 389	6 758	7 320	**7 338**
Wholesale	4 934	4 258	4 065	4 368	**4 211**
Online retail	–	–	156	2 262	**2 646**
Royalty income	–	–	34	39	**43**
	11 076	10 647	11 013	13 989	**14 238**
Sales by product line					
Jewellery	3 881	4 160	4 537	5 061	**5 205**
Watches	5 098	4 340	4 368	4 930	**4 816**
Leather goods	698	779	780	1 402	**1 415**
Writing instruments	382	396	394	414	**383**
Readywear and other	1 017	972	934	2 182	**2 419**
	11 076	10 647	11 013	13 989	**14 238**

* 2018 was re-presented to include royalty income received within total sales.

Five-year record continued

Operating results from continuing operations	2016 €m	2017 €m	2018 €m	2019 represented* €m	2020 €m
Jewellery Maisons	1 892	1 682	1 926	2 229	**2 077**
Specialist Watchmakers	520	226	262	381	**304**
Online Distributors	–	–	–	(99)	**(241)**
Other	(94)	110	(65)	(95)	**(141)**
Operating contribution	2 318	2 018	2 123	2 416	**1 999**
Elimination of internal transactions	–	–	–	2	**(2)**
Impact of valuation adjustments on acquisition	–	–	–	(173)	**(196)**
Unallocated corporate costs	(257)	(254)	(279)	(302)	**(283)**
Operating profit from continuing operations	2 061	1 764	1 844	1 943	**1 518**

Free cash flow	2016	2017	2018	2019	2020
Operating profit from continuing operations	2 061	1 764	1 844	1 943	**1 518**
Operating profit/(loss) from discontinued operations	(91)	–	–	–	**–**
Depreciation, amortisation and other non-cash items	620	161	645	918	**1 606**
Lease related payments	–	–	–	–	**(660)**
Increase in working capital	(171)	(29)	234	(530)	**(327)**
Other operating activities	(9)	11	7	1	**18**
Taxation paid	(446)	(288)	(346)	(306)	**(373)**
Net acquisition of non-current assets	(719)	(592)	(1 294)	(880)	**(758)**
Free cash flow	1 245	1 027	1 090	1 146	**1 024**

Net cash	2016	2017	2018	2019	2020
Cash at bank and on hand	4 569	4 450	8 401	5 060	**4 462**
Investments in externally managed and money market funds	3 247	3 481	5 057	4 528	**4 362**
Borrowings	(456)	(455)	(4 292)	(4 347)	**(3 952)**
Bank overdrafts	(2 021)	(1 685)	(3 897)	(2 713)	**(2 477)**
	5 339	5 791	5 269	2 528	**2 395**

Per share information (IFRS)	2016	2017	2018	2019	2020
Diluted earnings per share					
– from continuing operations	€ 2.983	€ 2.141	€ 2.158	€ 4.927	**€ 1.646**
– from discontinued operations	€ 0.952	€ 0.000	€ 0.000	€ 0.000	**€ 0.000**
	€ 3.935	€ 2.141	€ 2.158	€ 4.927	**€ 1.646**

	2016	2017	2018	2019	2020
Ordinary dividend per share	CHF 1.70	CHF 1.80	CHF 1.90	CHF 2.00	**CHF 1.00**
Closing market price:					
Highest price	CHF 86.85	CHF 79.20	CHF 92.25	CHF 99.02	**CHF 87.12**
Lowest price	CHF 60.75	CHF 53.50	CHF 77.50	CHF 60.92	**CHF 49.40**

Exchange rates	2016	2017	2018	2019	2020
Average rates					
€ : CHF	1.0733	1.0830	1.1354	1.1463	**1.0962**
€ : CNY	7.0200	7.3774	7.7446	7.7654	**7.7379**
€ : JPY	132.50	118.75	129.66	128.34	**120.81**
€ : US$	1.1040	1.0971	1.1705	1.1578	**1.1112**

Average number of employees	2016	2017	2018	2019	2020
Switzerland	8 664	8 270	8 214	8 434	**8 459**
Rest of the world	20 146	20 310	20 526	27 206	**27 198**
	28 810	28 580	28 740	35 640	**35 657**

* 2019 is re-presented to show the impact of valuation adjustments on acquisition separately.

Statutory information

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'A' shares issued by Compagnie Financière Richemont SA are listed and traded on the SIX Swiss Exchange, the Company's primary listing, (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332) and 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.

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