LVMH

MOËT HENNESSY • LOUIS VUITTON

TRANSLATION OF THE FRENCH

INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2021

# CONTENTS



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

This document is a free translation into English of the original French "Rapport financier semestriel – 30 juin 2021", hereafter referred to as the "Interim financial Report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

# EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS AS OF JUNE 30, 2021

## Board of Directors

Bernard Arnault
*Chairman and Chief Executive Officer*

Antonio Belloni
*Group Managing Director*

Antoine Arnault

Delphine Arnault

Dominique Aumont
*Director representing the employees*

Nicolas Bazire

Marie-Véronique Belloeil-Melkin
*Director representing the employees*

Sophie Chassat [a]

Charles de Croisset [a]
*Lead Director*

Diego Della Valle [a]

Clara Gaymard [a]

Marie-Josée Kravis [a]

Marie-Laure Sauty de Chalon [a]

Yves-Thibault de Silguy [a]

Natacha Valla [a]

Hubert Védrine [a]

### Advisory Board members

Yann Arthus-Bertrand

Lord Powell of Bayswater

## Executive Committee

Bernard Arnault
*Chairman and Chief Executive Officer*

Antonio Belloni
*Group Managing Director*

Delphine Arnault
*Louis Vuitton Products*

Nicolas Bazire
*Development and Acquisitions*

Pietro Beccari
*Christian Dior Couture*

Michael Burke
*Louis Vuitton & Tiffany*

Chantal Gaemperle
*Human Resources and Synergies*

Andrea Guerra
*LVMH Hospitality Excellence*

Jean-Jacques Guiony
*Finance*

Christopher de Lapuente
*Selective Retailing & Beauty*

Philippe Schaus
*Wines and Spirits*

Sidney Toledano
*Fashion Group*

Jean-Baptiste Voisin
*Strategy*

### General Secretary

Marc-Antoine Jamet

## Performance Audit Committee

Yves-Thibault de Silguy [a]
*Chairman*

Charles de Croisset [a]

Clara Gaymard [a]

## Nomination and Compensation Committee

Charles de Croisset [a]
*Chairman*

Marie-Josée Kravis [a]

Yves-Thibault de Silguy [a]

## Ethics and Sustainable Development Committee

Yves-Thibault de Silguy [a]
*Chairman*

Delphine Arnault

Marie-Laure Sauty de Chalon [a]

Hubert Védrine [a]

## Statutory Auditors

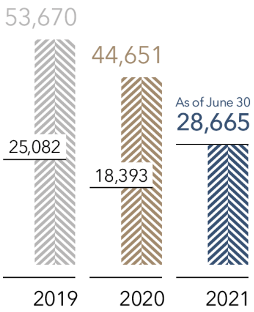
ERNST & YOUNG Audit
*represented by Gilles Cohen*

MAZARS
*represented by Isabelle Sapet*
*and Loïc Wallaert*

(a) Independent Director

# FINANCIAL HIGHLIGHTS

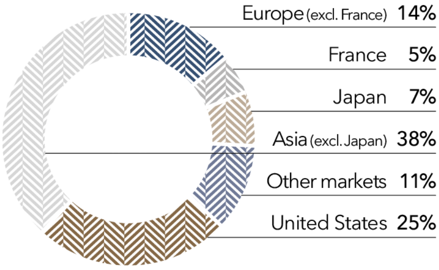
### Revenue
*(EUR millions)*



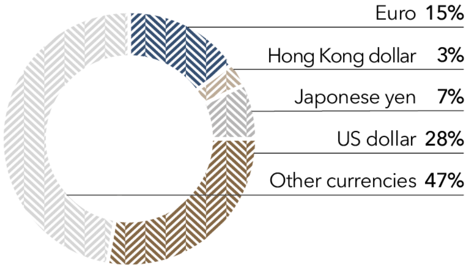

| **Revenue by business group** *(EUR millions and percentage)* | **June 30, 2021** | **June 30, 2020** | **Change** | |
|---|---|---|---|---|
| | | | **Published** | **Organic**[(a)] |
| Wines and Spirits | 2,705 | 1,985 | 36% | 44% |
| Fashion and Leather Goods | 13,863 | 7,989 | 74% | 81% |
| Perfumes and Cosmetics | 3,025 | 2,304 | 31% | 37% |
| Watches and Jewelry | 4,023 | 1,319 | 205% | 71% |
| Selective Retailing | 5,085 | 4,844 | 5% | 12% |
| Other activities and eliminations | (36) | (48) | - | - |
| **Total** | **28,665** | **18,393** | **56%** | **53%** |

(a) On a constant consolidation scope and currency basis. The net impact of exchange rate fluctuations on Group revenue was -7% and the net impact of changes in the scope of consolidation was +10%. The principles used to determine the net impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 11.

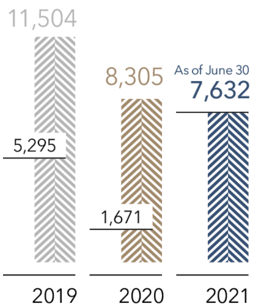
**Revenue by geographic region of delivery**




**Revenue by invoicing currency**

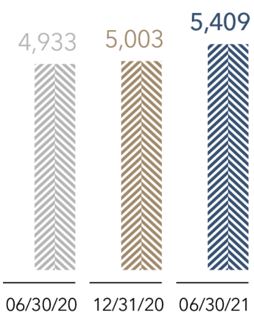



### Profit from recurring operations
*(EUR millions)*

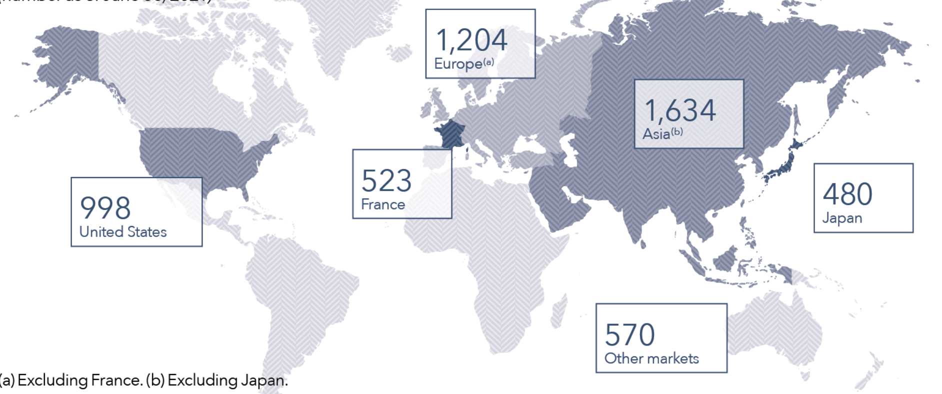



| **Profit from recurring operations by business group** *(EUR millions)* | **June 30, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
|---|---|---|---|
| Wines and Spirits | 924 | 1,388 | 551 |
| Fashion and Leather Goods | 5,660 | 7,188 | 1,769 |
| Perfumes and Cosmetics | 393 | 80 | (30) |
| Watches and Jewelry | 794 | 302 | (17) |
| Selective Retailing | 131 | (203) | (308) |
| Other activities and eliminations | (270) | (450) | (294) |
| **Total** | **7,632** | **8,305** | **1,671** |

### Stores
*(number)*

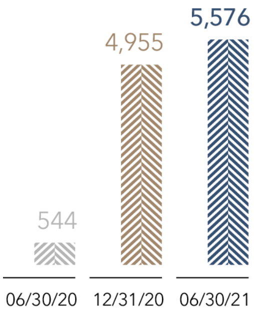



**Geographic breakdown of stores**
*(number as of June 30, 2021)*

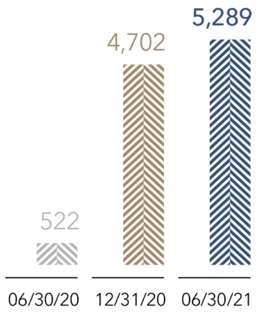



(a) Excluding France. (b) Excluding Japan.

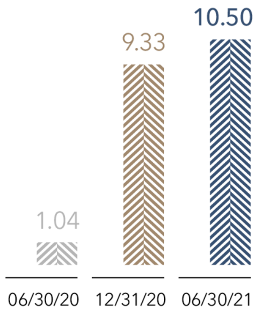
## Net profit
*(EUR millions)*



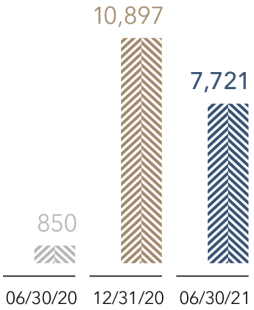

## Net profit, Group share
*(EUR millions)*



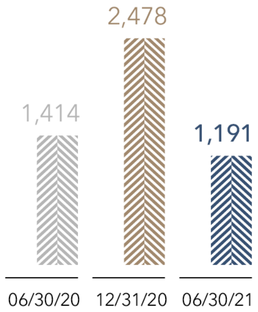

## Basic Group share of net earnings per share
*(EUR)*



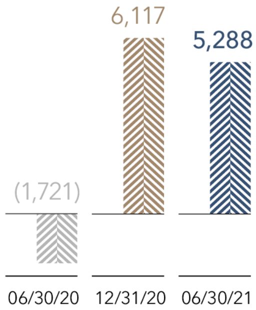

## Net cash from operating activities
*(EUR millions)*




## Operating investments
*(EUR millions)*

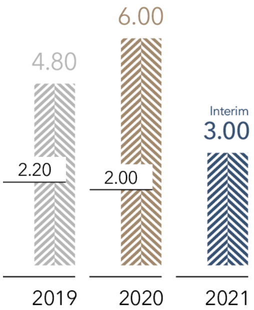



## Operating free cash flow[(a)]
*(EUR millions)*



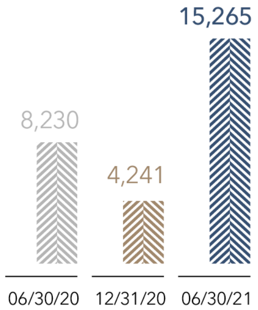

(a) See the consolidated cash flow statement on p. 26 for definition of Operating free cash flow.

## Dividend per share[(a)]
*(EUR)*



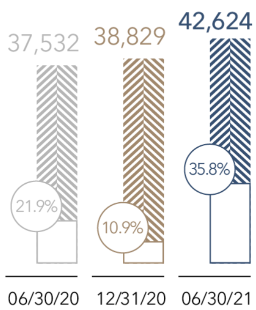

(a) Gross amount paid for the fiscal year, excluding the impact of tax regulations applicable to the recipient

## Net financial debt[(a)]
*(EUR millions)*




(a) Excluding Lease liabilities and Purchase commitments for minority interests. See Note 19.1 to the condensed consolidated financial statements for definition of net financial debt.

## Equity and Net financial debt/Equity ratio
*(EUR millions and percentage)*



# HIGHLIGHTS

Highlights of the first half of 2021 include:

- Excellent start to the year, in particular for the biggest brands, during a period marked by the first signs of an exit from the current health crisis yet also by a continued lack of return to international travel,
- Remarkable performance by the Fashion and Leather Goods business group, particularly Louis Vuitton, Christian Dior, Fendi, Loewe and Celine which are gaining market share across all geographies and achieving record levels of revenue and profitability,
- Sustained revenue growth in Asia and the United States and a gradual recovery in Europe,
- Successful integration of Tiffany, which has performed extremely well since its acquisition,
- Strong growth in direct sales to customers, both in-store and remotely,
- Travel retail and hotel activities still held back by the limited recovery in international travel,
- Remarkable operating free cash flow.

# SHARE CAPITAL AND VOTING RIGHTS

| | Number of shares | Number of voting rights [(a)] | % of share capital | % of voting rights |
|---|---|---|---|---|
| Arnault Family Group | 241,240,508 | 473,452,294 | 47.79 | 63.89 |
| Other | 263,516,831 [(b)] | 267,623,922 | 52.21 [(b)] | 36.11 |
| **Total** | **504,757,339** | **741,076,216** | **100.00** | **100.00** |

(a) Total number of voting rights that may be exercised at Shareholders' Meetings.
(b) Including 972,013 treasury shares, i.e. 0.19% of the share capital.

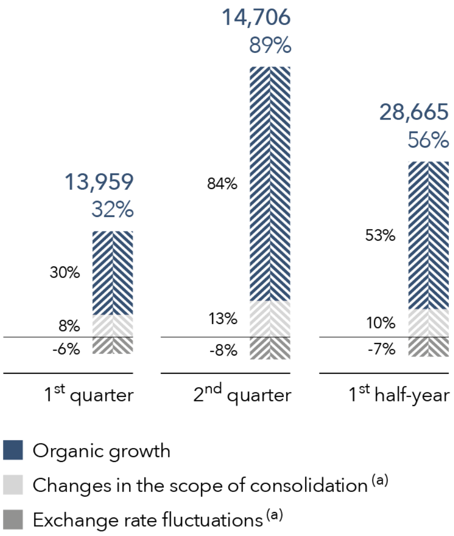
# BUSINESS REVIEW AND COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

# 1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

## 1.1. Breakdown of revenue

### Change in revenue per half-year period

*(EUR millions and as %)*




(a) The principles used to determine the impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the impact of changes in the scope of consolidation are described on page 11.

The first half of 2021 confirmed the return to growth in business activity begun in the second half of 2020, after the first half of 2020 saw LVMH's operations severely disrupted by the Covid-19 pandemic and the measures taken by various governments, significantly affecting the financial statements.

Consolidated revenue for the period ended June 30, 2021 was 28,665 million euros, up 56% from the first half of 2020, which had been very hard hit by the impact of the Covid-19 pandemic. It was adversely affected by 7 points as a result of many of the Group's invoicing currencies weakening on average against the euro, in particular the US dollar.

The following changes to the Group's consolidation scope took place after January 1, 2020: in the Watches and Jewelry business group, the consolidation of Tiffany as of January 7, 2021; this change in the scope of consolidation contributed 10 points to half-year revenue growth.

On a constant consolidation scope and currency basis, revenue increased by 53%.

Compared with the first half of 2019, revenue was up by 14% based on published figures. The impact of changes in scope arising from the consolidation of Tiffany, Belmond and Château d'Esclans contributed 8 points to growth, and was partially offset by a negative 5-point exchange rate impact. On a constant consolidation scope and currency basis, revenue increased by 11%.

### Revenue by invoicing currency

| *(as %)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Euro | 15 | 19 | 19 |
| US dollar | 28 | 27 | 28 |
| Japanese yen | 7 | 7 | 7 |
| Hong Kong dollar | 3 | 4 | 5 |
| Other currencies | 47 | 43 | 41 |
| **Total** | **100** | **100** | **100** |

The breakdown of revenue by invoicing currency changed appreciably with respect to the previous fiscal year: the contributions of the euro and the Hong Kong dollar fell by 4 points and 2 points, respectively, to 15% and 3%, while that of "Other currencies" rose by 6 points to 47%. The contributions of the US dollar and the Japanese yen remained stable at 28% and 7%, respectively.

### Revenue by geographic region of delivery

| *(as %)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| France | 5 | 8 | 8 |
| Europe (excl. France) | 14 | 16 | 16 |
| United States | 25 | 24 | 24 |
| Japan | 7 | 7 | 7 |
| Asia (excl. Japan) | 38 | 34 | 34 |
| Other markets | 11 | 11 | 11 |
| **Total** | **100** | **100** | **100** |

By geographic region of delivery, the relative contribution of Europe (excluding France) to Group revenue fell from 16% to 14%, while that of France fell from 8% to 5%, due to the significant reduction in tourist travel to these regions and the partial lockdowns in the first half of the year. The relative contributions of Japan and "Other markets" remained stable at 7% and 11%, respectively, while those of the United States and Asia (excluding Japan) were boosted by the carryover of consumer demand among their local clientele who canceled their travel plans, with the contributions of these regions growing by 1 point and 4 points, respectively, to 25% and 38%.

### Revenue by business group

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Wines and Spirits | 2,705 | 4,755 | 1,985 |
| Fashion and Leather Goods | 13,863 | 21,207 | 7,989 |
| Perfumes and Cosmetics | 3,025 | 5,248 | 2,304 |
| Watches and Jewelry | 4,023 | 3,356 | 1,319 |
| Selective Retailing | 5,085 | 10,155 | 4,844 |
| Other activities and eliminations | (36) | (70) | (48) |
| **Total** | **28,665** | **44,651** | **18,393** |

By business group, the breakdown of Group revenue changed appreciably. The contributions of Watches and Jewelry, and Fashion and Leather Goods increased by 7 points (entirely due to the consolidation of Tiffany) and 5 points, respectively, to 14% and 48%, while the contributions of Selective Retailing, Perfumes and Cosmetics, and Wines and Spirits decreased by 9 points, 2 points and 1 point, respectively, to 18%, 11%, and 9%.

Revenue for Wines and Spirits increased by 36% based on published figures. Affected by a negative 8-point exchange rate impact, revenue for this business group was up 44% on a constant consolidation scope and currency basis. Champagnes and wines were up 50% based on published figures and 58% on a constant consolidation scope and currency basis. Cognac and spirits were up 28% based on published figures and 35% on a constant consolidation scope and currency basis. This performance was largely driven by an increase in sales volumes. Demand was very strong in the United States and in Asia, particularly China, the first market to have been hit by the pandemic and which saw a solid recovery.

Revenue for Fashion and Leather Goods surged 81% in terms of organic growth and 74% based on published figures. The United States and Asia delivered an excellent performance, while Europe and Japan recorded more limited growth; Louis Vuitton and Christian Dior Couture turned in an exceptional performance.

Revenue for Perfumes and Cosmetics increased by 37% in terms of organic growth and by 31% based on published figures. All the brands showed a solid recovery and delivered a strong performance. The United States was the region where revenue increased the most.

Revenue for Watches and Jewelry increased by 71% in terms of organic growth. The positive impact of changes in scope arising from the consolidation of Tiffany, partially offset by the negative 7-point exchange rate impact, enabled the business group to triple its revenue based on published figures. All the business group's brands showed excellent performance. Asia and the United States were the best-performing regions.

Revenue for Selective Retailing increased by 12% on a constant consolidation scope and currency basis, and by 5% based on published figures. Europe and Japan remained the regions most heavily affected by the lack of recovery in international travel and the partial closure of the store network in certain regions.

## 1.2. Profit from recurring operations

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Revenue | 28,665 | 44,651 | 18,393 |
| Cost of sales | (9,109) | (18,123) | (7,002) |
| Gross margin | 19,556 | 28,780 | 11,391 |
| Marketing and selling expenses | (9,804) | (20,207) | (8,000) |
| General and administrative expenses | (2,099) | (3,641) | (1,699) |
| Income/(loss) from joint ventures and associates | (21) | (42) | (21) |
| **Profit from recurring operations** | **7,632** | **8,305** | **1,671** |
| **Operating margin** *(%)* | **26.6** | **18.6** | **9.1** |

The Group's gross margin came to 19,556 million euros, up 72% compared to the previous fiscal year; as a percentage of revenue, the gross margin was 68%, up 6 points.

Marketing and selling expenses totaled 9,804 million euros, up 23% based on published figures and up 19% on a constant consolidation scope and currency basis. This increase was mainly due to higher communications investments as well as the development of retail networks. The level of these expenses expressed as a percentage of revenue came to 34%, down 10 points from June 30, 2020. Among these marketing and selling expenses, advertising and promotion costs amounted to 10% of revenue, decreasing by 2 points on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

| *(number)* | June 30, 2021 [a] | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| France | 523 | 512 | 528 |
| Europe (excl. France) | 1,204 | 1,175 | 1,175 |
| United States | 998 | 866 | 834 |
| Japan | 480 | 428 | 430 |
| Asia (excl. Japan) | 1,634 | 1,514 | 1,471 |
| Other markets | 570 | 508 | 495 |
| **Total** | **5,409** | **5,003** | **4,933** |

(a) Of which 330 stores for Tiffany.

General and administrative expenses totaled 2,099 million euros, up 24% based on published figures and up 15% on a constant consolidation scope and currency basis. They amounted to 7% of revenue.

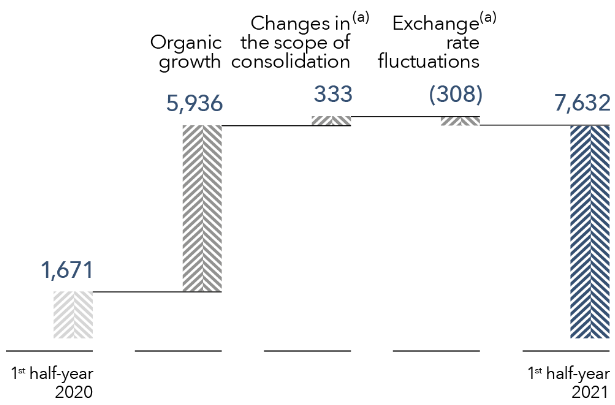
### Profit from recurring operations by business group

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Wines and Spirits | 924 | 1,388 | 551 |
| Fashion and Leather Goods | 5,660 | 7,188 | 1,769 |
| Perfumes and Cosmetics | 393 | 80 | (30) |
| Watches and Jewelry | 794 | 302 | (17) |
| Selective Retailing | 131 | (203) | (308) |
| Other activities and eliminations | (270) | (450) | (294) |
| **Total** | **7,632** | **8,305** | **1,671** |

The Group's profit from recurring operations was 7,632 million euros, nearly 5 times higher than in the period to June 30, 2020. The Group's operating margin as a percentage of revenue was 27%, up 18 points with respect to the first half of the previous year.

### Change in profit from recurring operations

*(EUR millions)*




(a) The principles used to determine the impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the impact of changes in the scope of consolidation are described on page 11.

Exchange rate fluctuations had a negative overall impact of 308 million euros on profit from recurring operations compared to the previous fiscal year. This total comprises the following three items: the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the eurozone.

### Wines and Spirits

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Revenue *(EUR millions)* | 2,705 | 4,755 | 1,985 |
| Profit from recurring operations *(EUR millions)* | 924 | 1,388 | 551 |
| Operating margin *(%)* | 34.2 | 29.2 | 27.8 |

Profit from recurring operations for Wines and Spirits was 924 million euros, up 68% relative to June 30, 2020. Champagne and wines contributed 319 million euros, while cognacs and spirits accounted for 605 million euros. The business group's operating margin as a percentage of revenue grew by 6 points to 34.2%.

### Fashion and Leather Goods

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Revenue *(EUR millions)* | 13,863 | 21,207 | 7,989 |
| Profit from recurring operations *(EUR millions)* | 5,660 | 7,188 | 1,769 |
| Operating margin *(%)* | 40.8 | 33.9 | 22.1 |

Fashion and Leather Goods posted profit from recurring operations of 5,660 million euros, 3.2 times higher than in the period to June 30, 2020. Amid the recovery following the emergence of the Covid-19 pandemic, Louis Vuitton and Christian Dior Couture continued to increase their profitability, which was already at an exceptional level. All the brands showed improved operating profit despite the impact of partial store closures in certain regions. The business group's operating margin as a percentage of revenue grew by 19 points to 40.8%.

### Perfumes and Cosmetics

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Revenue *(EUR millions)* | 3,025 | 5,248 | 2,304 |
| Profit from recurring operations *(EUR millions)* | 393 | 80 | (30) |
| Operating margin *(%)* | 13.0 | 1.5 | (1.3) |

Profit from recurring operations for Perfumes and Cosmetics was 393 million euros, compared with a loss of 30 million euros in the period to June 30, 2020. Special attention paid to the management of operating costs enabled the business group to improve its operating margin as a percentage of revenue, which grew by 14 points to 13.0%.

### Watches and Jewelry

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Revenue *(EUR millions)* | 4,023 | 3,356 | 1,319 |
| Profit from recurring operations *(EUR millions)* | 794 | 302 | (17) |
| Operating margin *(%)* | 19.7 | 9.0 | (1.3) |

Profit from recurring operations for Watches and Jewelry was 794 million euros, compared with a loss of 17 million euros in the period to June 30, 2020. This substantial increase includes the 339 million euro positive impact of the consolidation of Tiffany in the first half of 2021, and also reflects the very strong performance of certain brands. The operating margin as a percentage of revenue for the Watches and Jewelry business group rose by 21 points to 19.7%.

### Selective Retailing

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Revenue *(EUR millions)* | 5,085 | 10,155 | 4,844 |
| Profit from recurring operations *(EUR millions)* | 131 | (203) | (308) |
| Operating margin *(%)* | 2.6 | (2.0) | (6.4) |

Profit from recurring operations for Selective Retailing was 131 million euros, compared with a loss of 308 million euros in the period to June 30, 2020. Its businesses were still hampered by the lack of recovery in travel and by store closures around the world based on the latest pandemic-related developments. The business group's operating margin as a percentage of revenue improved by 9 points to 2.6%.

### Other activities

The loss from recurring operations of "Other activities and eliminations" improved by 25 million euros with respect to June 30, 2020, totaling 269 million euros. In addition to headquarters expenses, this heading includes the results of the hotel and media divisions, Royal Van Lent yachts, and the Group's real estate activities.

## 1.3. Other income statement items

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Profit from recurring operations | 7,632 | 8,305 | 1,671 |
| Other operating income and expenses | (34) | (333) | (154) |
| Operating profit | 7,598 | 7,972 | 1,517 |
| Net financial income/(expense) | (12) | (608) | (462) |
| Income taxes | (2,010) | (2,409) | (511) |
| **Net profit before minority interests** | **5,576** | **4,955** | **544** |
| Minority interests | (287) | (253) | (22) |
| **Net profit, Group share** | **5,289** | **4,702** | **522** |

"Other operating income and expenses" amounted to a net expense of 34 million euros, compared with a net expense of 154 million euros in the first half of 2020. As of June 30, 2021, "Other operating income and expenses" included 14 million euros in net losses on disposals; 11 million euros in depreciation, amortization and impairment charges for brands, goodwill and real estate assets; and 9 million euros in transaction costs relating to the acquisition of consolidated companies.

The Group's operating profit was 7,598 million euros, nearly five times higher than in the period to June 30, 2020.

The net financial expense was 12 million euros as of June 30, 2021, compared with 462 million euros as of June 30, 2020. This item comprised the following:

– the aggregate cost of net financial debt, which was a gain of 11 million euros, versus a cost of 46 million euros as of June 30, 2020, representing a reduction of 56 million euros;
– interest on lease liabilities recognized under IFRS 16, which amounted to an expense of 140 million euros, compared with an expense of 149 million euros a year earlier;
– other financial income and expenses, which amounted to net income of 117 million euros, compared to a net expense of 268 million euros in 2020. The expense related to the cost of foreign exchange derivatives was 98 million euros, versus an expense of 116 million euros a year earlier. Lastly, fair value adjustments of available for sale financial assets amounted to net income of 235 million euros, compared to a net expense of 136 million euros in the first half of 2020.

The effective tax rate used is the forecast effective tax rate for the fiscal year. The Group's effective tax rate as of June 30, 2021 was 26.5%, down 22 points from the first half of 2020. As of June 30, 2019, it was 28.4%.

As of June 30, 2020, the effective tax rate (48%) resulted from the unusual situation arising from the Covid-19 pandemic, with the accounting expenses that did not give rise to a deduction in the income tax computation remaining stable, while business performance was much lower.

Profit attributable to minority interests was 287 million euros, compared to 22 million euros as of June 30, 2020; this total mainly includes profit attributable to minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 5,289 million euros, compared with 522 million euros in the first half of 2020. This represented 18% of revenue as of June 30, 2021, compared to 3% a year earlier. The Group's share of net profit in the first half of 2021 was thus ten times higher than in the first half of 2020.

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

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

The impact of changes in the scope of consolidation is determined as follows:

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

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

## 2. WINES AND SPIRITS

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **2,705** | **4,755** | **1,985** |
| *Of which: Champagne and wines* | *1,129* | *2,119* | *755* |
| *Cognac and spirits* | *1,576* | *2,636* | *1,230* |
| **Sales volume** *(millions of bottles)* | | | |
| Champagne | 26.6 | 52.4 | 17.1 |
| Cognac | 53.6 | 94.6 | 43.1 |
| Other spirits | 9.0 | 16.1 | 7.4 |
| Still and sparkling wines | 24.9 | 41.8 | 18.4 |
| **Revenue by geographic region of delivery** *(%)* | | | |
| France | 5 | 5 | 4 |
| Europe (excl. France) | 16 | 18 | 15 |
| United States | 40 | 41 | 45 |
| Japan | 4 | 6 | 5 |
| Asia (excl. Japan) | 23 | 19 | 21 |
| Other markets | 12 | 11 | 10 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **924** | **1,388** | **551** |
| **Operating margin** *(%)* | **34.2** | **29.2** | **27.8** |

### Highlights

Organic revenue growth for the Wines and Spirits business group was 44% compared to the same period in 2020 and 12% compared to 2019. This exceptional half-year period was driven by very strong demand for its unique portfolio of prestigious brands, underpinned by a strong innovation momentum and promising launches. In a context that remained volatile, the Maisons maintained strict cost and inventory management, and focused on their value-creation model while stepping up their environmental and social commitments.

Champagne volumes were up 57% with respect to the first half of 2020 and 10% compared with 2019, with particularly strong growth in Europe and the United States.

**Moët & Chandon** performed well, in particular in the United States, Europe and the Asia-Pacific region. The Maison confirmed the potential of its innovative offerings, such as the collaboration with fashion designer Yoon Ambush and the launch of the *Grand Vintage 2013* and *Grand Vintage Rosé 2013*. **Dom Pérignon** revealed two stunning collaborations: one with Bvlgari for a limited edition case combining a magnum bottle of *Rosé 2004* and a necklace from the *Serpenti* collection; the second with Lady Gaga, an artist with a worldwide following who is deeply committed to philanthropy. **Veuve Clicquot** experienced a very promising recovery, particularly in the United States. The successful collaboration with artist Yayoi Kusama for *La Grande Dame 2012* provided a strong and valuable source of exposure in several key countries. A collaboration with K-Way was also established for the *Brut Carte Jaune* cuvée. Veuve Clicquot continued to build on its commitment to women entrepreneurs. The strong upturn in **Ruinart**'s sales was accompanied by market share gains in Europe, while selective inventory management was stepped up. The Maison continued to uphold its commitment to the environment with the worldwide rollout of its eco-designed case and an agroforestry wine-growing pilot project in favor of biodiversity, conducted with Reforest'Action. **Krug** asserted its unique value creation model by presenting *Krug Grande Cuvée 169e Edition* and continuing its annual fine dining program. The Maison officially announced ten major commitments to the planet during live events streamed online. LVMH acquired a 50% stake in the share capital of **Armand de Brignac**. This partnership confirmed Moët Hennessy's commitment to achieving its two objectives: to strengthen its position in the prestige champagne segment and to reach out to new customers.

The **Estates & Wines** Maisons recorded strong growth, supported in particular by Cloudy Bay (New Zealand) and the launch of a new range by Terrazas de Los Andes (Argentina). After receiving praise from top critics, most of the wineries saw their rankings rise by an average of 1.6 points for 2020 vintages compared to those of 2019. The gradual integration of **Château d'Esclans**' rosé wine proved to be a great success with strong sales growth.

**Chandon** updated its marketing platform and packaging at the beginning of the year. The launch of *Chandon Garden Spritz* in Europe and the United States was a great success, and is expected to generate strong growth for the brand.

**Hennessy** performed very well with volume up by 24% relative to the first half of 2020 and up 6% compared to 2019, in a supply-constrained environment. Growth was mainly driven by its two key markets, the United States for its *V.S* quality and China for its *V.S.O.P* and *X.O* qualities. The inroads made by the Maison in Africa and the increase in online sales also contributed to this growth. In keeping with its pioneering spirit, Hennessy launched powerful marketing campaigns in its key markets and strengthened its presence at flagship points of sale, such as on the island of Hainan. The Maison is firmly committed to sustainable development and has made its sustainable development activities a central part of its new ten-year roadmap, H2030. It revealed its key priorities, which included a greater emphasis on reforestation and biodiversity.

The momentum of **Glenmorangie** and **Ardbeg** was driven by new marketing campaigns, the launch of products such as *Glenmorangie X* and the unprecedented sale of rare casks through Moët Hennessy's private sales. The renowned San Francisco World Spirits Competition saw them win 15 double gold medals.

**Belvedere** reaffirmed its commitment to producing authentic spirits rich in character with the launch of *Belvedere Organic Infusions*, its first certified organic product line, consisting of three uniquely flavored vodkas. The Maison made progress towards becoming a fully organic producer and reducing its $CO_2$ emissions to zero by the end of 2022.

**Woodinville**, **Volcán De Mi Tierra** and **Eminente** rum continued to grow through innovation and selective distribution growth.

### Outlook

Due to the combined impact of sector-specific supply constraints and the excellent momentum achieved in the first half of the year, the Wines and Spirits business group is taking a measured yet optimistic approach to the second half of the year, in what is still an uncertain public health environment. In a fast-changing sector, the Maisons remain committed to their long-term vision. They will continue to build on their value-enhancing strategy and the strengths associated with the authenticity and excellence of their products, while leveraging the acceleration of online sales, particularly through the partnership with Campari. By innovating and shaping more diverse and inspiring experiences for their various consumers around the world, the appeal of their products will be enhanced. With the goal of pursuing responsible growth, they aim to strengthen their sustainability commitments to protect the environment, and the research and implementation of innovative solutions.

# 3. FASHION AND LEATHER GOODS

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **13,863** | **21,207** | **7,989** |
| **Revenue by geographic region of delivery** *(%)* | | | |
| France | 4 | 5 | 6 |
| Europe (excl. France) | 15 | 18 | 20 |
| United States | 20 | 19 | 17 |
| Japan | 8 | 10 | 11 |
| Asia (excl. Japan) | 44 | 39 | 37 |
| Other markets | 9 | 9 | 9 |
| **Total** | **100** | **100** | **100** |
| **Type of revenue** *(% of total revenue)* | | | |
| Retail | 94 | 93 | 92 |
| Wholesale | 6 | 6 | 7 |
| Licenses | - | 1 | 1 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **5,660** | **7,188** | **1,769** |
| **Operating margin** *(%)* | **40.8** | **33.9** | **22.1** |

## Highlights

The strong growth of the Fashion and Leather Goods business group confirmed the rebound seen in the second half of 2020. Since the beginning of the pandemic, thanks to their dedicated staff and wellsprings of creativity, our Maisons have innovated to enrich their collections, adapt to health and safety requirements and maintain close ties with their customers. In particular, they were able to reinvent their fashion shows by designing fascinating and ever more creative films that enchanted millions of people.

**Louis Vuitton** achieved a remarkable performance, driven by its creative momentum and its quest for excellence in craftsmanship. At its stores and through its many original, high-quality digital initiatives, the Maison continued to offer its customers a unique experience. In leather goods, three iconic bags are reimagined for every season and inspired new campaigns. A collection including a range of menswear and a new line of grained leather bags were designed for the second season of the Maison's partnership with the NBA, whose trophy case was made in Asnières. For the Fall/Winter 2021 season, the Men's show was imagined as an artistic performance captured between Paris and the Swiss mountains, while the Women's show was filmed in the Michelangelo Gallery at the Louvre Museum, incorporating sculptures into the set design. The 2022 Cruise show took place in June near Paris along the Axe Majeur, an architectural masterpiece by Dani Karavan. Illustrating the Maison's cutting-edge watchmaking expertise, a number of high-end watch models were unveiled and the *Tambour Street Diver* watch joined its flagship collection. The *B Blossom* jewelry collection and the range of fragrances continued to grow. The half-year period saw the inauguration of an emblematic store in Tokyo's Ginza district and the opening at La Samaritaine Pont-Neuf in Paris. Louis Vuitton continued its partnership with UNICEF with this year's edition of the *Silver Lockit* bracelet.

**Christian Dior Couture** recorded an excellent half-year with remarkable growth in all its product categories with local customer bases. Fashion shows, which were exclusively digital at the beginning of the year, remained high points with their wealth of inspiration and stunning set designs. The Women's Winter 2021 ready-to-wear collection was masterfully filmed in the Hall of Mirrors at the Palace of Versailles, a novel concept that generated millions of views online. On June 17, the 2022 Cruise show became the first show open to guests after months of pandemic-related restrictions, set against the spectacular backdrop of the Panathenaic Stadium in Athens. The new *Dior Caro* bag was launched, featuring the Maison's legendary cannage pattern, which alone requires 18,700 stitches, while several of its classic bags were reimagined, distilling their iconic silhouettes into unprecedented dimensions. The new *RoseDior* high jewelry collection was unveiled, featuring 54 pieces inspired by roses. The *Dioriviera* summer capsule collection, which included a collaboration with the legendary Vespa brand, appeared at a series of stores around the world. Colorful window displays accompanied the launch of the Fall 2021 Men's collection, designed with artist Kenny Scharf. As part of its Women@Dior program, the Maison partnered with UNESCO to hold a virtual conference entitled "Dream for Change", which was attended by 1,500 young women from 25 countries.

**Fendi** saw remarkable growth among its local customer bases and continued to gain market share in key regions. Kim Jones' first shows in collaboration with Silvia Venturini Fendi, held in Paris (Couture) and Milan (Ready-to-Wear), were met with an enthusiastic welcome from the press and customers alike. The Maison enjoyed the commercial success of the *Summer Vertigo* capsule collection, designed in collaboration with New York artist Sarah Coleman and accompanied by a number of in-store events. Fendi continued to support Italian manufacturers and craftspeople with the Hand in Hand project centered around the *Baguette* bag.

At **Loro Piana**, the half-year period featured the launch of the *Sesia* bag, made of exceptionally high-quality leather and available in a tasteful palette of colors and seven different styles. In China, the campaign was developed in partnership with influencers, helping reach a vibrant, younger generation of customers via social media. Combining heritage and innovation, the Maison continued to enrich its ready-to-wear lines, which, as ever, were buoyed by the excellence of the Maison's raw materials and its unique expertise.

**Celine**'s powerful appeal among all its local customers and the success of its online sales enabled it to accelerate its growth, particularly in Asia. The Maison added to its core leather goods lines, *Triomphe* and *Toile Triomphe*, whose signature look has become one of the brand's distinctive hallmarks. Ready-to-wear also enjoyed growing success. The digital fashion shows directed by Hedi Slimane at the Château de Chambord and Château de Vaux-le-Vicomte had an overwhelming response. A new flagship store was opened at Plaza 66 in Shanghai. Revenue and profit reached record levels.

**Loewe** continued to surprise followers with its collections, collaborations and innovations, including the *Loewe x My Neighbor Totoro* capsule collection, the latest edition of *Paula's Ibiza* and the new *Goya* bag. The digital concepts dedicated to Jonathan Anderson's collections, "Show in a Book" and "Show in the News", reflected the Maison's new energy, which was highlighted by the press and the fashion industry. Online sales surged and an array of initiatives reinforced Loewe's omnichannel strategy.

**Givenchy** reached a key milestone with the arrival in stores of Matthew Williams' first collection and the virtual fashion show for the Winter 2021 collection, which amassed a wide following on social media. The signature looks of a new creative vision were unveiled and appeared in stores with powerful visuals. The new *4G* bag, launched in May, reflected Givenchy's ambition to further develop its presence in leather goods.

**Marc Jacobs**' strong momentum was driven by the success of its core leather goods lines, *Snapshot* and *Traveler*, which inspired seasonal variations and events. The second *Heaven by Marc Jacobs* ready-to-wear collection gained a strong following among a younger customer base and was widely shared on social media.

**Berluti** was boosted by the promising debut of the *Essentiels* capsule collection and the enthusiastic reception of the Winter 2021 collection, presented in Shanghai and concluding Kris Van Assche's three-year term as the Maison's Creative Director. The *Signature* canvas continued its rollout. The selective development of the store network was focused on China and Japan.

**Rimowa** actively prepared for the recovery linked to the return of domestic and international travel. The Maison continued to enrich its luggage line with the addition of the new Mars and Mercury aluminum color options, and expanded its *Never Still* range of soft bags. A new collection of polycarbonate suitcases was launched in early summer, with Mango and Bamboo joining the color options. A flagship store was opened in Beijing.

### Outlook

Drawing on their agility and the loyalty shown by their customers, the Fashion and Leather Goods Maisons enter the second half of the year with confidence. While maintaining their efforts to adapt to a post-crisis environment, they can count on their dedicated staff to consolidate their key strengths: exceptional expertise, intensely creative collections and an excellent customer experience. Over the next few months, this unique group of Maisons will continue to advance toward an ever more sustainable and responsible vision of luxury. The ongoing rollout of two innovative circular economy programs will be one of the driving forces behind this objective. **Louis Vuitton** will continue its development, focusing on the exceptional creativity that runs through all its business groups. The Maison will step up its quest for excellence in its physical and digital distribution networks to ensure that the entire customer experience is enchanting, unique and accompanied by the unparalleled quality of service it is known for. A number of initiatives will be launched to mark the 200th anniversary of Louis Vuitton's birth. **Christian Dior Couture** will aim to continue its strong growth in all of its markets, with a number of high-profile openings and events. The highlight of the second half of the year will be preparing for the reopening of its historic store at 30 avenue Montaigne in an exceptional new format. **Fendi** will unveil Kim Jones' first Couture and Women's Ready-to-Wear collections at the reopening of its flagship store in New York. The Maison will continue to build on the success of its iconic *Peekaboo* and *Baguette* bags and the selective expansion of its stores. **Celine** plans to open a number of stores, and will continue to optimize its omnichannel platform to better serve its customers

## 4. PERFUMES AND COSMETICS

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **3,025** | **5,248** | **2,304** |
| **Revenue by geographic region of** | | | |
| France | 7 | 9 | 8 |
| Europe (excl. France) | 17 | 18 | 16 |
| United States | 16 | 14 | 12 |
| Japan | 5 | 5 | 5 |
| Asia (excl. Japan) | 45 | 45 | 49 |
| Other markets | 10 | 9 | 10 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **393** | **80** | **(30)** |
| **Operating margin** *(%)* | **13.0** | **1.5** | **(1.3)** |

### Highlights

Organic revenue growth for the Perfumes and Cosmetics business group was 37% compared to the same period in 2020. Revenue declined 3% at constant consolidation scope and exchange rates compared with 2019. Since the beginning of the public health crisis, our major brands have shown their resilience and their support for their communities while maintaining their selective distribution strategies unlike many competitors which have increased the number of discounted sales, or sales in parallel networks, as a means of supporting their revenues. They were able to rebuild solid momentum with the gradual reopening of physical points of sale combined with strong growth in their online sales. This performance was buoyed by their vibrant flagship lines, successful innovations and progress made in crafting high-quality, groundbreaking digital experiences.

**Parfums Christian Dior** saw a very strong surge in revenue among its local customer bases, building on the recovery observed starting in late 2020. This momentum was visible across all its local markets, particularly in Asia but also in the United States and the Middle East. The Maison's iconic lines drove this growth with the launch in makeup of *Rouge Dior* refillable lipstick; a substantial increase in demand for the *Prestige* and *Capture* ranges of skincare, the culmination of the scientific and sensory expertise of LVMH's research and innovation center; and the ongoing success of the *Sauvage*, *Miss Dior*, *J'Adore* and *Dior Homme* fragrances. The *Collection Privée* range of exceptional fragrances continued to make solid progress, buoyed by the launch of new scents which, combined with a rigorous presentation strategy, reflected the Maison's incomparable expertise in high perfumery. The acceleration in online sales continued via directly operated sites, spurred by digital campaigns that were among the most innovative run by fragrance and beauty brands. These initiatives helped further raise the Maison's profile, complementing its store network by attracting a new clientele and showcasing the exceptional customer experience it offers.

**Guerlain** showed very positive momentum, driven by skincare thanks to the exceptional ongoing success of *Abeille Royale* and the vitality of its *Orchidée Impériale* line. Business in China was particularly brisk. In May at Le Bon Marché, the Maison unveiled its new point-of-sale visual design and stood out on World Bee Day by reaffirming its powerful commitment to bees alongside its brand ambassador Angelina Jolie.

**Parfums Givenchy** returned to growth and won market share thanks to the success of its *L'Interdit* fragrance and the promising relaunch of the *Irresistible* line. In makeup, momentum was driven by its *Prisme Libre* powder and the launch of the *Prisme Libre Glow* foundation. **Benefit** expanded its global leadership position in mascara with the launch of its spectacular *They're Real! Magnet* featuring revolutionary technology. As locations reopened around the world, its Brow Bars confirmed their success. **Fresh** affirmed its presence in the ultra-premium skincare segment with the launch of its *Crème Ancienne White Truffle* mask, made with white truffle from Alba, Italy, and began an initiative to support communities in the regions where its natural ingredients are sourced. **Make Up For Ever** innovated with its *Watertone* foundation, a perfect illustration of its commitment to sustainable, responsible beauty, co-developed with its community of professional makeup artists. **Fenty Beauty** expanded its range of foundation with the launch of *Pro Filt'r Powder Foundation* compact powder, while **Fenty Skin** rounded out its line of skincare and opened its first physical points of sale following the major success of its exclusive online debut. **Parfums Kenzo** showcased the new eau de toilette version of its *Flower by Kenzo* flagship line. **Maison Francis Kurkdjian** continued its robust growth and launched *Aqua Cologne Forte*, a new collection of three fragrances. **Perfumes Loewe** now offers its bottles in a range of colors to form a visually stunning "botanical rainbow", and was boosted by the success of its home fragrances. Two highlights for **Acqua di Parma** were the *Scent of Parma* exhibition to celebrate the opening of a flagship store in Shanghai, and the extension of its online sales to the Middle East. **Ole Henriksen** expanded its presence in Asia. **KVD Beauty** saw a surge in popularity on social media with its *Good Apple Foundation Balm*.

### Outlook

Faced with a more favorable outlook, the Perfumes and Cosmetics Maisons are well positioned to benefit from the recovery gradually taking place around the world and to differentiate themselves, over the short and longer terms, within their competitive environments. While remaining highly vigilant over the months to come, they will focus on boosting innovation and continuing to selectively invest in their image and their communications, achieving excellence in their retail networks and creating compelling digital experiences for their different types of customers. **Parfums Christian Dior** will accelerate its momentum with powerful initiatives focused on its iconic *Sauvage*, *Miss Dior* and *J'Adore* fragrances; in makeup, the Maison will showcase its *Rouge Dior Forever Liquid* transfer-proof lipstick, in particular; in skincare, the main initiatives will be the rollout of the new *Capture Totale* eye serum and the creation of a range of *Prestige* cleansing balms. As part of a multi-layered innovation plan for **Guerlain**'s three core product ranges, the main highlight of the second half of the year will be a major launch in high perfumery. Premium skincare line *Le Soin Noir* will take pride of place at **Parfums Givenchy**.

## 5. WATCHES AND JEWELRY

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **4,023** | **3,356** | **1,319** |
| **Revenue by geographic region of** | | | |
| France | 2 | 4 | 4 |
| Europe (excl. France) | 14 | 20 | 21 |
| United States | 22 | 8 | 7 |
| Japan | 10 | 12 | 12 |
| Asia (excl. Japan) | 41 | 43 | 41 |
| Other markets | 11 | 13 | 15 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **794** | **302** | **(17)** |
| **Operating margin** *(%)* | **19.7** | **9.0** | **(1.3)** |

### Highlights

The Watches and Jewelry business group saw organic revenue growth of 71% with respect to the first half of 2020, which had been hard hit by the pandemic, and of 5% compared with 2019. Including Tiffany, growth was much stronger, showing the transformative contribution of this iconic brand. The Maisons were buoyed by the gradual recovery in their markets, primarily China and the United States, and the use of distribution methods well-suited to the public health context: direct sales and digital channels. New watch designs were unveiled at several of the profession's major events – LVMH Watch Week, held in an innovative format combining remote meetings and individual in-person encounters, and the Watches and Wonders Geneva digital trade fair. In April, LVMH announced its participation in the launch of a sustainable platform for gemstones and jewelry.

**Tiffany**, whose business was consolidated for the first time in the first half, achieved an excellent half-year, driven by particularly strong momentum in Asia and the United States. For the first time in its history, the Maison's annual *Blue Book* collection of high jewelry was unveiled in China. Among the 400 pieces that make up the collection, the masterpiece was the exceptional Empire Diamond, a gem totaling over 80 carats. It inspired the redesign of an extraordinary necklace, which was originally presented by Tiffany at the 1939 New York World's Fair, with a spectacular aquamarine as its centerpiece, surrounded by 500 custom-cut diamonds. Many pieces from the collection made their appearance on the red carpet, worn by celebrities. Rosé, the young singer of South Korean band Blackpink, became the Maison's global brand ambassador. She was also the new face of the *Tiffany HardWear* collection, a bold, rebellious line that encapsulates a resolutely feminine energy. This rejuvenation, which was particularly well-received, generated substantial interest, particularly among a younger clientele. In another highlight, honoring its long tradition of expressions of love and diversity, Tiffany launched its first men's engagement ring, the *Charles Tiffany Setting*.

**Bvlgari** saw strong momentum in jewelry, particularly in its network of directly operated stores. The Maison offset the drop in travel retail sales with growth among local customers in all its key regions. This performance illustrated its appeal, as well as the quality of its connections built up with customers and the effectiveness of its digital presence. The new *Serpenti Viper* jewelry collection confirmed its potential with new customers, while the *B.zero1* line continued its growth, fueled by the launch of *B.zero1 Rock*. Encapsulating the essence of Bvlgari style with its exceptional gemstones, the *Magnifica* high jewelry collection, presented in June, was an instant success. The appeal of the new *Bvlgari Aluminium* watch and the momentum of its *Serpenti Seduttori*, *Lvcea* and *Diva* women's lines helped drive solid overall growth in the watch division. The *Octo Finissimo* model, the thinnest perpetual calendar ever created, set a new record in high watchmaking.

**TAG Heuer** marked the start of a major partnership with Porsche with the launch of the *Carrera Porsche* chronograph. In addition to the introduction of highly successful limited editions including the *Green Dial Carrera* and the *Monaco Titan*, a new *Aquaracer* collection was launched in April. Naomi Osaka and Tommy Fleetwood joined the team of TAG Heuer ambassadors. The Maison opened its first store on the West Coast of the United States.

**Hublot**'s rebound in the first half of the year was driven by the strong recovery in the Chinese market and, more generally, by growth in sales through its directly operated stores. The Maison's new designs – *Big Bang Tourbillon Automatic Orange*, *Big Bang Unico Yellow Ceramic* and *Classic Fusion Takashi Murakami* – were a major success. Hublot launched the *Big Bang UEFA Euro 2020™* smartwatch, the official timepiece of the Euro 2020 soccer championship held in June and July 2021, along with a series of podcasts featuring conversations with brand ambassadors and friends of the Maison from the world of soccer. The distribution network continued its selective growth.

Showing strong momentum in the United States and the Middle East, **Zenith** enjoyed robust demand following the launch of the *Chronomaster Sport* and rapid growth in online sales.

**Chaumet** saw very strong momentum. The brand held the *Joséphine & Napoléon* exhibition at its historic 12 Vendôme location, which was magnificently restored in 2020, and continued to enrich its *Joséphine* collection. The Maison expanded its distribution in China and the Middle East, and reopened its flagship store on New Bond Street in London.

**Fred** launched the *Pretty Woman* line with Emma Roberts as its brand ambassador and scaled up its presence in China, South Korea and Japan.

### Outlook

With the arrival of the prestigious Maison Tiffany, the Watches and Jewelry business group enters a new phase of its long-term development. As a major player in a highly promising business segment, with numerous strengths and a powerful appeal, it will continue to drive its development through innovation, excellent craftsmanship and corporate social responsibility. Over the short term, while conditions are improving, the business environment remains volatile and recovery levels vary widely between different markets. Given this context, our Maisons will remain highly selective in their investments while continuing to pursue a robust innovation policy. The quality-driven development of distribution networks – directly operated stores in particular – and new digital inroads will also drive momentum over the months to come. **Tiffany** will aim to maintain the pace of its growth in the second half of the year, drawing in particular on an acceleration in China, and the launch of a new collection of gold jewelry, premiering in the United States. At **Bvlgari**, the second half will see a new campaign for the *Magnifica* collection with the Maison's brand ambassadors Zendaya, Lisa, Vittoria Ceretti and Lily Aldridge; high jewelry events; and the launch of new, highly promising designs within the *Diva's Dream* and *B.zero1* jewelry lines. The watchmaking Maisons will benefit from the retail launch of the new designs presented in the first half of the year.

## 6. SELECTIVE RETAILING

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **5,085** | **10,155** | **4,844** |
| **Revenue by geographic region of delivery** *(%)* | | | |
| France | 10 | 13 | 11 |
| Europe (excl. France) | 8 | 9 | 8 |
| United States | 38 | 35 | 38 |
| Japan | - | 1 | 1 |
| Asia (excl. Japan) | 28 | 27 | 28 |
| Other markets | 16 | 15 | 14 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **131** | **(203)** | **(308)** |
| **Operating margin** *(%)* | **2.6** | **(2.0)** | **(6.4)** |

### Highlights

Revenue for the Selective Retailing business group was up 12% at constant consolidation scope and exchange rates with respect to the first half of 2020, and down 25% compared with 2019. In a business environment that saw improvements but remained disrupted by the halt in international travel and a slow recovery in Europe, our Maisons continued to take the necessary measures to adapt to the situation, and kept enriching their digital content to drive online sales and stay connected with customers. The gradual reopening of stores closed for nearly two months in the first half of the year went smoothly, with the top priority being the health and safety of customers and staff.

**Sephora** performed well during the first half of 2021, despite the global pandemic forcing closures at up to 500 stores in March and April. The brand reinforced its position in most of its markets, particularly in the United States, where Sephora will open 200 new locations in the second half of 2021 through its partnership with Kohl's department stores, and in China, where Sephora opened 13 new stores since January, including a "flagship of the future" in the iconic Sanlitun district of Beijing that combined modern art and virtual reality. Sephora's investments in its omnichannel strategy paid as e-commerce reached record highs, supported by major innovations such as live streaming and live shopping. Skincare and haircare categories continued to overperform, while perfume is thriving and makeup showed signs of recovery. Sephora's actions on Diversity & Inclusion were also stepped up through joining the Valuable 500, a global movement to speed the inclusion of people with disabilities in the workplace, and through its Accelerate program, dedicated to supporting women entrepreneurs, which focused on founders of color this year, in line with the 15% pledge that the Maison signed in 2020.

**DFS** began 2021 with a series of openings and announcements. In January, its first downtown store was inaugurated on the island of Hainan in China, in partnership with Shenzhen Duty Free Group, marking DFS' return after operating airport stores from 2005 to 2019. The openings of a location in downtown Brisbane, Australia, and a tourist complex in Queenstown, New Zealand, were announced for 2022. These destinations are expected to benefit from the return of Chinese customers as soon as borders reopen. Lastly, in a highly anticipated event, La Samaritaine Pont-Neuf in Paris reopened its doors on June 23 following an ambitious renovation that has faithfully preserved the Maison's history while meeting stringent environmental standards. Over the half-year period, the business was boosted by the gradual increase in air traffic, excellent performance at its seven stores in Macao and its debut in Hainan. The acceleration of its digital strategy also helped drive sales thanks to a series of innovations: in Macao, the launch of a very powerful e-commerce platform and a mini-program on the WeChat app offer customers a unique purchasing experience; new features allow partner brands to personalize their pages on DFS' digital channels; and in North America, the launch of a digital solution for airports helps build customer loyalty and interest. In parallel, DFS continued its initiatives to support local communities.

**Starboard Cruise Services** prepared for the resumption of its operations. A certain number of countries and port authorities started to progressively lift restrictions on cruises and relax social distancing requirements. The Maison remains very prudent, but is preparing for a rebound in business for part of the fleet in the second half of the year. Teams focused on leveraging opportunities in digital channels, optimizing the products and services offered according to each cruise line and implementing recovery plans.

**Le Bon Marché** saw an intense first month of the year, driven in particular by the *Amazone Erogène* exhibition by artist Prune Nourry, which raised the department store's profile and made it a particularly compelling destination for its customers. Starting January 31, Le Bon Marché was once again required to close its doors until May 19, due to public health and safety measures. During this period, digital communications and mail-order sales helped stay connected with customers. Since May 19, in-store business has been restarted. The two sites of La Grande Épicerie de Paris (Rive Gauche and Rive Droite) welcomed their local customers without interruption during the half-year period and continued to support their suppliers. They saw an increase in business activity.

## Outlook

In the second half of the year, **Sephora** will continue to accelerate in key markets, in particular China and North America. The strong online momentum will continue everywhere, supported by continuous innovation. In Europe, Sephora recently announced a breakthrough partnership to become online platform Zalando's strategic partner for Prestige Beauty and create a unique Prestige Beauty category – launching in Germany in Q3 2021 – allowing the Maison to accelerate its digital expansion in Europe while elevating the online beauty experience for Zalando's 42 million customers. The previously announced partnership in the US with the iconic retailer Kohl's to open 800 exclusive Sephora Prestige Beauty points of sale will start in August 2021 to open the first 200 before the end of 2021. In all its markets, Sephora will continue to delight consumers through its carefully curated offer, as well as excellence of service and advice delivered by expert teams, and the best omnichannel experience. Purpose and CSR will continue to be a major priority for Sephora, with a very strong focus on conscious beauty, community impact and Diversity & Inclusion.

**DFS** will gradually reopen its stores according to the public health decisions of local authorities and tourism forecasts. These reopenings will be accompanied by reinforced health and safety procedures at points of sale. Focusing its efforts as a priority on destinations seeing a rapid recovery, the Maison is preparing to scale up its already substantial presence in Macao and to pave the way for success at its new sites: Hainan in China, and La Samaritaine Pont-Neuf in Paris. This fall, **Le Bon Marché** will host the *Porte-Bonheurs* exhibition, featuring works by Thebe Magugu, to support the Dessine l'Espoir ("Draw Hope") humanitarian nonprofit. The end of the year will see the launch of a digital platform for services and experiences, continuing to position Le Bon Marché Rive Gauche as a vibrant, integral part of the Parisian scene.

# 7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | Change |
|---|---|---|---|
| Intangible assets | 47,142 | 33 054 | 14,088 |
| Property, plant and | 19,197 | 18 224 | 973 |
| Right-of-use assets | 13,998 | 12 521 | 1,477 |
| Other non-current assets | 5,635 | 4 899 | 736 |
| **Non-current assets** | **85,972** | **68 698** | **17,274** |
| Inventories | 16,054 | 13 016 | 3,038 |
| Cash and cash equivalents | 7,231 | 19 963 | (12,732) |
| Other current assets | 7,329 | 6 994 | 335 |
| **Current assets** | **30,614** | **39 973** | **(9,359)** |
| **Assets** | **116,586** | **108 671** | **7,915** |

| | June 30, 2021 | Dec. 31, 2020 | Change |
|---|---|---|---|
| Equity | 42,624 | 38 829 | 3,795 |
| Long-term borrowings | 11,937 | 14 065 | (2,128) |
| Non-current lease liabilities | 12,045 | 10 665 | 1,380 |
| Other non-current liabilities | 22,051 | 19 795 | 2,256 |
| **Equity and non-current** | **88,657** | **83 354** | **5,303** |
| Short-term borrowings | 12,109 | 10 638 | 1,471 |
| Current lease liabilities | 2,440 | 2 163 | 276 |
| Other current liabilities | 13,380 | 12 516 | 864 |
| **Current liabilities** | **27,929** | **25 318** | **2,611** |
| **Liabilities and equity** | **116,586** | **108 671** | **7,915** |

LVMH's consolidated balance sheet totaled 116.6 billion euros as of end-June 2021, up 7.9 billion euros from December 31, 2020.

Intangible assets totaled 47.1 billion euros, up 14.1 billion euros from year-end 2020, with 11.2 billion euros of this increase arising from goodwill recorded during the half-year period. This mainly resulted from Tiffany joining the scope of consolidation, as the acquisition was finalized in early January 2021. In addition, the impact on goodwill of the revaluation of purchase commitments for minority interests was positive (2.3 billion euros).

Property, plant and equipment were also up 1.0 billion euros and totaled 19.2 billion euros as of the period-end. Of this increase, 0.8 billion euros was attributable to acquisitions during the period, first and foremost Tiffany. The impact of investments for the half-year period was fully offset by depreciation charges; the comments on the cash flow statement provide further information on investments.

Right-of-use assets totaled 14.0 billion euros, up 1.5 billion euros from 12.5 billion euros as of year-end 2020, including 1.0 billion euros arising from Tiffany entering the scope of consolidation. Another 0.2 billion euros of this increase resulted from lease renewals, net of depreciation during the fiscal year. Store leases represented the majority of right-of-use assets, for a total of 10.9 billion euros.

Other non-current assets increased by 0.7 billion euros, amounting to 5.6 billion euros, following the 0.4 billion euro increase in deferred tax assets and the 0.2 billion euro increase in non-current available for sale financial assets.

Inventories were up 3.0 billion euros, of which 2.0 billion euros resulted from the integration of Tiffany's inventories, and 1.0 billion euros resulted from business activity during the period. This increase was partly offset by the 0.5 billion euro charge to provisions for impairment, net of reversals. See also the "Comments on the consolidated cash flow statement" section.

Excluding inventories, current assets decreased by 12.4 billion euros, largely due to the 12.7 billion euro decrease in cash and cash equivalents, primarily related to the payment of the purchase price for Tiffany, which took place on January 7. Derivatives decreased by 0.5 billion euros due to a portion of the instruments in the portfolio having matured as of December 31, 2020. In particular, these included financial instruments related to the issue of convertible bonds in 2016, which were fully redeemed during the half-year period. Conversely, current available for sale financial assets increased by 0.7 billion euros, due to acquisitions completed during the half-year period.

Lease liabilities arising from the application of IFRS 16 were up 1.7 billion euros, including 1.0 billion euros attributable to the acquisition of Tiffany.

Other non-current liabilities totaled 22.1 billion euros, up 2.3 billion euros from 19.8 billion euros as of year-end 2020. Of this increase, 2.0 billion euros resulted from the increase in the liability in respect of purchase commitments for minority interests' shares, which amounted to 13.0 billion euros, following changes in the metrics used to measure these commitments. Another 0.2 billion euros arose from the increase in provisions resulting from the integration of Tiffany's retirement benefit obligations.

Lastly, other current liabilities increased by 0.9 billion euros, amounting to 13.4 billion euros. Operating liabilities increased by 1.0 billion euros, of which 0.6 billion euros was attributable to trade accounts payable and 0.2 billion euros to tax and social security liabilities. An additional 0.2 billion euros arose from the reclassification of a portion of the liability in respect of purchase commitments for minority interests' shares, following the exercise of a put option by one of the minority interests concerned by these commitments. Conversely, derivatives decreased by 0.5 billion euros, mainly due to the remaining financial instruments related to the convertible bonds issued in 2016 reaching maturity.

### Net financial debt and equity

| *(EUR millions or as %)* | June 30, 2021 | Dec. 31, 2020 | Change |
|---|---|---|---|
| Long-term borrowings | 11,937 | 14,065 | (2,128) |
| Short-term borrowings and derivatives | 12,027 | 10,891 | 1,136 |
| **Gross borrowings after derivatives** | **23,965** | **24,956** | **(991)** |
| Cash, cash equivalents and current available for sale financial assets | (8,699) | (20,715) | 12,016 |
| **Net financial debt** | **15,265** | **4,241** | **11,024** |
| **Equity** | **42,624** | **38,829** | **3,795** |
| **Net financial debt/Equity ratio** | **35.8%** | **10.9%** | **24,9 pts** |

Total equity amounted to 42.6 billion euros as of end-June 2021, up 3.8 billion euros from year-end 2020. Net profit for the period, after the distribution of dividends, contributed 3.2 billion euros to this increase. It also included the 1.0 billion euro increase in gains and losses recognized in equity, mainly resulting from the impact of exchange rate fluctuations. Conversely, transactions in LVMH shares had a negative impact of 0.3 billion euros.

As of end-June 2021, net financial debt was equal to 35.8% of total equity, compared to 10.9% as of year-end 2020, up 24.9 points largely due to the payment of the purchase price for Tiffany in early January 2021.

Gross borrowings after derivatives totaled 24.0 billion euros as of end-June 2021, down 1.0 billion euros compared with year-end 2020, despite the integration of Tiffany's liabilities in the amount of 1.0 billion euros. This decrease followed the redemption of the remaining cash-settled convertible bonds issued in 2016; of the 0.3 billion euro bond issued in 2019; and of the 0.7 billion euro bond issued in 2014, in advance of its scheduled maturity in September 2021. Euro- and US dollar-denominated commercial paper (ECP and USCP) outstanding also decreased, by 0.5 billion euros. Cash, cash equivalents, and current available for sale financial assets totaled 8.7 billion euros as of end-June 2021, down 12.0 billion euros from 20.7 billion euros as of year-end 2020. Net financial debt thus increased by 11.0 billion euros during the half-year period, with this increase including the 13.2 billion euro impact of the acquisition of Tiffany.

As of end-June 2021, the Group's undrawn confirmed credit lines amounted to 13.1 billion euros. This amount exceeded the outstanding portion of its euro- and US dollar-denominated commercial paper (ECP and USCP) programs, which came to 8.0 billion euros as of end-June 2021.

# 8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

| *(EUR millions)* | June 30, 2021 | June 30, 2020 | Variation |
|---|---|---|---|
| **Cash from operations before changes in working capital** | **10,169** | **4,421** | **5,748** |
| Cost of net financial debt: interest paid | 40 | (42) | 82 |
| Lease liabilities: interest paid | (132) | (142) | 9 |
| Tax paid | (1,590) | (1,382) | (208) |
| Change in working capital | (765) | (2,005) | 1,241 |
| **Net cash from operating activities** | **7,722** | **850** | **6,872** |
| Operating investments | (1,191) | (1,414) | 224 |
| Repayment of lease liabilities | (1,243) | (1,157) | (86) |
| **Operating free cash flow [a]** | **5,288** | **(1,721)** | **7,010** |
| Financial investments and purchase and sale of consolidated investments | (12,778) | (77) | (12,701) |
| Equity-related transactions | (2,874) | (81) | (2,793) |
| **Change in cash before financing activities** | **(10,364)** | **(1,879)** | **(8,485)** |

Cash from operations before changes in working capital totaled 10,169 million euros, up 5,748 million euros from 4,421 million euros a year earlier, and up 2,770 million euros compared with the first half of 2019. The first half of 2020 was severely impacted by the crisis triggered by the Covid-19 pandemic.

After tax and interest paid on net financial debt and lease liabilities, and after the change in working capital, net cash from operating activities amounted to 7,722 million euros, up 6,872 million euros from June 2020 and up 3,533 million euros from June 2019.

Interest paid on net financial debt amounted to a net cash inflow of 40 million euros, compared to an outflow of 42 million euros a year earlier, despite a significant increase in average gross borrowings related to the financing of the acquisition of Tiffany, which took place on January 7, 2021. The Group benefited from the negative interest rate environment on short-term debt during the half-year period.

Tax paid came to 1,590 million euros, 208 million euros more than the 1,382 million euros paid in the first half of 2020.

The change in working capital (a requirement of 765 million euros) was 1,241 million euros lower than in the first half of 2020, during which the change in working capital amounted to a requirement of 2,005 million euros. This lower requirement was mainly due to the fact that as of end-June 2021, trade accounts payable and other operating liabilities remained close to the levels recorded at end-December 2020, reflecting the robust level of business activity during the period. Conversely, in June 2020, these operating liabilities were down sharply as a result of the slowdown in activity, which generated a financing requirement of 2,042 million euros. The change in trade accounts receivable did not contribute significantly to the change in working capital in the first half of 2021, remaining at a level equivalent to that of year-end 2020, whereas in June 2020 the decrease in this line item offset the requirement generated by the decline in trade accounts payable and operating liabilities in the amount of 972 million euros. With regard to inventories, the increase observed during the first half of 2021 generated a financing requirement of 1,041 million euros, up slightly from 936 million euros in the first half of 2020, despite the sharp increase in business activity. The Fashion and Leather Goods business group was the main contributor to this increase.

Operating investments net of disposals resulted in an outflow of 1,191 million euros in the first half of 2021, down 224 million euros compared to the outflow of 1,414 million euros in the first half of 2020. Purchases of property, plant and equipment mainly include investments by the Group's brands – notably Christian Dior, Louis Vuitton and Sephora – in their retail networks. They also included investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment.

Repayment of lease liabilities totaled 1,243 million euros as of end-June 2021, close to the 1,157 million euros recorded as of end-June 2020.

As of end-June 2021, "Operating free cash flow" [a] amounted to a net inflow of 5,288 million euros, a substantial increase of 7,010 million euros relative to end-June 2020, a half-year period that had been heavily affected by the Covid-19 pandemic, and also up by 3,593 million euros compared to the first half of 2019. The impact of the increase in cash from operations in the period to end-June 2021 relative to end-June 2020 and 2019 was compounded by the additional positive impact of the reduction in the working capital requirement and in operating investments.

During the half-year period, financial investments accounted for an outflow of 12,778 million euros, the predominant share of which related to the acquisition of Tiffany.

Equity-related transactions generated an outflow of 2,874 million euros. A portion of this amount, 2,016 million euros, arose from the final dividend in respect of 2020 paid during the half-year period by LVMH SE, excluding the amount attributable to treasury shares, as well as tax related to dividends paid for 67 million euros. Transactions in LVMH shares generated an additional outflow of 364 million euros. Lastly, net cash used in purchases of minority interests' shares and dividends paid to minority interests came to 428 million euros.

The financing requirement after all transactions relating to operating activities, investing activities and equity-related transactions thus totaled 10,364 million euros. After 2,642 million euros in repayments of borrowings and the positive 115 million euro impact of exchange rate fluctuations on cash balances, the period-end cash balance was down 12,891 million euros compared to year-end 2020. It totaled 6,915 million euros as of the half-year period-end, a level that included the impact of the acquisition of Tiffany, which took place on January 7, 2021 for the amount of 16.1 billion US dollars, equating to 13.1 billion euros.

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

# CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

| *(EUR millions, except for earnings per share)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| **Revenue** | 24 | **28,665** | **44,651** | **18,393** |
| Cost of sales | | (9,109) | (15,871) | (7,002) |
| **Gross margin** | | **19,556** | **28,780** | **11,391** |
| Marketing and selling expenses | | (9,804) | (16,792) | (8,000) |
| General and administrative expenses | | (2,099) | (3,641) | (1,699) |
| Income/(Loss) from joint ventures and associates | 8 | (21) | (42) | (21) |
| **Profit from recurring operations** | 24 | **7,632** | **8,305** | **1,671** |
| Other operating income and expenses | 25 | (34) | (333) | (154) |
| **Operating profit** | | **7,598** | **7,972** | **1,517** |
| Cost of net financial debt | | 11 | (35) | (46) |
| Interest on lease liabilities | | (140) | (281) | (149) |
| Other financial income and expenses | | 117 | (292) | (267) |
| **Net financial income/(expense)** | 26 | **(12)** | **(608)** | **(462)** |
| Income taxes | 27 | (2,010) | (2,409) | (511) |
| **Net profit before minority interests** | | **5,576** | **4,955** | **544** |
| Minority interests | 18 | (287) | (253) | (22) |
| **Net profit, Group share** | | **5,289** | **4,702** | **522** |
| **Basic Group share of net earnings per share** *(EUR)* | 28 | **10.50** | **9.33** | **1.04** |
| Number of shares on which the calculation is based | | 503,791,062 | 503,679,272 | 503,625,126 |
| **Diluted Group share of net earnings per share** *(EUR)* | 28 | **10.49** | **9.32** | **1.04** |
| Number of shares on which the calculation is based | | 504,030,160 | 504,210,133 | 504,357,270 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

| *(EUR millions)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| **Net profit before minority interests** | | **5,576** | **4,955** | **544** |
| Translation adjustments | | 690 | (1,650) | (150) |
| Amounts transferred to income statement | | - | (11) | - |
| Tax impact | | 1 | (10) | 4 |
| | 16.5, 18 | **691** | **(1,671)** | **(145)** |
| Change in value of hedges of future foreign currency cash flows | | 392 | 73 | (39) |
| Amounts transferred to income statement | | (229) | (123) | (7) |
| Tax impact | | 90 | (112) | 11 |
| | | **253** | **(162)** | **(35)** |
| Change in value of the ineffective portion of hedging instruments | | (185) | (209) | (51) |
| Amounts transferred to income statement | | 104 | 232 | 119 |
| Tax impact | | 20 | (9) | (26) |
| | | **(61)** | **14** | **42** |
| **Gains and losses recognized in equity, transferable to income statement** | | **883** | **(1,819)** | **(138)** |
| Change in value of vineyard land | 6 | - | (3) | - |
| Amounts transferred to consolidated reserves | | - | - | - |
| Tax impact | | - | 3 | - |
| | | **-** | **-** | **-** |
| Employee benefit obligations: Change in value resulting from actuarial gains and losses | | 108 | (20) | 5 |
| Tax impact | | (25) | 6 | - |
| | | **83** | **(14)** | **5** |
| **Gains and losses recognized in equity, not transferable to income statement** | | **83** | **(14)** | **5** |
| **Comprehensive income** | | **6,542** | **3,122** | **411** |
| Minority interests | | (313) | (162) | (30) |
| **Comprehensive income, Group share** | | **6,229** | **2,960** | **381** |

# CONSOLIDATED BALANCE SHEET

| ASSETS | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| *(EUR millions)* | | | | |
| Brands and other intangible assets | 3 | 17,214 | 17,012 | 17,189 |
| Goodwill | 4 | 29,928 | 16,042 | 13,486 |
| Property, plant and equipment | 6 | 19,197 | 18,224 | 18,543 |
| Right-of-use assets | 7 | 13,998 | 12,521 | 13,236 |
| Investments in joint ventures and associates | 8 | 974 | 990 | 1,053 |
| Non-current available for sale financial assets | 9 | 980 | 739 | 789 |
| Other non-current assets | 10 | 966 | 845 | 934 |
| Deferred tax | | 2,715 | 2,325 | 2,332 |
| **Non-current assets** | | **85,972** | **68,698** | **67,562** |
| Inventories and work in progress | 11 | 16,054 | 13,016 | 14,078 |
| Trade accounts receivable | 12 | 2,950 | 2,756 | 2,378 |
| Income taxes | | 357 | 392 | 1,038 |
| Other current assets | 13 | 4,022 | 3,846 | 4,161 |
| Cash and cash equivalents | 15 | 7,231 | 19,963 | 14,426 |
| **Current assets** | | **30,614** | **39,973** | **36,081** |
| **Total assets** | | **116,586** | **108,671** | **103,643** |

| LIABILITIES AND EQUITY | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| *(EUR millions)* | | | | |
| Equity, Group share | 16.1 | 41,183 | 37,412 | 35,811 |
| Minority interests | 18 | 1,441 | 1,417 | 1,721 |
| **Equity** | | **42,624** | **38,829** | **37,532** |
| Long-term borrowings | 19 | 11,937 | 14,065 | 14,842 |
| Non-current lease liabilities | 7 | 12,045 | 10,665 | 11,159 |
| Non-current provisions and other liabilities | 20 | 3,573 | 3,322 | 3,253 |
| Deferred tax | | 5,491 | 5,481 | 5,452 |
| Purchase commitments for minority interests' shares | 21 | 12,987 | 10,991 | 8,197 |
| **Non-current liabilities** | | **46,033** | **44,524** | **42,903** |
| Short-term borrowings | 19 | 12,109 | 10,638 | 8,655 |
| Current lease liabilities | 7 | 2,440 | 2,163 | 2,337 |
| Trade accounts payable | 22.1 | 5,662 | 5,098 | 4,200 |
| Income taxes | | 981 | 721 | 566 |
| Current provisions and other liabilities | 22.2 | 6,737 | 6,698 | 7,450 |
| **Current liabilities** | | **27,929** | **25,318** | **23,208** |
| **Total liabilities and equity** | | **116,586** | **108,671** | **103,643** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *(EUR millions)* | Number of shares | Share capital | Share premium account | LVMH shares | Cumulative translation adjustment | Revaluation reserves | | | | Net profit and other reserves | Total equity | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Available for sale financial assets | Hedges of future foreign currency cash flows and cost of hedging | Vineyard land | Employee benefit commitments | | Group share | Minority interests | Total |
| **Notes** | | **16.2** | **16.2** | **16.3** | **16.5** | | | | | | | **18** | |
| **As of Dec. 31 2019** | **505,431,285** | **152** | **2,319** | **(403)** | **862** | **-** | **(107)** | **1,139** | **(220)** | **32,844** | **36,586** | **1,779** | **38,365** |
| Gains and losses recognized in equity | | | | | (1,554) | - | (176) | - | (11) | | (1,742) | (91) | (1,833) |
| Net profit | | | | | | | | - | - | 4,702 | 4,702 | 253 | 4,955 |
| **Comprehensive income** | | **-** | **-** | **-** | **(1,554)** | **-** | **(176)** | **-** | **(11)** | **4,702** | **2,960** | **162** | **3,122** |
| Stock option plan-related expenses | | | | | | | | | | 60 | 60 | 3 | 63 |
| (Acquisition)/disposal of LVMH shares | | | | 49 | | | | | | (42) | 7 | - | 7 |
| Exercise of LVMH share subscription options | | | | | | | | | | | - | | - |
| Retirement of LVMH shares | (673,946) | | (94) | 94 | | | | | | | - | | - |
| Capital increase in subsidiaries | | | | | | | | | | | - | 54 | 54 |
| Interim and final dividends paid | | | | | | | | | | (2,317) | (2,317) | (376) | (2,693) |
| Changes in control of consolidated entities | | | | | | | | | | (30) | (30) | 7 | (23) |
| Acquisition and disposal of minority interests' shares | | | | | | | | | | (49) | (49) | 8 | (41) |
| Purchase commitments for minority interests' shares | | | | | | | | | | 193 | 193 | (220) | (27) |
| **As of Dec. 31, 2020** | **504,757,339** | **152** | **2,225** | **(260)** | **(692)** | **-** | **(283)** | **1,139** | **(231)** | **35,363** | **37,412** | **1,417** | **38,829** |
| Gains and losses recognized in equity | | | | | 647 | - | 218 | - | 75 | | 940 | 26 | 966 |
| Net profit | | | | | | | | | | 5,289 | 5,289 | 287 | 5,576 |
| **Comprehensive income** | | **-** | **-** | **-** | **647** | **-** | **218** | **-** | **75** | **5,289** | **6,229** | **313** | **6,542** |
| Bonus share plan-related expenses | | | | | | | | | | 70 | 70 | 3 | 73 |
| (Acquisition)/disposal of LVMH shares | | | | (233) | | | | | | (94) | (327) | - | (327) |
| Exercise of LVMH share subscription options | | | | | | | | | | | - | | - |
| Retirement of LVMH shares | | | | | | | | | | | | | |
| Capital increase in subsidiaries | | | | | | | | | | | - | 11 | 11 |
| Interim and final dividends paid | | | | | | | | | | (2,016) | (2,016) | (361) | (2,377) |
| Changes in control of consolidated entities | | | | | | | | | | 20 | 20 | 34 | 54 |
| Acquisition and disposal of minority interests' shares | | | | | | | | | | (199) | (199) | (126) | (325) |
| Purchase commitments for minority interests' shares | | | | | | | | | | (6) | (6) | 150 | 144 |
| **As of June 30 , 2021** | **504,757,339** | **152** | **2,225** | **(493)** | **(45)** | **-** | **(64)** | **1,139** | **(157)** | **38,427** | **41,183** | **1,441** | **42,624** |
| **As of Dec. 31 2019** | **505,431,285** | **152** | **2,319** | **(403)** | **862** | **-** | **(107)** | **1,139** | **(220)** | **32,844** | **36,586** | **1,779** | **38,365** |
| Gains and losses recognized in equity | | | | | (149) | - | 5 | - | 3 | | (141) | 8 | (133) |
| Net profit | | | | | | | | | | 522 | 522 | 22 | 544 |
| **Comprehensive income** | | **-** | **-** | **-** | **(149)** | **-** | **5** | **-** | **3** | **522** | **381** | **30** | **411** |
| Stock option plan-related expenses | | | | | | | | | | 37 | 37 | 2 | 39 |
| (Acquisition)/disposal of LVMH shares | | | | (10) | | | | | | (2) | (13) | - | (13) |
| Exercise of LVMH share subscription options | | | | | | | | | | | - | | - |
| Retirement of LVMH shares | (403,946) | | (20) | 20 | | | | | | | - | | - |
| Capital increase in subsidiaries | | | | | | | | | | | - | 28 | 28 |
| Interim and final dividends paid | | | | | | | | | | (1,310) | (1,310) | (15) | (1,325) |
| Changes in control of consolidated entities | | | | | | | | | | | - | (2) | (2) |
| Acquisition and disposal of minority interests' shares | | | | | | | | | | (17) | (17) | 7 | (10) |
| Purchase commitments for minority interests' shares | | | | | | | | | | 146 | 146 | (108) | 38 |
| **As of June 30, 2020** | **505,027,339** | **152** | **2,299** | **(394)** | **713** | **-** | **(102)** | **1,140** | **(217)** | **32,220** | **35,811** | **1,721** | **37,532** |

# CONSOLIDATED CASH FLOW STATEMENT

| *(EUR millions)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| **I. OPERATING ACTIVITIES** | | | | |
| Operating profit | | 7,598 | 7,972 | 1,517 |
| (Income)/loss and dividends received from joint ventures and associates | 8 | 26 | 64 | 25 |
| Net increase in depreciation, amortization and provisions | | 1,386 | 3,478 | 1,636 |
| Depreciation of right-of-use assets | 7.1 | 1,358 | 2,572 | 1,294 |
| Other adjustments and computed expenses | | (199) | (89) | (51) |
| **Cash from operations before changes in working capital** | | **10,169** | **13,997** | **4,421** |
| Cost of net financial debt: interest paid | | 40 | (58) | (42) |
| Lease liabilities: interest paid | | (132) | (290) | (142) |
| Tax paid | | (1,590) | (2,385) | (1,382) |
| Change in working capital | 15.2 | (765) | (367) | (2,005) |
| **Net cash from/(used in) operating activities** | | **7,722** | **10,897** | **850** |
| **II. INVESTING ACTIVITIES** | | | | |
| Operating investments | 15.3 | (1,191) | (2,478) | (1,414) |
| Purchase and proceeds from sale of consolidated investments | 2 | (12,696) | (536) | (45) |
| Dividends received | | 2 | 12 | 1 |
| Tax paid related to non-current available for sale financial assets and consolidated | | - | - | - |
| Purchase and proceeds from sale of non-current available for sale financial assets | 9 | (84) | 63 | (33) |
| **Net cash from/(used in) investing activities** | | **(13,969)** | **(2,939)** | **(1,491)** |
| **III. FINANCING ACTIVITIES** | | | | |
| Interim and final dividends paid | 15.4 | (2,436) | (2,799) | (46) |
| Purchase and proceeds from sale of minority interests | | (76) | (67) | (36) |
| Other equity-related transactions | 15.4 | (362) | 27 | 1 |
| Proceeds from borrowings | 19 | 167 | 17,499 | 13,543 |
| Repayment of borrowings | 19 | (2,204) | (5,024) | (2,712) |
| Repayment of lease liabilities | 7.2 | (1,243) | (2,302) | (1,157) |
| Purchase and proceeds from sale of current available for sale financial assets | 14 | (605) | 69 | (188) |
| **Net cash from/(used in) financing activities** | | **(6,759)** | **7,403** | **9,405** |
| **IV. EFFECT OF EXCHANGE RATE CHANGES** | | **115** | **(1,052)** | **31** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)** | | **(12,891)** | **14,309** | **8,795** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 15.1 | **19,806** | **5,497** | **5,497** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 15.1 | **6,915** | **19,806** | **14,292** |
| **TOTAL TAX PAID** | | **(1,658)** | **(2,501)** | **(1,422)** |

## Alternative performance measure

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Net cash from operating activities | 7,722 | 10,897 | 850 |
| Operating investments | (1,191) | (2,478) | (1,414) |
| Repayment of lease liabilities | (1,243) | (2,302) | (1,157) |
| **Operating free cash flow** [a] | **5,288** | **6,117** | **(1,721)** |

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

# SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# 1. ACCOUNTING POLICIES

## 1.1. General framework and environment

The consolidated financial statements for the first half of 2021 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on June 30, 2021. These standards and interpretations have been applied consistently to the periods presented. The consolidated financial statements for the first half of 2021 were approved by the Board of Directors on July 26, 2021. The consolidated financial statements presented are "condensed", which means that they only include notes that are significant or facilitate understanding of changes in the Group's business activity and financial position during the period.

The interim financial statements are prepared according to the same rules and methods as those used to prepare the annual financial statements, with the exception of the determination of the income tax rate, calculated based on a forecast for the fiscal year. In addition, the comparability of the interim and annual financial statements may be affected by the seasonal nature of the Group's business activities, which generally see a higher volume of business in the second half of the year than in the first half (see Note 24, "Segment information").

## 1.2. Changes in the accounting framework applicable to LVMH

Since January 1, 2021, the Group has applied Phase 2 of the amendments to IFRS 9, IAS 39 and IFRS 7 on financial instruments, in connection with the reform of benchmark interest rates. Phase 1 of these amendments was applied starting in 2019. The process of transitioning to the new rates is underway, and should be finalized in the second half of 2021.

The amendment to IFRS 16 on the recognition of rent concessions granted by lessors after June 30, 2021 in connection with the Covid-19 pandemic will be applied as of December 31, 2021, following its adoption by the European Union, planned for the second half of the year.

## 1.3. Impact of the Covid-19 pandemic on the consolidated financial statements

The first half of 2021 saw a return to growth in business activity, and a context in which the approval of the financial statements did not require any special review of the usual assumptions and estimates, in contrast with the 2020 fiscal year, during which the Covid-19 pandemic and the measures taken by various governments severely disrupted LVMH's operations, significantly affecting the interim and annual financial statements.

In 2020, the assumptions and estimates used as a basis for measuring certain balance sheet and income statement items were updated in light of the crisis, as regards the following:

- valuation of intangible assets,
- renegotiation of leases,
- valuation of purchase commitments for minority interests' shares,
- costs arising from lower activity levels,
- provisions for inventory impairment,
- provisions for impairment of trade accounts receivable,
- payments received or receivable from social security systems or government agencies in respect of measures to safeguard the economy,
- the portfolio of derivatives used to hedge commercial transactions and the hedging policy,
- valuation of deferred tax assets on tax losses.

See Note 1.3 to the 2020 full-year and interim consolidated financial statements for further details.

# 2. CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

### Tiffany

On January 7, 2021, LVMH acquired all of the shares in Tiffany & Co. ("Tiffany"), in accordance with the agreement signed in November 2019, amended in October 2020 and approved at Tiffany's Shareholders' Meeting on December 30, 2020. The acquisition was completed at the price of 131.50 US dollars per share, for a total of 16.1 billion US dollars, paid in cash, equivalent to 13.1 billion euros as of the acquisition date. Tiffany has been consolidated since January 2021.

The acquisition of Tiffany reinforces LVMH's position in high jewelry and further expands its presence in the United States. The integration of this iconic American brand will profoundly transform LVMH's Watches and Jewelry business group.

The following table details the provisional allocation of the purchase price paid by LVMH on January 7, 2021, the date of acquisition of the controlling interest:

| *(EUR millions)* | **Provisional purchase price allocation** |
|---|---|
| Brand and other intangible assets | 216 |
| Property, plant and equipment | 809 |
| Right-of-use assets | 961 |
| Inventories and work in progress | 2,000 |
| Deferred tax | 271 |
| Lease liabilities | (1,035) |
| Net financial debt | (127) |
| Other current and non-current assets and liabilities | (397) |
| Minority interests | (10) |
| **Net assets acquired** | **2,688** |
| Provisional goodwill | 10,863 |
| **Carrying amount of shares held as of January 7, 2021** | **13,551** |

The amounts presented in the table above are taken from Tiffany's unaudited financial statements at the date of acquisition of the controlling interest, prepared according to Tiffany's usual accounting policies. The only changes made as of June 30 concerned the harmonization of the presentation of Tiffany's financial statements with LVMH's accounting policies. Work is underway to adjust the value of the main assets and liabilities and to harmonize the accounting policies, and will be finalized as of December 31, 2021. The main balance sheet item subject to revaluation will be the brand.

The carrying amount of shares held as of the date of acquisition of the controlling interest includes the impact of foreign exchange hedges implemented in anticipation of the acquisition for 477 million euros.

During the half-year period, the Tiffany acquisition generated an outflow of 12.4 billion euros, net of cash acquired in the amount of 0.6 billion euros. The transaction was funded through a number of bond issues in 2020, for a total amount of 10.7 billion euros, together with euro- and US dollar-denominated commercial paper for the remainder (see Note 19 to the 2020 consolidated financial statements).

The acquisition costs for Tiffany were recognized in "Other operating income and expenses" and totaled 35 million euros as of December 31, 2020 (see Note 26 to the 2020 consolidated financial statements).

For the first half of 2021, Tiffany had consolidated revenue of 1,859 million euros and its profit from recurring operations totaled 339 million euros.

### Château d'Esclans

During the half-year period, LVMH acquired an additional 45% stake in Château d'Esclans, bringing its ownership interest to 100%.

### Armand de Brignac

In May 2021, LVMH acquired a 50% stake in Armand de Brignac, a major purveyor of prestige champagne. The purchase price allocation will be carried out in the second half of the year, with the main asset being the Armand de Brignac brand.

### Rimowa

In June 2021, the minority shareholder holding 20% of the share capital of Rimowa exercised its put option for all of its shares. Payment took place in July 2021. Following this transaction, LVMH now holds all the shares in Rimowa.

# 3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Amortization and impairment | Net | Net | Net |
| Brands | 14,457 | (730) | 13,727 | 13,737 | 13,737 |
| Trade names | 3,721 | (1,531) | 2,190 | 2,130 | 2,309 |
| License rights | 140 | (87) | 54 | 55 | 44 |
| Software, websites | 2,900 | (2,117) | 783 | 665 | 635 |
| Other | 1,072 | (612) | 459 | 425 | 463 |
| **Total** | **22,290** | **(5,076)** | **17,214** | **17,012** | **17,189** |

The net amounts of brands, trade names and other intangible assets changed as follows during the six-month period:

| **Gross value**<br>*(EUR millions)* | **Brands** | **Trade names** | **Software, websites** | **Other intangible assets** | **Total** |
|---|---|---|---|---|---|
| **As of December 31, 2020** | **14,513** | **3,614** | **2,388** | **1,121** | **21,636** |
| Acquisitions | - | - | 62 | 131 | 193 |
| Disposals and retirements | (25) | - | (27) | (23) | (76) |
| Changes in the scope of consolidation | (28) | - | 361 | 56 | 389 |
| Translation adjustment | (3) | 108 | 37 | 4 | 145 |
| Reclassifications | - | - | 81 | (77) | 3 |
| **As of June 30, 2021** | **14,457** | **3,721** | **2,900** | **1,212** | **22,290** |

| **Amortization and impairment**<br>*(EUR millions)* | **Brands** | **Trade names** | **Software, websites** | **Other intangible assets** | **Total** |
|---|---|---|---|---|---|
| **As of December 31, 2020** | **(777)** | **(1,484)** | **(1,722)** | **(641)** | **(4,623)** |
| Amortization expense | (5) | - | (173) | (63) | (241) |
| Impairment expense | 1 | - | (1) | - | - |
| Disposals and retirements | 25 | - | 27 | 23 | 75 |
| Changes in the scope of consolidation | 29 | - | (214) | (18) | (203) |
| Translation adjustment | (4) | (47) | (24) | (1) | (76) |
| Reclassifications | - | - | (9) | - | (9) |
| **As of June 30, 2021** | **(730)** | **(1,531)** | **(2,117)** | **(699)** | **(5,076)** |
| **Carrying amount as of June 30, 2021** | **13,727** | **2,190** | **783** | **513** | **17,214** |

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

# 4. GOODWILL

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| Goodwill arising on consolidated investments | 22,901 | (1,851) | 21,050 | 9,445 | 9,646 |
| Goodwill arising on purchase commitments for minority interests' shares | 8,877 | - | 8,877 | 6,597 | 3,840 |
| **Total** | **31,779** | **(1,851)** | **29,928** | **16,042** | **13,486** |

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

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **17,856** | **(1,814)** | **16,042** | **16,034** | **16,034** |
| Changes in the scope of consolidation | 11,169 | - | 11,169 | (27) | 13 |
| Changes in purchase commitments for minority interests' shares | 2,343 | - | 2,343 | 278 | (2,488) |
| Changes in impairment | - | (7) | (7) | (178) | (89) |
| Translation adjustment | 410 | (30) | 380 | (67) | 16 |
| **As of period-end** | **31,779** | **(1,851)** | **29,928** | **16,042** | **13,486** |

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

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

# 5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition were subject to annual impairment testing as of December 31, 2020. The assumptions used as the basis for impairment testing as of December 31, 2020 were not called into question by the events of the half-year period, in particular as regards the anticipated timing of a return to a level of business activity equivalent to 2019.

No significant impairment expenses were recognized during the first half of 2021, as no events likely to lead to significant impairment took place during the period.

# 6. PROPERTY, PLANT AND EQUIPMENT

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Depreciation and impairment | Net | Net | Net |
| Land | 4,575 | (20) | 4,555 | 4,480 | 4,537 |
| Vineyard land and producing vineyards [a] | 2,670 | (116) | 2,554 | 2,551 | 2,559 |
| Buildings | 6,373 | (2,455) | 3,918 | 3,503 | 3,121 |
| Investment property | 344 | (35) | 309 | 316 | 319 |
| Leasehold improvements, machinery and equipment | 17,004 | (12,044) | 4,960 | 4,459 | 4,458 |
| Assets in progress | 1,063 | (3) | 1,060 | 1,176 | 1,849 |
| Other property, plant and equipment | 2,391 | (551) | 1,840 | 1,740 | 1,701 |
| **Total** | **34,421** | **(15,224)** | **19,197** | **18,224** | **18,544** |
| *Of which: Historical cost of vineyard land* | *604* | *-* | *604* | *601* | *590* |

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

Changes in property, plant and equipment during the six-month period broke down as follows:

| **Gross value** *(EUR millions)* | Vineyard land and producing vineyards | Land and buildings | Investment property | Leasehold improvements, machinery and equipment: Stores and hotels | Leasehold improvements, machinery and equipment: Production, logistics | Leasehold improvements, machinery and equipment: Other | Assets in progress | Other property, plant and equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As of December 31, 2020** | **2,668** | **10,236** | **350** | **9,767** | **3,098** | **1,566** | **1,181** | **2,295** | **31,161** |
| Acquisitions | - | 33 | - | 215 | 53 | 26 | 531 | 86 | 945 |
| Change in the market value of vineyard land | - | - | - | - | - | - | - | - | - |
| Disposals and retirements | (5) | (27) | - | (271) | (22) | (16) | (6) | (47) | (394) |
| Changes in the scope of consolidation | - | 215 | - | 1,235 | 216 | 497 | 116 | 52 | 2,331 |
| Translation adjustment | 4 | 95 | 3 | 219 | 18 | 36 | 13 | 13 | 401 |
| Other movements, including transfers | 2 | 396 | (8) | 238 | 78 | 50 | (773) | (7) | (23) |
| **As of June 30, 2021** | **2,670** | **10,948** | **344** | **11,404** | **3,442** | **2,158** | **1,063** | **2,391** | **34,421** |

| **Depreciation and impairment** *(EUR millions)* | Vineyard land and producing vineyards | Land and buildings | Investment property | Leasehold improvements, machinery and equipment: Stores and hotels | Leasehold improvements, machinery and equipment: Production, logistics | Leasehold improvements, machinery and equipment: Other | Assets in progress | Other property, plant and equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As of December 31, 2020** | **(117)** | **(2,253)** | **(34)** | **(6,810)** | **(2,087)** | **(1,076)** | **(5)** | **(555)** | **(12,937)** |
| Depreciation expense | (3) | (132) | (1) | (579) | (105) | (82) | - | (31) | (934) |
| Impairment expense | - | - | - | - | - | - | (3) | (1) | (3) |
| Disposals and retirements | 5 | 27 | - | 269 | 21 | 16 | 4 | 34 | 375 |
| Changes in the scope of consolidation | - | (86) | - | (870) | (156) | (396) | - | - | (1,509) |
| Translation adjustment | - | (26) | - | (159) | (11) | (29) | - | (6) | (231) |
| Other movements, including transfers | - | (4) | - | 9 | (1) | 2 | 1 | 8 | 15 |
| **As of June 30, 2021** | **(116)** | **(2,475)** | **(35)** | **(8,140)** | **(2,338)** | **(1,566)** | **(3)** | **(551)** | **(15,224)** |
| **Carrying amount as of June 30, 2021** | **2,554** | **8,473** | **309** | **3,264** | **1,104** | **593** | **1,060** | **1,840** | **19,197** |

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

Purchases of property, plant and equipment mainly include investments by the Group's brands – notably Christian Dior, Louis Vuitton and Sephora– in their retail networks. They also included investments by the champagne houses, Hennessy, and Louis Vuitton in their production equipment.

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

# 7. LEASES

## 7.1. Right-of-use assets

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

| *(EUR millions)* | June 30, 2021 | | | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Depreciation and impairment | Net | Net | Net |
| Stores | 15 365 | (4 495) | 10 870 | 10 054 | 10,657 |
| Offices | 2 652 | (616) | 2 036 | 1 433 | 1,484 |
| Other | 983 | (241) | 742 | 722 | 752 |
| **Capitalized fixed lease payments** | **19 000** | **(5 352)** | **13 648** | **12 207** | **12,892** |
| Leasehold rights | 857 | (506) | 351 | 313 | 344 |
| **Total** | **19 857** | **(5 859)** | **13 998** | **12 522** | **13,236** |

The net amounts of right-of-use assets changed as follows during the six-month period:

| **Gross value** | Capitalized fixed lease payments | | | | Leasehold rights | Total |
|---|---|---|---|---|---|---|
| *(EUR millions)* | Stores | Offices | Other | Total | | |
| **As of December 31, 2020** | **13,577** | **1,931** | **922** | **16,429** | **783** | **17,213** |
| New leases entered into | 936 | 550 | 38 | 1,523 | 38 | 1,562 |
| Changes in assumptions | 92 | 7 | 12 | 110 | - | 110 |
| Leases ended or canceled | (273) | (60) | (22) | (355) | (9) | (364) |
| Changes in the scope of consolidation | 744 | 201 | 24 | 969 | 29 | 998 |
| Translation adjustment | 292 | 24 | 9 | 326 | 3 | 329 |
| Other movements, including transfers | (2) | - | - | (2) | 11 | 9 |
| **As of June 30, 2021** | **15,365** | **2,652** | **983** | **19,000** | **857** | **19,857** |

| **Depreciation and impairment** | Capitalized fixed lease payments | | | | Leasehold rights | Total |
|---|---|---|---|---|---|---|
| *(EUR millions)* | Stores | Offices | Other | Total | | |
| **As of December 31, 2020** | **(3,523)** | **(498)** | **(200)** | **(4,222)** | **(470)** | **(4,691)** |
| Depreciation expense | (1,110) | (164) | (61) | (1,334) | (26) | (1,360) |
| Impairment expense | - | 2 | - | 2 | - | 2 |
| Leases ended or canceled | 248 | 55 | 22 | 324 | 6 | 330 |
| Changes in the scope of consolidation | (26) | (5) | - | (31) | (6) | (38) |
| Translation adjustment | (83) | (6) | (2) | (91) | (2) | (93) |
| Other movements, including transfers | (1) | - | - | (1) | (8) | (9) |
| **As of June 30, 2021** | **(4,495)** | **(616)** | **(241)** | **(5,352)** | **(506)** | **(5,859)** |
| **Carrying amount as of June 30, 2021** | **10,870** | **2,036** | **742** | **13,648** | **351** | **13,998** |

"New leases entered into" involved store leases, in particular for Christian Dior Couture, Louis Vuitton, Sephora and Loro Piana. They also included leases of office space, mainly for Christian Dior Couture and Loro Piana.

Changes in assumptions mainly related to the exercise of options to extend existing leases. Changes in the scope of consolidation mainly resulted from the consolidation of Tiffany (see Note 2). These three types of changes led to corresponding increases in right-of-use assets and lease liabilities.

## 7.2. Lease liabilities

Lease liabilities break down as follows:

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Non-current lease liabilities | 12,045 | 10,665 | 11,159 |
| Current lease liabilities | 2,440 | 2,163 | 2,337 |
| **Total** | **14,485** | **12,828** | **13,495** |

The change in lease liabilities during the six-month period breaks down as follows:

| *(EUR millions)* | Stores | Offices | Other | Total |
|---|---|---|---|---|
| **As of December 31, 2020** | **10,556** | **1,555** | **718** | **12,829** |
| New leases entered into | 921 | 560 | 38 | 1,520 |
| Principal repayments | (1,035) | (147) | (54) | (1,235) |
| Change in accrued interest | 4 | 3 | - | 7 |
| Leases ended or canceled | (29) | (2) | - | (31) |
| Changes in assumptions | 91 | 6 | 12 | 109 |
| Changes in the scope of consolidation | 791 | 219 | 25 | 1,035 |
| Translation adjustment | 227 | 21 | 8 | 255 |
| Other movements, including transfers | (1) | (3) | 1 | (4) |
| **As of June 30, 2021** | **11,525** | **2,212** | **748** | **14,485** |

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

## 7.3. Breakdown of lease expense

The lease expense for the period breaks down as follows:

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Depreciation and impairment of right-of-use assets | 1,332 | 2,572 | 1,248 |
| Interest on lease liabilities | 140 | 281 | 149 |
| **Capitalized fixed lease expense** | **1,472** | **2,853** | **1,397** |
| Other lease expenses | 908 | 1,075 | 654 |
| **Total** | **2,380** | **3,928** | **2,051** |

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

In the first half of 2021, the impact of rent concessions from lessors was not material. They were recorded within expenses for variable lease payments, in accordance with the provisions set out in the amendment to IFRS 16 adopted in 2020 (see Note 1.2).

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

# 8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

| *(EUR millions)* | | | June 30, 2021 | | Dec. 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|---|---|
| | Gross | Impairment | Net | *Of which: Joint arrangements* | Net | *Of which: Joint arrangements* | Net | *Of which: Joint arrangements* |
| **Share of net assets of joint ventures and associates as of January 1** | **990** | **-** | **990** | *426* | **1,074** | *448* | **1,074** | *448* |
| Share of net profit/(loss) for the period | (21) | - | (21) | - | (42) | *(13)* | (21) | *(4)* |
| Dividends paid | (5) | - | (5) | - | (24) | *(12)* | (6) | *(4)* |
| Changes in the scope of consolidation | (4) | - | (4) | - | - | - | (1) | - |
| Capital increases subscribed | 1 | - | 1 | *1* | 10 | *7* | 6 | *3* |
| Translation adjustment | 9 | - | 9 | *5* | (34) | *(14)* | (1) | - |
| Other, including transfers | 3 | - | 3 | *2* | 5 | *9* | 3 | *6* |
| **Share of net assets of joint ventures and associates as of period-end** | **974** | **-** | **974** | *433* | **990** | *426* | **1,053** | *450* |

# 9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **As of January 1** | **739** | **915** | **915** |
| Acquisitions | 110 | 159 | 48 |
| Disposals at net realized value | (27) | (213) | (4) |
| Changes in market value [(a)] | 136 | 24 | (48) |
| Changes in the scope of consolidation | 31 | - | - |
| Translation adjustment | 4 | (13) | 1 |
| Reclassifications [(b)] | (14) | (133) | (123) |
| **As of period-end** | **980** | **739** | **789** |

(a) Recognized within "Net financial income/(expense)".
(b) See Note 14.

Acquisitions in the first half of 2021 mainly concerned the acquisition of an additional 6.8% stake in Tod's SpA for 74 million euros, bringing LVMH's ownership interest in Tod's SpA to 10%.

# 10. OTHER NON-CURRENT ASSETS

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Warranty deposits | 467 | 409 | 433 |
| Derivatives [(a)] | 95 | 110 | 147 |
| Loans and receivables | 361 | 280 | 311 |
| Other | 43 | 46 | 43 |
| **Total** | **966** | **845** | **934** |

(a) See Note 23.

# 11. INVENTORIES AND WORK IN PROGRESS

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| Wines and eaux-de-vie in the process of aging | 5,394 | (17) | 5,377 | 5,313 | 5,184 |
| Other raw materials and work in progress | 3,287 | (555) | 2,732 | 1,732 | 2,045 |
| | 8,681 | (572) | 8,109 | 7,046 | 7,229 |
| Goods purchased for resale | 2,107 | (242) | 1,865 | 1,706 | 2,111 |
| Finished products | 7,580 | (1,499) | 6,081 | 4,264 | 4,739 |
| | 9,687 | (1,741) | 7,946 | 5,970 | 6,850 |
| **Total** | **18,368** | **(2,314)** | **16,054** | **13,016** | **14,078** |

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

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **15,158** | **(2,142)** | **13,016** | **13,717** | **13,717** |
| Change in gross inventories | 1,041 | - | 1,041 | 562 | 936 |
| Impact of provision for returns [(a)] | (5) | - | (5) | 12 | (1) |
| Impact of marking harvests to market | (6) | - | (6) | (27) | (11) |
| Changes in provision for impairment | - | (226) | (226) | (797) | (462) |
| Changes in the scope of consolidation | 2,114 | (99) | 2,015 | - | - |
| Translation adjustment | 248 | (29) | 219 | (457) | (105) |
| Other, including reclassifications | (182) | 182 | - | 7 | 5 |
| **As of period-end** | **18,368** | **(2,314)** | **16,054** | **13,016** | **14,078** |

(a) See Note 1.27 to the 2020 consolidated financial statements.

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Impact of marking the period's harvest to market | 3 | (7) | (5) |
| Impact of inventory sold during the period | (10) | (20) | (6) |
| **Net impact on cost of sales for the period** | **(6)** | **(27)** | **(11)** |

See Notes 1.10 and 1.18 to the 2020 consolidated financial statements on the method of marking harvests to market.

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

# 12. TRADE ACCOUNTS RECEIVABLE

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Trade accounts receivable, nominal amount | 3,079 | 2,880 | 2,485 |
| Provision for impairment | (128) | (124) | (107) |
| **Net amount** | **2,950** | **2,756** | **2,378** |

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

| *(EUR millions)* | | | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **2,880** | **(124)** | **2,756** | **3,450** | **3,450** |
| Changes in gross receivables | (105) | - | (105) | (528) | (1,007) |
| Changes in provision for impairment | - | (1) | (1) | (41) | (19) |
| Changes in the scope of consolidation | 250 | (6) | 244 | 1 | - |
| Translation adjustment | 57 | - | 57 | (148) | (44) |
| Reclassifications | (3) | 3 | - | 22 | (2) |
| **As of period-end** | **3,079** | **(128)** | **2,950** | **2,756** | **2,378** |

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

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

# 13. OTHER CURRENT ASSETS

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Current available for sale financial assets [(a)] | 1,469 | 752 | 953 |
| Derivatives [(b)] | 427 | 968 | 1,073 |
| Tax accounts receivable, excluding income taxes | 938 | 956 | 847 |
| Advances and payments on account to vendors | 172 | 209 | 210 |
| Prepaid expenses | 478 | 387 | 491 |
| Other receivables | 538 | 574 | 586 |
| **Total** | **4,022** | **3,846** | **4,161** |

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

# 14. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **As of January 1** | **752** | **733** | **733** |
| Acquisitions | 837 | 576 | 388 |
| Disposals at net realized value | (230) | (653) | (200) |
| Changes in market value [a] | 108 | (34) | (88) |
| Changes in the scope of consolidation | - | - | - |
| Translation adjustment | 1 | - | - |
| Reclassifications | - | 130 | 120 |
| **As of period-end** | **1,469** | **752** | **953** |
| *Of which: Historical cost of current available for sale financial assets* | *1,327* | *719* | *984* |

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

See also Note 9.

# 15. CASH AND CHANGE IN CASH

## 15.1. Cash and cash equivalents

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Term deposits (less than 3 months) | 1,669 | 13,546 | 10,042 |
| SICAV and FCP funds | 445 | 1,943 | 169 |
| Ordinary bank accounts | 5,117 | 4,474 | 4,215 |
| **Cash and cash equivalents per balance sheet** | **7,231** | **19,963** | **14,426** |

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Cash and cash equivalents | 7,231 | 19,963 | 14,426 |
| Bank overdrafts | (315) | (156) | (133) |
| **Net cash and cash equivalents per cash flow statement** | **6,915** | **19,806** | **14,292** |

## 15.2. Change in working capital

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

| *(EUR millions)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| Change in inventories and work in progress | 11 | (1,041) | (562) | (936) |
| Change in trade accounts receivable | 12 | 105 | 528 | 1,007 |
| Change in balance of amounts owed to customers | 22.1 | (18) | (10) | (34) |
| Change in trade accounts payable | 22.1 | 269 | (559) | (1,536) |
| Change in other receivables and payables | | (80) | 237 | (506) |
| **Change in working capital [a]** | | **(765)** | **(367)** | **(2,005)** |

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

## 15.3. Operating investments

Operating investments comprise the following elements for the periods presented:

| *(EUR millions)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| Purchase of intangible assets | 3 | (193) | (481) | (172) |
| Purchase of property, plant and equipment | 6 | (947) | (1,984) | (1,025) |
| Change in accounts payable related to fixed asset purchases | | (8) | (55) | (230) |
| Initial direct costs | 7 | (35) | (7) | (4) |
| **Net cash used in purchases of fixed assets** | | **(1,183)** | **(2,526)** | **(1,431)** |
| Net cash from fixed asset disposals | | 18 | 51 | 20 |
| Guarantee deposits paid and other cash flows related to operating investments | | (25) | (3) | (3) |
| **Operating investments [a]** | | **(1,191)** | **(2,478)** | **(1,414)** |

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

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

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Interim and final dividends paid by LVMH SE | (2,016) | (2,317) | - |
| Interim and final dividends paid to minority interests in consolidated subsidiaries | (352) | (365) | (6) |
| Tax paid related to interim and final dividends paid | (67) | (117) | (40) |
| **Interim and final dividends paid** | **(2,436)** | **(2,799)** | **(46)** |

The final dividend for fiscal year 2020 was distributed on April 22, 2021 in accordance with the resolutions of the Shareholders' Meeting of April 15, 2021.

Other equity-related transactions comprised the following elements for the periods presented:

| *(EUR millions)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| Capital increases of LVMH SE | 16.2 | - | - | - |
| Capital increases of subsidiaries subscribed by minority interests | | 2 | 39 | 14 |
| Acquisition and disposal of LVMH shares | 16.3 | (364) | (12) | (13) |
| **Other equity-related transactions** | | **(362)** | **27** | **1** |

# 16. EQUITY

## 16.1. Equity

| *(EUR millions)* | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| Share capital | 16.2 | 152 | 152 | 152 |
| Share premium account | 16.2 | 2,225 | 2,225 | 2,299 |
| LVMH shares | 16.3 | (493) | (260) | (394) |
| Cumulative translation adjustment | 16.5 | (45) | (692) | 713 |
| Revaluation reserves | | 918 | 625 | 821 |
| Other reserves | | 33,138 | 30,661 | 31,698 |
| Net profit, Group share | | 5,289 | 4,702 | 522 |
| **Equity, Group share** | | **41,183** | **37,412** | **35,811** |

## 16.2. Share capital and share premium account

As of June 30, 2021, the share capital consisted of 504,757,339 fully paid-up shares (504,757,339 as of December 31, 2020 and 505,027,339 as of June 30, 2020), with a par value of 0.30 euros per share, including 237,290,890 shares with double voting rights (232,538,911 as of December 31, 2020 and 232,204,364 as of June 30, 2020). Double voting rights are attached to registered shares held for more than three years.

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

| *(EUR millions)* | June 30, 2021 | | | | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|---|
| | Number | Amount | | | Amount | Amount |
| | | Share capital | Share premium account | Total | | |
| **As of January 1** | **504,757,339** | **152** | **2,225** | **2,376** | **2,470** | **2,470** |
| Retirement of LVMH shares | - | - | - | - | (94) | (20) |
| **As of period-end** | **504,757,339** | **152** | **2,225** | **2,376** | **2,376** | **2,451** |

## 16.3. LVMH shares

The portfolio of LVMH shares is allocated as follows:

| *(EUR millions)* | June 30, 2021 | | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| | Number | Amount | Amount | Amount |
| Share subscription option plans | - | - | - | - |
| Bonus share plans | 951,013 | 479 | 242 | 306 |
| **Shares held for bonus share and similar plans [(a)]** | **951,013** | **479** | **242** | **306** |
| Liquidity contract | 21,000 | 14 | 17 | 14 |
| Shares pending retirement | - | - | - | 74 |
| **LVMH shares** | **972,013** | **493** | **260** | **394** |

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

The market value of LVMH shares held under the liquidity contract as of June 30, 2021 amounted to 14 million euros.

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

| *(number of shares or EUR millions)* | Number | Amount | Impact on cash |
|---|---|---|---|
| **As of December 31, 2020** | **861,456** | **260** | **-** |
| Share purchases | 776,039 | 448 | (448) |
| Vested bonus shares | (534,152) | (136) | - |
| Retirement of LVMH shares | - | - | - |
| Disposals at net realized value | (131,330) | (84) | 84 |
| Gain/(loss) on disposal | - | 5 | - |
| **As of June 30, 2021** | **972,013** | **493** | **(364)** |

## 16.4. Dividends paid by the parent company LVMH SE

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Interim dividend for the current fiscal year (2020: 2.00 euros; 2019: 2.20 euros) | - | 1,010 | - |
| Impact of treasury shares | - | (2) | - |
| **Gross amount disbursed for the fiscal year** | **-** | **1,008** | **-** |
| Final dividend for the previous fiscal year (2020: 4.00 euros; 2019: 2.60 euros) | 2,019 | 1,314 | - |
| Impact of treasury shares | (3) | (5) | - |
| **Gross amount disbursed for the previous fiscal year** | **2,016** | **1,309** | **-** |
| **Total gross amount disbursed during the period** [(a)] | **2,016** | **2,317** | **-** |

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

The final dividend for fiscal year 2020 was distributed on April 22, 2021 in accordance with the resolutions of the Shareholders' Meeting of April 15, 2021.

At its meeting on July 26, 2021, the Board of Directors approved the payment, on December 2, 2021, of an interim dividend of 3.00 euros per share in respect of fiscal year 2021

## 16.5. Cumulative translation adjustment

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

| *(EUR millions)* | June 30, 2021 | Change | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|
| US dollar | (294) | 538 | (832) | 324 |
| Swiss franc | 724 | (54) | 778 | 828 |
| Japanese yen | 59 | (38) | 97 | 134 |
| Hong Kong dollar | 319 | 34 | 285 | 398 |
| Pound sterling | (70) | 43 | (113) | (132) |
| Other currencies | (335) | 123 | (458) | (359) |
| Foreign currency net investment hedges [(a)] | (448) | 1 | (449) | (480) |
| **Total, Group share** | **(45)** | **647** | **(692)** | **713** |

(a) Including: -132 million euros with respect to the US dollar (-125 million euros as of December 31, 2020 and -148 million euros as of June 30, 2020), -117 million euros with respect to the Hong Kong dollar (-117 million euros as of December 31, 2020 and -118 million euros as of June 30, 2020), and -203 million euros with respect to the Swiss franc (-210 million euros as of December 31, 2020 and -217 million euros as of June 30, 2020). These amounts include the tax impact.

# 17. BONUS SHARE AND SIMILAR PLANS

## 17.1. Share subscription option plans

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

## 17.2. Bonus share plans

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

| *(number of shares)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Provisional allocations as of January 1** | **824,733** | **1,052,718** | **1,052,718** |
| Provisional allocations for the period | 164,187 | 177,034 | - |
| Shares vested during the period | (534,152) | (288,482) | (21,700) |
| Shares expired during the period | (11,545) | (116,537) | (8,620) |
| **Provisional allocations as of period-end** | **443,223** | **824,733** | **1,022,398** |

Three bonus share plans were set up during the period. The main characteristics of these plans are as follows:

| Plan commencement date | Number of shares awarded initially | Vesting period of rights | Non-vested shares for the period | LVMH share price the day before the grant date | Unit value of provisional allocations |
|---|---|---|---|---|---|
| January 26, 2021[(a)] | 74,187 | 1 year | 74,187 | 501.9 | 495,1 |
| January 26, 2021 | 50,000 | 2 years | 50,000 | 501.9 | 489,0 |
| April 15, 2021 | 40,000 | 2 years | 40,000 | 611.8 | 598,9 |
| **Total** | **164,187** | | **164,187** | | |

(a) The vesting of 44,187 bonus shares is not subject to any conditions.

At its meeting on April 15, 2021, LVMH's Board of Directors decided with immediate effect that the shares under the plans set up on July 26, 2017, October 25, 2017, January 25, 2018 and April 12, 2018, subject to conditions specifically related to the performance of a subsidiary, were to vest early.

Vested share allocations were settled in existing shares held.

## 17.3. Expense for the period

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Expense for the period for share subscription option and bonus share plans | 73 | 63 | 39 |

# 18. MINORITY INTERESTS

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **As of January 1** | **1,417** | **1,779** | **1,779** |
| Minority interests' share of net profit | 287 | 253 | 22 |
| Dividends paid to minority interests | (361) | (376) | (15) |
| Impact of changes in control of consolidated entities | 34 | 7 | (2) |
| Impact of acquisition and disposal of minority interests' shares | (126) | 8 | 7 |
| Capital increases subscribed by minority interests | 11 | 54 | 28 |
| Minority interests' share in gains and losses recognized in equity | 26 | (91) | 8 |
| Minority interests' share in stock option plan related expenses | 3 | 3 | 2 |
| Impact of changes in minority interests with purchase commitments | 150 | (220) | (108) |
| **As of period-end** | **1,441** | **1,417** | **1,721** |

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

| *(EUR millions)* | Cumulative translation adjustment | Hedges of future foreign currency cash flows and cost of hedging | Vineyard land | Employee benefit commitments | Minority interests' share in cumulative translation adjustment and revaluation reserves |
|---|---|---|---|---|---|
| **As of December 31, 2020** | **22** | **18** | **267** | **(53)** | **254** |
| Changes during the period | 44 | (26) | - | 8 | 26 |
| **As of June 30, 2021** | **66** | **(8)** | **267** | **(45)** | **280** |

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") and the 39% stake held by Mari-Cha Group Ltd in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at the period-end within "Purchase commitments for minority interests' shares" under "Other non-current liabilities" and is therefore excluded from the total amount of minority interests at the period-end. See Notes 1.13 and 21 to the 2020 consolidated financial statements.

Dividends paid to Diageo during the first half of fiscal year 2021 amounted to 143 million euros in respect of fiscal year 2020. Net profit attributable to Diageo for the first half of 2021 was 211 million euros, and its share in accumulated minority interests (before recognition of the purchase commitment granted to Diageo) came to 3,428 million euros as of June 30, 2021.

Dividends paid to Mari-Cha Group Ltd during the first half of 2021 amounted to 64 million euros. Net profit attributable to Mari-Cha Group Ltd for the first half of 2021 was a loss of 11 million euros, and its share in accumulated minority interests as of June 30, 2021 came to 1,238 million euros.

# 19. BORROWINGS

## 19.1. Net financial debt

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Bonds and Euro Medium-Term Notes (EMTNs) | 11,668 | 13,866 | 14,500 |
| Bank borrowings | 269 | 199 | 342 |
| **Long-term borrowings** | **11,937** | **14,065** | **14,842** |
| Bonds and Euro Medium-Term Notes (EMTNs) | 3,021 | 1,094 | 1,569 |
| Current bank borrowings | 322 | 346 | 437 |
| Euro- and US dollar-denominated commercial paper | 8,035 | 8,575 | 5,919 |
| Other borrowings and credit facilities | 383 | 418 | 566 |
| Bank overdrafts | 315 | 156 | 133 |
| Accrued interest | 32 | 49 | 32 |
| **Short-term borrowings** | **12,109** | **10,638** | **8,655** |
| **Gross borrowings** | **24,046** | **24,703** | **23,497** |
| Interest rate risk derivatives | (21) | (68) | (53) |
| Foreign exchange risk derivatives | (60) | 321 | 164 |
| **Gross borrowings after derivatives** | **23,965** | **24,956** | **23,609** |
| Current available for sale financial assets [(a)] | (1,469) | (752) | (953) |
| Cash and cash equivalents [(b)] | (7,231) | (19,963) | (14,426) |
| **Net financial debt** | **15,265** | **4,241** | **8,230** |

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

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

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

| *(EUR millions)* | December 31, 2020 | Impact on cash [(a)] | Translation adjustment | Impact of market value changes | Changes in the scope of consolidation | Reclassifications and Other | June 30, 2021 |
|---|---|---|---|---|---|---|---|
| Long-term borrowings | 14,065 | 84 | 123 | (38) | 744 | (3,041) | 11,937 |
| Short-term borrowings | 10,638 | (2,273) | 443 | (2) | 271 | 3,031 | 12,109 |
| **Gross borrowings** | **24,703** | **(2,189)** | **566** | **(40)** | **1,015** | **(10)** | **24,046** |
| Derivatives | 253 | 13 | - | (348) | - | - | (81) |
| **Gross borrowings after derivatives** | **24,956** | **(2,176)** | **566** | **(387)** | **1,016** | **(10)** | **23,965** |

(a) Including a positive impact of 167 million euros in respect of proceeds from borrowings and a negative impact of 2 204 million euros in respect of repayment of borrowings.

During the half-year period, LVMH repaid the 300 million euro bond issued in 2019. The remaining cash-settled convertible bonds issued in 2016, with an initial face value of 750 million US dollars, were also redeemed, for a nominal amount of 156 million US dollars. A nominal amount of 594 million US dollars was redeemed early at the end of 2020, following the exercise of the conversion clause by bondholders. See Note 19 to the 2020 consolidated financial statements for details on the repayment of these bonds. Lastly, LVMH completed the early redemption of the 650 million euro bond issued in 2014, which had been set to mature in September 2021. The associated hedging swaps were unwound on redemption.

The Tiffany acquisition led to a 724 million euro increase in bond debt, comprising four issues in US dollars for a total nominal amount of 800 million US dollars, and an issue of 10 billion Japanese yen.

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

| *(EUR millions)* | | Gross borrowings | | | Impact of derivatives | | | Gross borrowings after derivatives | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fixed rate | Floating | Total | Fixed rate | Floating | Total | Fixed rate | Floating | Total |
| Maturity: | June 30, 2022 | 2,321 | 9,787 | 12,109 | (668) | 592 | (76) | 1,653 | 10,379 | 12,033 |
| | June 30, 2023 | 1,629 | - | 1,629 | (813) | 821 | 9 | 817 | 821 | 1,638 |
| | June 30, 2024 | 2,549 | - | 2,549 | (306) | 294 | (13) | 2,243 | 294 | 2,536 |
| | June 30, 2025 | 1,719 | - | 1,719 | 1 | - | 1 | 1,720 | - | 1,720 |
| | June 30, 2026 | 1,258 | - | 1,258 | (5) | - | (5) | 1,253 | - | 1,253 |
| | June 30, 2027 | 1,068 | - | 1,068 | (987) | 990 | 3 | 81 | 990 | 1,071 |
| | Thereafter | 3,713 | - | 3,713 | - | - | - | 3,713 | - | 3,713 |
| **Total** | | **14,259** | **9,787** | **24,046** | **(2,778)** | **2,697** | **(81)** | **11,481** | **12,484** | **23,965** |

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

### 19.3. Breakdown of gross borrowings by currency after derivatives

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Euro | 22,701 | 21,281 | 17,780 |
| US dollar | 2,338 | 3,120 | 3,959 |
| Swiss franc | 360 | 80 | 72 |
| Japanese yen | 632 | 762 | 927 |
| Other currencies | (2,066) | (287) | 872 |
| **Total** | **23,965** | **24,956** | **23,609** |

### 19.4. Undrawn confirmed credit lines and covenants

As of June 30, 2021, undrawn confirmed credit lines came to 13.1 billion euros. This amount exceeded the outstanding portion of the euro- and US dollar-denominated commercial paper (ECP and USCP) programs, which totaled 8.0 billion euros as of June 30, 2021. In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of June 30, 2021, no significant credit lines were concerned by these provisions.

## 20. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Non-current provisions and other liabilities comprise the following:

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Non-current provisions | 1,679 | 1,472 | 1,439 |
| Uncertain tax positions | 1,192 | 1,180 | 1,160 |
| Derivatives [(a)] | 41 | 146 | 185 |
| Employee profit sharing | 82 | 86 | 81 |
| Other liabilities | 578 | 438 | 388 |
| **Non-current provisions and other liabilities** | **3,573** | **3,322** | **3,253** |

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Provisions for pensions, medical costs and similar commitments | 977 | 784 | 820 |
| Provisions for contingencies and losses | 703 | 688 | 619 |
| **Non-current provisions** | **1,679** | **1,472** | **1,439** |
| Provisions for pensions, medical costs and similar commitments | 16 | 9 | 7 |
| Provisions for contingencies and losses | 548 | 503 | 394 |
| **Current provisions** | **564** | **512** | **401** |
| **Total** | **2,243** | **1,984** | **1,840** |

Provisions changed as follows during the half-year period:

| *(EUR millions)* | As of December 31, 2020 | Increases | Amounts used | Amounts released | Changes in the scope of consolidation | Other [(a)] | At closing |
|---|---|---|---|---|---|---|---|
| Provisions for pensions, medical costs and similar commitments | 793 | 57 | (52) | - | 287 | (92) | 993 |
| Provisions for contingencies and losses | 1,191 | 289 | (211) | (42) | 18 | 6 | 1,251 |
| **Total** | **1,984** | **346** | **(263)** | **(42)** | **305** | **(85)** | **2,243** |

(a) Including the impact of translation adjustment and change in revaluation reserves.

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

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

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

# 21. PURCHASE COMMITMENTS FOR MINORITY INTERESTS' SHARES

As of June 30, 2021, purchase commitments for minority interests' shares mainly included the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy for 80% of the fair value of Moët Hennessy at the exercise date of the option. This option may be exercised at any time subject to a six-month notice period. The fair value of this commitment was calculated by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

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

Purchase commitments for minority interests' shares also include commitments relating to minority shareholders in Loro Piana (15%), Rimowa (20%), and distribution subsidiaries in various countries, mainly in the Middle East. See Note 2 regarding the commitment related to Rimowa.

# 22. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

## 22.1. Trade accounts payable

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

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **As of January 1** | **5,098** | **5,814** | **5,814** |
| Changes in trade accounts payable | 269 | (560) | (1,537) |
| Changes in amounts owed to customers | (18) | (10) | (34) |
| Changes in the scope of consolidation | 236 | - | - |
| Translation adjustment | 79 | (159) | (30) |
| Reclassifications | (1) | 14 | (12) |
| **As of period-end** | **5,662** | **5,098** | **4,200** |

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

### 22.2. Current provisions and other liabilities

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Current provisions [a] | 564 | 512 | 401 |
| Derivatives [b] | 100 | 604 | 901 |
| Employees and social security | 1,610 | 1,530 | 1,297 |
| Employee profit sharing | 104 | 116 | 58 |
| Taxes other than income taxes | 714 | 823 | 568 |
| Advances and payments on account from customers | 789 | 723 | 696 |
| Provision for product returns [c] | 493 | 463 | 366 |
| Deferred payment for non-current assets | 730 | 538 | 493 |
| Deferred income | 373 | 353 | 339 |
| Other liabilities | 1,260 | 1,035 | 2,330 |
| **Total** | **6,737** | **6,698** | **7,450** |

(a) See Note 20.
(b) See Note 23.
(c) See Note 1.27 to the 2020 consolidated financial statements.

# 23. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

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

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

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

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

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

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

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

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

### 23.2. Summary of derivatives

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

| *(EUR millions)* | | | Notes | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|---|---|---|
| **Interest rate risk** | Assets: | Non-current | | 15 | 57 | 67 |
| | | Current | | 23 | 33 | 19 |
| | Liabilities: | Non-current | | (7) | (10) | (14) |
| | | Current | | (10) | (12) | (19) |
| | | | 23.3 | **21** | **68** | **53** |
| **Foreign exchange risk** | Assets: | Non-current | | 80 | 52 | 79 |
| | | Current | | 397 | 670 | 433 |
| | Liabilities: | Non-current | | (33) | (136) | (170) |
| | | Current | | (79) | (330) | (269) |
| | | | 23.4 | **365** | **257** | **72** |
| **Other risks** | Assets: | Non-current | | - | - | - |
| | | Current | | 7 | 266 | 622 |
| | Liabilities: | Non-current | | (2) | - | - |
| | | Current | | (11) | (263) | (613) |
| | | | 23.5 | **(5)** | **3** | **9** |
| **Total** | Assets: | Non-current | 10 | 95 | 110 | 147 |
| | | Current | 13 | 427 | 968 | 1,073 |
| | Liabilities: | Non-current | 20 | (41) | (146) | (185) |
| | | Current | 22 | (100) | (604) | (901) |
| | | | | **381** | **328** | **134** |

## 23.3. Derivatives used to manage interest rate risk

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

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

Derivatives used to manage interest rate risk outstanding as of June 30, 2021 break down as follows:

| *(EUR millions)* | Nominal amounts by maturity | | | | Market value [a][b] | | | |
|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | From 1 to 5 years | More than 5 years | Total | Future cash flow hedges | Fair value hedges | Not allocated | Total |
| Interest rate swaps, floating-rate payer | 1,316 | 2,106 | - | 3,423 | - | 26 | - | 26 |
| Interest rate swaps, fixed-rate payer | 764 | - | - | 764 | (10) | - | (2) | (13) |
| Foreign currency swaps, euro-rate payer | 466 | 1,806 | - | 2,273 | - | - | 7 | 7 |
| Foreign currency swaps, euro-rate receiver | 56 | 133 | - | 189 | - | - | 1 | 1 |
| **Total** | | | | | **(10)** | **26** | **6** | **21** |

(a) Gain/(Loss).
(b) See Note 1.10 to the 2020 consolidated financial statements regarding the methodology used for market value measurement.

## 23.4. Derivatives used to manage foreign exchange risk

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

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

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

Derivatives used to manage foreign exchange risk outstanding as of June 30, 2021 break down as follows:

| *(EUR millions)* | Nominal amounts by fiscal year of allocation [a] | | | | Market value [b] [c] | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2021** | **2022** | **Thereafter** | **Total** | **Future cash flow hedges** | **Fair value hedges** | **Foreign currency net investment hedges** | **Not allocated** | **Total** |
| **Options purchased** | | | | | | | | | |
| Call USD | 49 | - | - | 49 | - | - | - | - | - |
| Put JPY | - | - | - | - | - | - | - | - | - |
| Put GBP | 20 | - | - | 20 | - | - | - | - | - |
| Other | 171 | 82 | - | 254 | 2 | - | - | - | 2 |
| | **241** | **82** | **-** | **323** | **2** | **-** | **-** | **-** | **3** |
| **Collars** | | | | | | | | | |
| Written USD | 2,224 | 3,736 | - | 5,959 | 120 | 44 | - | - | 163 |
| Written JPY | 750 | 884 | - | 1,634 | 78 | 20 | - | - | 98 |
| Written GBP | 260 | 356 | - | 616 | 3 | - | - | - | 3 |
| Written HKD | 120 | 211 | - | 331 | 11 | 3 | - | - | 13 |
| Written CNY | 1,756 | 2,347 | - | 4,104 | 25 | - | - | - | 25 |
| | **5,109** | **7,535** | **-** | **12,644** | **236** | **66** | **-** | **-** | **302** |
| **Forward exchange** | | | | | | | | | |
| USD | (1,280) | (165) | - | (1,445) | 7 | - | - | - | 7 |
| ZAR | 15 | - | - | 15 | - | (1) | - | - | (1) |
| MYR | 15 | - | - | 15 | - | - | - | - | - |
| BRL | 33 | 6 | - | 39 | - | (5) | - | - | (5) |
| Other | 13 | (41) | - | (28) | (3) | - | - | - | (3) |
| | **(1,204)** | **(200)** | **-** | **(1,404)** | **4** | **(5)** | **-** | **-** | **(1)** |
| **Foreign exchange swaps** | | | | | | | | | |
| USD | (4,466) | (887) | - | (5,353) | (3) | 65 | (9) | - | 53 |
| GBP | 423 | (404) | (1,806) | (1,788) | - | (21) | - | - | (21) |
| JPY | 202 | (79) | 13 | 136 | 11 | 1 | (1) | - | 12 |
| CNY | (2,294) | 9 | 8 | (2,277) | - | 22 | - | - | 22 |
| Other | (378) | 48 | (21) | (351) | (1) | (3) | - | - | (4) |
| | **(6,513)** | **(1,313)** | **(1,806)** | **(9,633)** | **7** | **64** | **(9)** | **-** | **62** |
| **Total** | **(2,368)** | **6,104** | **(1,806)** | **1,930** | **249** | **125** | **(9)** | **-** | **365** |

(a) Sale/(Purchase).
(b) See Note 1.10 to the 2020 consolidated financial statements regarding the methodology used for market value measurement.
(c) Gain/(Loss).

### 23.5. Financial instruments used to manage other risks

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

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

The Group may also use equity-based derivatives to synthetically create an economic exposure to certain assets, to hedge cash-settled compensation plans index-linked to the LVMH share price, or to hedge certain risks related to changes in the LVMH share price. In connection with the convertible bonds issued in 2016 (see Note 19 above as well as Note 18 to the 2016 consolidated financial statements), LVMH subscribed to financial instruments enabling it to fully hedge the exposure to any positive or negative changes in the LVMH share price. The last of these instruments matured during the half-year period, as the convertible bonds they had backed were redeemed during the period. See also Note 19.

The Group – mainly through its Watches and Jewelry business group – may be exposed to changes in the prices of certain precious metals, such as silver, gold and platinum. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, precious metals may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of these metals. Derivatives outstanding relating to the hedging of precious metal prices as of June 30, 2021 have a negative market value of 5 million euros, and represent nominal values of 1.3 billion euros, including 1.0 billion euros for silver and 0.3 billion euros for gold. These include derivatives entered into by Tiffany. These instruments will mature in 2021 and 2022.

## 24. SEGMENT INFORMATION

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

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

Tiffany has been consolidated within the Watches and Jewelry business group since the date of acquisition of the controlling interest in January 2021.

## 24.1. Information by business group

**First half 2021**

| *(EUR millions)* | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated [(a)] | Total |
|---|---|---|---|---|---|---|---|---|
| Sales outside the Group | 2,701 | 13,839 | 2,616 | 3,972 | 5,053 | 484 | - | 28,665 |
| Intra-Group sales | 4 | 24 | 409 | 51 | 32 | 12 | (532) | - |
| **Total revenue** | **2,705** | **13,863** | **3,025** | **4,023** | **5,085** | **496** | **(532)** | **28,665** |
| Profit from recurring operations | 924 | 5,660 | 393 | 794 | 131 | (256) | (14) | 7,632 |
| Other operating income and expenses | (1) | (22) | (3) | - | - | (8) | - | (34) |
| Depreciation, amortization and impairment expenses | (106) | (1,007) | (208) | (469) | (682) | (127) | 53 | (2,545) |
| *Of which: Right-of-use assets* | *(16)* | *(617)* | *(70)* | *(235)* | *(431)* | *(44)* | *53* | *(1,360)* |
| *Other* | *(90)* | *(390)* | *(138)* | *(234)* | *(250)* | *(83)* | - | *(1,185)* |
| Intangible assets and goodwill [(b)] | 10,399 | 13,148 | 1,330 | 17,162 | 3,213 | 1,890 | - | 47,142 |
| Right-of-use assets | 157 | 6,489 | 463 | 1,997 | 4,655 | 858 | (621) | 13,998 |
| Property, plant and equipment | 3,281 | 4,223 | 685 | 1,369 | 1,677 | 7,971 | (7) | 19,197 |
| Inventories and work in progress | 6,239 | 3,116 | 780 | 3,883 | 2,323 | 41 | (328) | 16,054 |
| Other operating assets [(c)] | 1,238 | 1,992 | 1,176 | 1,122 | 591 | 1,280 | 12,796 | 20,195 |
| **Total assets** | **21,314** | **28,968** | **4,434** | **25,533** | **12,459** | **12,040** | **11,839** | **116,586** |
| Equity | - | - | - | - | - | - | 42,624 | 42,624 |
| Lease liabilities | 172 | 6,550 | 485 | 2,050 | 4,900 | 943 | (614) | 14,485 |
| Other liabilities [(d)] | 1,754 | 5,315 | 2,094 | 1,926 | 2,386 | 1,521 | 44,481 | 59,477 |
| **Total liabilities and equity** | **1,926** | **11,865** | **2,579** | **3,976** | **7,286** | **2,464** | **86,491** | **116,586** |
| Operating investments [(e)] | (115) | (450) | (113) | (172) | (174) | (166) | - | (1,191) |

### Fiscal year 2020

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

**First half 2020**

| *(EUR millions)* | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated [(a)] | Total |
|---|---|---|---|---|---|---|---|---|
| Sales outside the Group | 1,976 | 7,972 | 1,931 | 1,290 | 4,828 | 396 | - | 18,393 |
| Intra-Group sales | 9 | 17 | 373 | 29 | 16 | 8 | (452) | - |
| **Total revenue** | **1,985** | **7,989** | **2,304** | **1,319** | **4,844** | **404** | **(452)** | **18,393** |
| Profit from recurring operations | 551 | 1,769 | (30) | (17) | (308) | (319) | 25 | 1,671 |
| Other operating income and expenses | (1) | 5 | (7) | - | (90) | (61) | - | (154) |
| Depreciation, amortization and impairment expenses | (98) | (905) | (216) | (215) | (718) | (353) | 47 | (2,458) |
| *Of which: Right-of-use assets* | *(17)* | *(506)* | *(71)* | *(109)* | *(367)* | *(270)* | *47* | *(1,294)* |
| *Other* | *(82)* | *(398)* | *(145)* | *(106)* | *(351)* | *(83)* | - | *(1,164)* |
| Intangible assets and goodwill [(b)] | 5,104 | 13,112 | 1,411 | 5,742 | 3,362 | 1,944 | - | 30,675 |
| Right-of-use assets | 172 | 5,708 | 524 | 1,233 | 5,274 | 907 | (583) | 13,236 |
| Property, plant and equipment | 3,192 | 4,312 | 741 | 599 | 1,850 | 7,857 | (7) | 18,543 |
| Inventories and work in progress | 5,971 | 2,895 | 945 | 1,933 | 2,635 | 43 | (344) | 14,078 |
| Other operating assets [(c)] | 1,020 | 1,634 | 1,174 | 658 | 739 | 1,553 | 20,332 | 27,110 |
| **Total assets** | **15,458** | **27,660** | **4,794** | **10,166** | **13,860** | **12,305** | **19,398** | **103,643** |
| Equity | - | - | - | - | - | - | 37,532 | 37,532 |
| Lease liabilities | 180 | 5,700 | 529 | 1,191 | 5,491 | 979 | (573) | 13,495 |
| Other liabilities [(d)] | 1,259 | 4,040 | 2,249 | 1,118 | 2,150 | 3,032 | 38,768 | 52,616 |
| **Total liabilities and equity** | **1,439** | **9,740** | **2,778** | **2,309** | **7,641** | **4,011** | **75,727** | **103,643** |
| Operating investments [(e)] | (155) | (534) | (137) | (110) | (241) | (239) | 1 | (1,414) |

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

## 24.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| France | 1,542 | 3,333 | 1,419 |
| Europe (excl. France) | 3,978 | 7,337 | 2,924 |
| United States | 7,248 | 10,647 | 4,477 |
| Japan | 1,883 | 3,164 | 1,275 |
| Asia (excl. Japan) | 10,935 | 15,366 | 6,277 |
| Other countries | 3,079 | 4,804 | 2,021 |
| **Revenue** | **28,665** | **44,651** | **18,393** |

Operating investments by geographic region are as follows:

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| France | 495 | 1,002 | 579 |
| Europe (excl. France) | 167 | 444 | 297 |
| United States | 252 | 336 | 175 |
| Japan | 39 | 134 | 102 |
| Asia (excl. Japan) | 167 | 342 | 179 |
| Other countries | 71 | 220 | 82 |
| **Operating investments** | **1,191** | **2,478** | **1,414** |

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

### 24.3. Quarterly information

Quarterly revenue by business group breaks down as follows:

| *(EUR millions)* | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| First quarter | 1,510 | 6,738 | 1,550 | 1,883 | 2,337 | 215 | (274) | 13,959 |
| Second quarter | 1,195 | 7,125 | 1,475 | 2,140 | 2,748 | 280 | (257) | 14,706 |
| **Total for first half 2021** | **2,705** | **13,863** | **3,025** | **4,023** | **5,085** | **496** | **(532)** | **28,665** |
| First quarter | 1,175 | 4,643 | 1,382 | 792 | 2,626 | 251 | (273) | 10,596 |
| Second quarter | 810 | 3,346 | 922 | 527 | 2,218 | 153 | (179) | 7,797 |
| **Total for first half 2020** | **1,985** | **7,989** | **2,304** | **1,319** | **4,844** | **404** | **(452)** | **18,393** |
| Third quarter | 1,364 | 5,945 | 1,370 | 947 | 2,332 | 232 | (235) | 11,955 |
| Fourth quarter | 1,406 | 7,273 | 1,574 | 1,090 | 2,979 | 232 | (251) | 14,303 |
| **Total for second half 2020** | **2,770** | **13,218** | **2,944** | **2,037** | **5,311** | **464** | **(486)** | **26,258** |
| **Total for 2020** | **4,755** | **21,207** | **5,248** | **3,356** | **10,155** | **868** | **(938)** | **44,651** |

## 25. OTHER OPERATING INCOME AND EXPENSES

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Net gains/(losses) on disposals | (14) | (22) | - |
| Restructuring costs | - | (6) | - |
| Remeasurement of shares acquired prior to their initial consolidation | - | - | - |
| Transaction costs relating to the acquisition of consolidated companies | (9) | (35) | (11) |
| Impairment or amortization of brands, trade names, goodwill and other fixed assets | (11) | (235) | (114) |
| Other items, net | - | (35) | (29) |
| **Other operating income and expenses** | **(34)** | **(333)** | **(154)** |

Impairment and amortization expenses recorded are mostly for brands and goodwill. In 2021 as in 2020, “Transaction costs relating to the acquisition of consolidated companies” mainly related to the acquisition of Tiffany.

## 26. NET FINANCIAL INCOME/(EXPENSE)

| *(EUR millions)* | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Borrowing costs | (6) | (85) | (67) |
| Income from cash, cash equivalents and current available for sale financial assets | 13 | 46 | 19 |
| Fair value adjustment of borrowings and interest rate hedges | 4 | 4 | 2 |
| **Cost of net financial debt** | **11** | **(35)** | **(46)** |
| **Interest on lease liabilities** | **(140)** | **(281)** | **(149)** |
| Dividends received from non-current available for sale financial assets | 2 | 12 | 1 |
| Cost of foreign exchange derivatives | (98) | (262) | (116) |
| Fair value adjustment of available for sale financial assets | 235 | (4) | (136) |
| Other items, net | (22) | (38) | (18) |
| **Other financial income and expenses** | **117** | **(291)** | **(268)** |
| **Net financial income/(expense)** | **(12)** | **(608)** | **(462)** |

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

| *(EUR millions)* | **June 30, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
|---|---|---|---|
| Income from cash and cash equivalents | 12 | 38 | 17 |
| Income from current available for sale financial assets | 1 | 8 | 2 |
| **Income from cash, cash equivalents and current available for sale financial assets** | **13** | **46** | **19** |

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

| *(EUR millions)* | **June 30, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
|---|---|---|---|
| Hedged financial debt | 44 | (39) | (46) |
| Hedging instruments | (42) | 40 | 46 |
| Unallocated derivatives | 1 | 3 | 3 |
| **Fair value adjustment of borrowings and interest rate hedges** | **4** | **4** | **2** |

The cost of foreign exchange derivatives breaks down as follows:

| *(EUR millions)* | **June 30, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
|---|---|---|---|
| Cost of commercial foreign exchange derivatives | (97) | (234) | (101) |
| Cost of foreign exchange derivatives related to net investments denominated in foreign | 3 | (20) | (9) |
| Cost and other items related to other foreign exchange derivatives | (4) | (8) | (6) |
| **Cost of foreign exchange derivatives** | **(98)** | **(262)** | **(116)** |

# 27. INCOME TAXES

| *(EUR millions)* | **June 30, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
|---|---|---|---|
| Total tax expense per income statement | (2,010) | (2,409) | (511) |
| Tax on items recognized in equity | 85 | (111) | (11) |

The effective tax rate is as follows:

| *(EUR millions)* | **June 30, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
|---|---|---|---|
| Profit before tax | 7,586 | 7,364 | 1,055 |
| Total tax expense | (2,010) | (2,409) | (511) |
| **Effective tax rate** | **26.5%** | **32.7%** | **48.4%** |

The effective tax rate used as of June 30 is the forecast effective tax rate for the fiscal year.

The Group's effective tax rate as of June 30, 2021 was 26.5%, down 22 points from the first half of 2020. As of June 30, 2019, it was 28.4%.

As of June 30, 2020, the effective tax rate (48.4%) resulted from the unusual situation arising from the Covid-19 pandemic, with the accounting expenses that did not give rise to a deduction in the income tax computation remaining stable, while business performance was much lower.

# 28. EARNINGS PER SHARE

| | June 30, 2021 | Dec. 31, 2020 | June 30, 2020 |
|---|---|---|---|
| **Net profit, Group share** *(EUR millions)* | **5,289** | **4,702** | **522** |
| Average number of shares outstanding during the period | 504,757,339 | 505,000,128 | 505,161,988 |
| Average number of treasury shares owned during the period | (966,277) | (1,320,856) | (1,536,862) |
| **Average number of shares on which the calculation before dilution is based** | **503,791,062** | **503,679,272** | **503,625,126** |
| **Basic earnings per share** *(EUR)* | **10.50** | **9.33** | **1.04** |
| Average number of shares outstanding on which the above calculation is based | 503,791,062 | 503,679,272 | 503,625,126 |
| Dilutive effect of stock option and bonus share plans | 239,098 | 530,861 | 732,144 |
| Other dilutive effects | - | - | - |
| **Average number of shares on which the calculation after dilution is based** | **504,030,160** | **504,210,133** | **504,357,270** |
| **Diluted earnings per share** *(EUR)* | **10.49** | **9.32** | **1.04** |

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

No significant events concerning provisions for pensions and other benefit commitments occurred during the period, aside from the impact of the integration of Tiffany, which led to an additional net recognized commitment of 287 million euros in respect of defined-benefit pension plans in force in the United States.

# 30. OFF-BALANCE SHEET COMMITMENTS

Aside from the impact of the payment of the purchase price for Tiffany (see Note 2), included within "Purchase commitments for minority interests' shares" as of December 31, 2020 for a total of 16.1 billion US dollars, and the inclusion on the balance sheet of lease-related commitments (see Note 7.5 to the 2020 consolidated financial statements), off-balance sheet commitments did not change significantly in the first half of 2021.

# 31. EXCEPTIONAL EVENTS AND LITIGATION

No significant exceptional events or litigation occurred during the six-month period.

# 32. RELATED-PARTY TRANSACTIONS

No significant related-party transactions occurred during the six-month period.

# 33. SUBSEQUENT EVENTS

No significant subsequent events occurred between June 30, 2021 and July 26, 2021, the date at which the financial statements were approved for publication by the Board of Directors.

# STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

To the shareholders of LVMH Moët Hennessy Louis Vuitton SE,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

– the limited review of the accompanying condensed half-year consolidated financial statements of LVMH Moët Hennessy Louis Vuitton SE, for the period from January 1 to June 30, 2021;
– the verification of the information presented in the half-year management report.

The global crisis arising from the Covid-19 pandemic imposed particular conditions on the preparation and limited review of the of the condensed half-year consolidated financial statements. The crisis and the exceptional measures taken in response to the public health emergency had wide-ranging consequences on companies, especially on their business activity and financing, and heightened uncertainty regarding their outlook for the future. Some of these measures, such as travel restrictions and remote working, also had an impact on the internal organization of companies and on the conditions under which our work was carried out.

These condensed half-year consolidated financial statements were prepared under your Board of Directors' responsibility. Our role is to express a conclusion on these financial statements based on our limited review.

## 1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review of interim financial information consists primarily of making inquiries of persons responsible for financial and accounting matters, and applying analytical review procedures. A limited review is substantially lesser in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we may not become aware of all significant matters that might be identified in an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, one of the IFRSs as adopted by the European Union applicable to interim financial information.

## 2. Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our limited review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Courbevoie and Paris-La Défense, July 26, 2021

The Statutory Auditors

French original signed by

MAZARS

Loïc Wallaert    Isabelle Sapet

ERNST & YOUNG et Autres

Gilles Cohen

This is a free translation into English of the Statutory Auditors' limited review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information provided in the Group's half-year management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

# STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the interim management report presented on page 7 gives a true and fair picture of the significant events during the first six months of the fiscal year and their impact on the financial statements, and the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, July 26, 2021

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

LVMH

MOËT HENNESSY • LOUIS VUITTON

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