LVMH

TRANSLATION OF THE FRENCH
FINANCIAL DOCUMENTS

FISCAL YEAR ENDED DECEMBER 31, 2021

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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 “Documents financiers – 31 décembre 2021”, hereafter referred to as the “Financial Documents”. 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 DECEMBER 31, 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

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

Stéphane Bianchi
Watches & Jewelry

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]

Marie-Laure Sauty de Chalon [a]

Nomination and Compensation Committee

Charles de Croisset [a]
Chairman

Sophie Chassat [a]

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

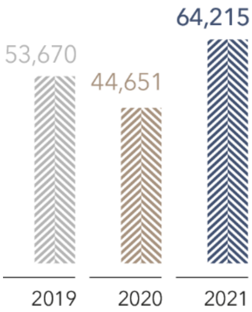
MAZARS
represented by Isabelle Sapet and Loïc Wallaert

(a) Independent Director

FINANCIAL HIGHLIGHTS

Revenue

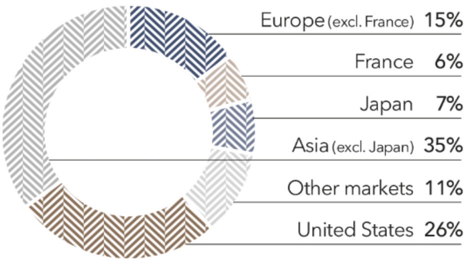
(EUR millions)



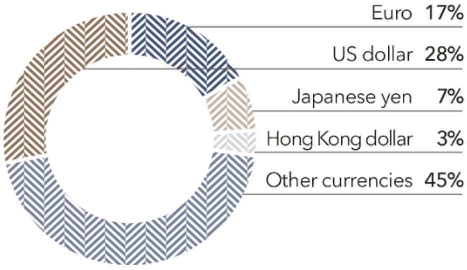
Change in revenue by business group *(EUR millions and percentage)*	**2021**	**2020**	**2021/2020 Change** Published	Organic[(a)]	**2019**
Wines and Spirits	5,974	4,755	26%	26%	5,576
Fashion and Leather Goods	30,896	21,207	46%	47%	22,237
Perfumes and Cosmetics	6,608	5,248	26%	27%	6,835
Watches and Jewelry	8,964	3,356	167%	40%	4,405
Selective Retailing	11,754	10,155	16%	18%	14,791
Other activities and eliminations	19	(70)	-	-	(174)
Total	**64,215**	**44,651**	**44%**	**36%**	**53,670**

(a) On a constant consolidation scope and currency basis. The net impact of exchange rate fluctuations on Group revenue was -2% 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

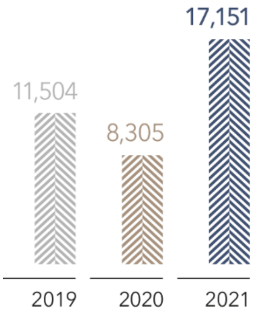


Revenue by invoicing currency



Profit from recurring operations

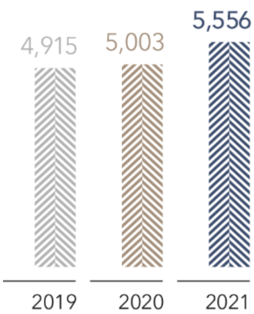
(EUR millions)



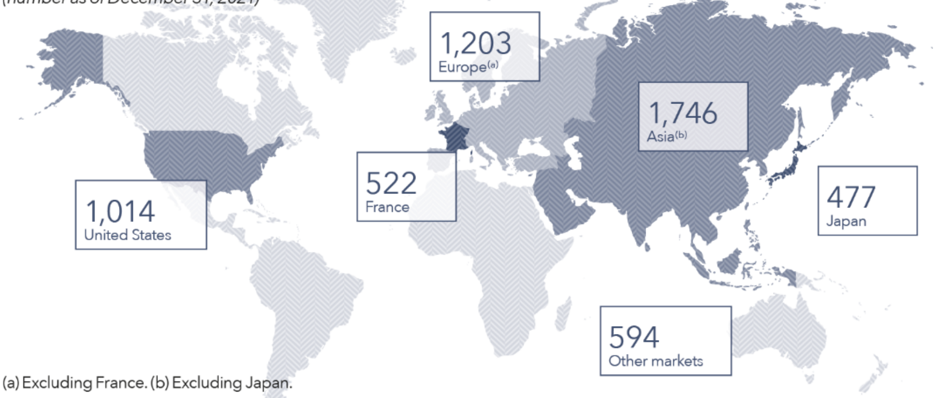
Profit from recurring operations by business group *(EUR millions)*	**2021**	**2020**	**2019**
Wines and Spirits	1,863	1,388	1,729
Fashion and Leather Goods	12,842	7,188	7,344
Perfumes and Cosmetics	684	80	683
Watches and Jewelry	1,679	302	736
Selective Retailing	534	(203)	1,395
Other activities and eliminations	(451)	(450)	(383)
Total	**17,151**	**8,305**	**11,504**

Stores

(number)

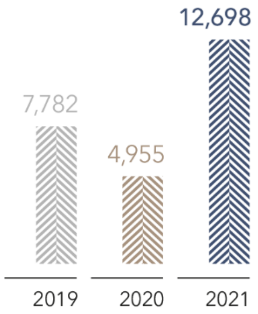


Stores by geographic region
(number as of December 31, 2021)

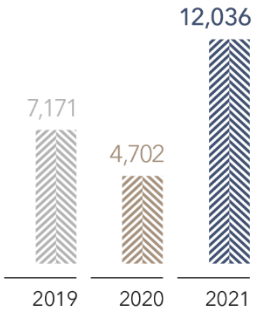


(a) Excluding France. (b) Excluding Japan.

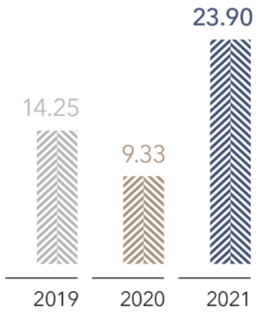
Net profit
(EUR millions)



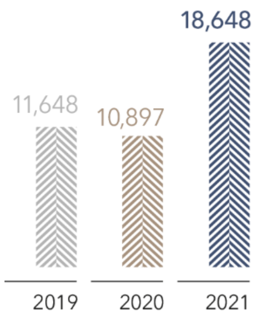
Net profit, Group share
(EUR millions)



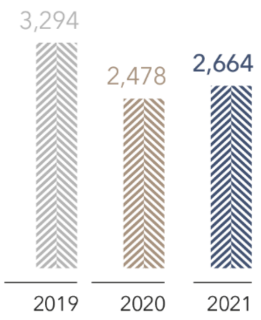
Basic Group share of net earnings per share
(EUR)



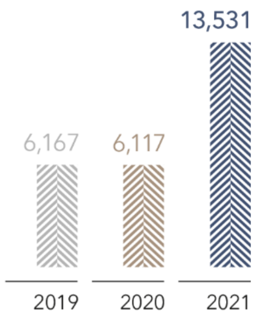
Net cash from operating activities
(EUR millions)



Operating investments
(EUR millions)

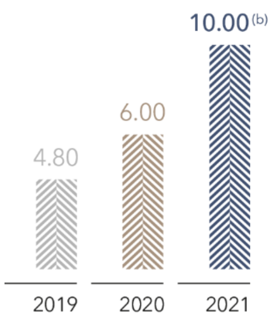


Operating free cash flow[a]
(EUR millions)



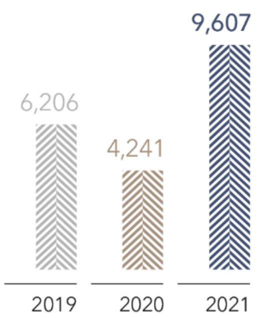
(a) See the consolidated cash flow statement on p. 28 for definition of Operating free cash flow.

Dividend per share[a]
(EUR)



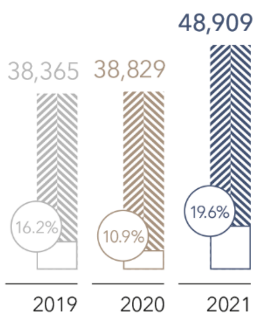
(a) Gross amount paid for fiscal year, excluding the impact of tax regulations applicable to the recipient.
(b) Amount proposed at the Shareholders' Meeting of April 21, 2022.

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 2021 include the following:

- A record year, especially for the major brands,
- Major success of champagne and cognac,
- Exceptional performance by the Fashion & Leather Goods business group, in particular Louis Vuitton, Christian Dior, Fendi, Celine and Loewe, which achieved record levels of revenue and profitability,
- Worldwide success of Christian Dior's Sauvage fragrance,
- Strong revenue growth in Asia and the United States and a gradual recovery in Europe,
- Successful integration, in its first year in the Group, of Tiffany, which produced a record performance,
- Good performance of the other Watches & Jewelry Maisons,
- Continued growth in online sales,
- Strong rebound of Sephora,
- Travel retail activities still held back by international travel,
- A record level of operating free cash flow,
- Gross capital expenditures over 3 billion euros.

SHARE CAPITAL AND VOTING RIGHTS

	Number of shares	Number of voting rights [a]	% of share capital	% of voting rights
Arnault Family Group	241,445,600	473,815,600	47.83	63.89
Other	263,311,739 [b]	267,829,780	52.17 [b]	36.11
Total	**504,757,339**	**741,645,380**	**100.00**	**100.00**

(a) Total number of voting rights that may be exercised at Shareholders' Meetings.
(b) Including 1,252,610 treasury shares, i.e. 0.25% of the share capital.

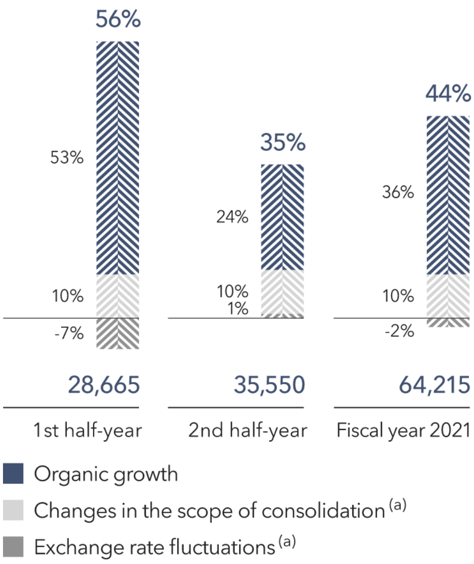
BUSINESS REVIEW AND COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LVMH GROUP

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.

Fiscal year 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.

Revenue for the 2021 fiscal year was 64,215 million euros, up 44% from the previous fiscal year, which had been very hard hit by the impact of the Covid-19 pandemic. It was adversely affected by 2 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 in January 2021; in the Wines and Spirits business group, the consolidation of Armand de Brignac as of May 28, 2021; in the Fashion and Leather Goods business group, the consolidation of Off-White in June 2021; these changes in the scope of consolidation contributed 10 points to the fiscal year revenue growth.

On a constant consolidation scope and currency basis, revenue increased by 36%.

Compared with 2019, revenue was up by 20% based on published figures. The impact of changes in scope arising from the consolidation of Tiffany, Belmond and Château d'Esclans contributed 9 points to growth, and was partially offset by a negative 3-point exchange rate impact. On a constant consolidation scope and currency basis, revenue increased by 14%.

Revenue by invoicing currency

(as %)	2021	2020	2019
Euro	17	19	22
US dollar	28	27	29
Japanese yen	7	7	7
Hong Kong dollar	3	4	5
Other currencies	45	43	37
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 2 points and 1 point, respectively, to 17% and 3%, while those of the US dollar and "Other currencies" rose by 1 point and 2 points, respectively, to 28% and 45%. The contribution of the Japanese yen remained stable at 7%.

Revenue by geographic region of delivery

(as %)	2021	2020	2019
France	6	8	9
Europe (excl. France)	15	16	19
United States	26	24	24
Japan	7	7	7
Asia (excl. Japan)	35	34	30
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 15%, while that of France fell from 8% to 6%, 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 2 points and 1 point, respectively, to 26% and 35%.

Revenue by business group

(EUR millions)	2021	2020	2019
Wines and Spirits	5,974	4,755	5,576
Fashion and Leather Goods	30,896	21,207	22,237
Perfumes and Cosmetics	6,608	5,248	6,835
Watches and Jewelry	8,964	3,356	4,405
Selective Retailing	11,754	10,155	14,791
Other activities and eliminations	19	(70)	(174)
Total	**64,215**	**44,651**	**53,670**

By business group, the breakdown of Group revenue changed appreciably. The contributions of Watches and Jewelry, and Fashion and Leather Goods increased by 6 points, following the consolidation of Tiffany, and 1 point, respectively, to 14% and 48%, while the contribution of Selective Retailing fell by 4 points to 18%, and those of Perfumes and Cosmetics, and Wines and Spirits decreased by 1 point each to 9% and 10%, respectively.

Revenue for Wines and Spirits increased by 26% based on published figures. Affected by a negative 2-point exchange rate impact, which was fully offset by the impact of changes in scope arising from the consolidation of Armand de Brignac, revenue for this business group was up 26% on a constant consolidation scope and currency basis. Champagnes and wines were up 32% based on published figures as on a constant consolidation scope and currency basis. Cognac and spirits were up 21% based on published figures and 22% on a constant consolidation scope and currency basis. This performance was largely driven by an increase in sales volumes. Demand was very strong in Europe 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 grew by 47% in terms of organic growth and 46% based on published figures. The United States and Asia delivered an excellent performance, followed by Europe and Japan with more limited growth; Louis Vuitton and Christian Dior Couture turned in an exceptional performance.

Revenue for Perfumes and Cosmetics increased by 27% in terms of organic growth and by 26% 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 40% in terms of organic growth. The positive impact of changes in scope arising from the consolidation of Tiffany, partially offset by the negative 2-point exchange rate impact, enabled the business group to multiply its revenue by 2.7 based on published figures. All the business group's brands showed excellent performance. Asia (excluding Japan) and the United States were the best-performing regions.

Revenue for Selective Retailing increased by 18% on a constant consolidation scope and currency basis, and by 16% based on published figures. Asia 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)	2021	2020	2019
Revenue	64,215	44,651	53,670
Cost of sales	(20,355)	(15,871)	(18,123)
Gross margin	43,860	28,780	35,547
Marketing and selling expenses	(22,308)	(16,792)	(20,207)
General and administrative expenses	(4,414)	(3,641)	(3,864)
Income/(loss) from joint ventures and associates	13	(42)	28
Profit from recurring operations	**17,151**	**8,305**	**11,504**
Operating margin *(%)*	**26.7**	**18.6**	**21.4**

The Group's gross margin came to 43,860 million euros, up 52% compared to the previous fiscal year; as a percentage of revenue, the gross margin was 68%, up 4 points.

Marketing and selling expenses totaled 22,308 million euros, up 33% based on published figures and up 25% on a constant consolidation scope and currency basis compared to the previous fiscal year, while revenue grew by 44%. The level of these expenses expressed as a percentage of revenue came to 35%, down 3 points from the previous fiscal year.

This increase in marketing and selling expenses was mainly due to higher communications investments as well as the development of retail networks. Among these marketing and selling expenses, advertising and promotion costs amounted to 11% of revenue, increasing by 42% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	2021 [a]	2020	2019
France	522	512	535
Europe (excl. France)	1,203	1,175	1,177
United States	1,014	866	829
Japan	477	428	427
Asia (excl. Japan)	1,746	1,514	1,453
Other markets	594	508	494
Total	**5,556**	**5,003**	4,915

(a) Of which 334 stores for Tiffany.

General and administrative expenses totaled 4,414 million euros, up 21% based on published figures and up 10% on a constant consolidation scope and currency basis. They amounted to 7% of revenue.

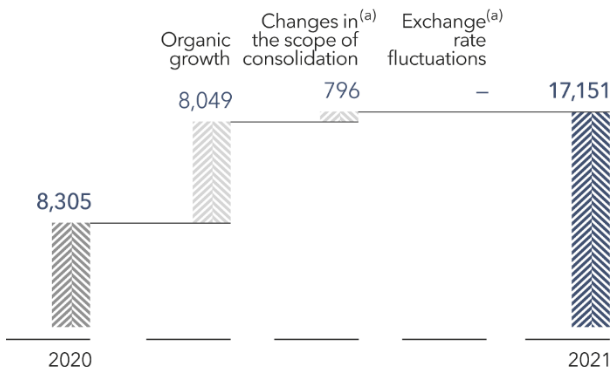
Profit from recurring operations by business group

(EUR millions)	2021	2020	2019
Wines and Spirits	1,863	1,388	1,729
Fashion and Leather Goods	12,842	7,188	7,344
Perfumes and Cosmetics	684	80	683
Watches and Jewelry	1,679	302	736
Selective Retailing	534	(203)	1,395
Other activities and eliminations	(451)	(450)	(383)
Total	**17,151**	**8,305**	**11,504**

The Group's profit from recurring operations was 17,151 million euros, twice as high as in the fiscal year ended December 31, 2020. The Group's operating margin as a percentage of revenue was 26.7%, up 8.1 points with respect to fiscal year 2020, and up 5.3 points with respect to fiscal year 2019.

Change in profit from recurring operations

(EUR millions)



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

The overall impact of exchange rate fluctuations on profit from recurring operations compared to the previous fiscal year was nil. This total comprises the following three items: (i) the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, (ii) the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and (iii) the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the eurozone.

Wines and Spirits

	2021	2020	2019
Revenue *(EUR millions)*	5,974	4,755	5,576
Profit from recurring operations *(EUR millions)*	1,863	1,388	1,729
Operating margin *(%)*	31.2	29.2	31.0

Profit from recurring operations for Wines and Spirits was 1,863 million euros, up 34% relative to December 31, 2020. Champagne and wines contributed 762 million euros, while cognacs and spirits accounted for 1,101 million euros. The business group's operating margin as a percentage of revenue grew by 2 points to 31.2%.

Fashion and Leather Goods

	2021	2020	2019
Revenue *(EUR millions)*	30,896	21,207	22,237
Profit from recurring operations *(EUR millions)*	12,842	7,188	7,344
Operating margin *(%)*	41.6	33.9	33.0

Fashion and Leather Goods posted profit from recurring operations of 12,842 million euros, up 79% compared with the fiscal year ended December 31, 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 8 points to 41.6%.

Perfumes and Cosmetics

	2021	2020	2019
Revenue *(EUR millions)*	6,608	5,248	6,835
Profit from recurring operations *(EUR millions)*	684	80	683
Operating margin *(%)*	10.4	1.5	10.0

Profit from recurring operations for Perfumes and Cosmetics was 684 million euros, compared with 80 million euros in the fiscal year ended December 31, 2020. Special attention paid to the management of operating costs enabled the business group to improve its operating margin as a percentage of revenue by 9 points to 10.4%.

Watches and Jewelry

	2021	2020	2019
Revenue *(EUR millions)*	8,964	3,356	4,405
Profit from recurring operations *(EUR millions)*	1,679	302	736
Operating margin *(%)*	18.7	9.0	16.7

Profit from recurring operations for Watches and Jewelry was 1,679 million euros, compared with 302 million euros in 2020. This substantial increase includes the 778 million euro positive impact of the consolidation of Tiffany, as well as the very strong performance of certain brands. The operating margin as a percentage of revenue for the Watches and Jewelry business group rose by 10 points to 18.7%.

Selective Retailing

	2021	2020	2019
Revenue *(EUR millions)*	11,754	10,155	14,791
Profit from recurring operations *(EUR millions)*	534	(203)	1,395
Operating margin *(%)*	4.5	(2.0)	9.4

Profit from recurring operations for Selective Retailing was 534 million euros, compared with a loss of 203 million euros in 2020. The business group's operating margin as a percentage of revenue improved by 6.5 points to 4.5%.

Other activities

The loss from recurring operations of "Other activities and eliminations" came to 451 million euros, the same amount as in the fiscal year ended December 31, 2020. 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)	**2021**	**2020**	**2019**
Profit from recurring operations	17,151	8,305	11,504
Other operating income and expenses	4	(333)	(231)
Operating profit	17,155	7,972	11,273
Net financial income/(expense)	53	(608)	(559)
Income taxes	(4,510)	(2,409)	(2,932)
Net profit before minority interests	**12,698**	**4,955**	**7,782**
Minority interests	(662)	(253)	(611)
Net profit, Group share	**12,036**	**4,702**	**7,171**

"Other operating income and expenses" amounted to net income of 4 million euros, compared with a net expense of 333 million euros in 2020. As of December 31, 2021, "Other operating income and expenses" included 119 million euros in income arising from the remeasurement of shares acquired prior to their initial consolidation; 9 million in net gains on disposals; 89 million euros in depreciation, amortization and impairment charges for brands, goodwill and real estate assets; and 18 million euros in transaction costs relating to the acquisition of consolidated companies.

The Group's operating profit was 17,155 million euros, more than double what it was in 2020.

"Net financial income/(expense)" amounted to net income of 53 million euros as of December 31, 2021, compared with a net expense of 608 million euros as of December 31, 2020.

This item comprised the following:

- the aggregate cost of net financial debt, which was a gain of 41 million euros, versus a cost of 35 million euros as of December 31, 2020, representing a reduction of 76 million euros;
- interest on lease liabilities recognized under IFRS 16, which amounted to an expense of 242 million euros, compared with an expense of 281 million euros a year earlier;
- other financial income and expenses, which amounted to net income of 254 million euros, compared to a net expense of 291 million euros in 2020. Within these, the expense related to the cost of foreign exchange derivatives was 206 million euros, versus an expense of 262 million euros a year earlier. Moreover, fair value adjustments of available for sale financial assets amounted to net income of 499 million euros, compared to a net expense of 4 million euros for 2020.

The Group's effective tax rate was 26.2% in 2021, compared with 32.7% in 2020 and 27.4% in 2019. Aside from exceptional, non-recurring items in 2020 related to the Covid-19 pandemic, in fiscal year 2021 the Group recorded positive non-recurring effects related to changes in deferred tax, mainly in connection with LVMH's application of specific tax measures in Italy. An Italian law made it possible to revalue fixed assets at the company's discretion in exchange for the payment of a 3% tax on the revalued amount for certain assets, and without any tax due for hotel-sector assets; the deferred tax liabilities historically recognized in connection with these revalued assets were taken to the income statement.

Profit attributable to minority interests reached 662 million euros, compared to 253 million euros as of December 31, 2020; this total mainly includes profit attributable to minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 12,036 million euros, compared with 4,702 million euros in 2020 and 7,171 million euros in 2019. This represented 19% of revenue as of December 31, 2021, compared to 11% a year earlier and 13% in 2019. The Group's share of net profit in the fiscal year ended December 31, 2021 was 2.6 times higher than in 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

	2021	2020	2019
Revenue *(EUR millions)*	**5,974**	**4,755**	**5,576**
Of which: Champagne and wines	*2,793*	*2,119*	*2,507*
Cognac and spirits	*3,181*	*2,636*	*3,069*
Sales volume *(millions of bottles)*			
Champagne	66.8	52.4	64.7
Cognac	102.6	94.6	98.7
Other spirits	20.8	16.1	19.6
Still and sparkling wines	51.5	41.8	39.3
Revenue by geographic region of delivery *(%)*			
France	6	5	5
Europe (excl. France)	18	18	18
United States	38	41	33
Japan	5	6	7
Asia (excl. Japan)	21	19	24
Other markets	12	11	13
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**1,863**	**1,388**	**1,729**
Operating margin *(%)*	**31.2**	**29.2**	**31.0**

Highlights

The Wines and Spirits business group turned in a record year and reaffirmed its position as leader in luxury wines and spirits. The industry's strong recovery – despite the pressure it placed on naturally limited supplies – favored the continuation of the value-enhancing strategy. 2021 was also a year marked by the ambition to get closer to consumers by developing unique sales experiences, in particular through travel, at department stores and within the Maisons themselves, as illustrated by the many initiatives launched and underway. They reaffirmed their social and environmental commitment through the "Living Soils – Living Together" program. This was underscored by the opening of the Robert-Jean de Vogüé research center in France's Champagne region, which will support the Maisons in their transition to more sustainable practices and their adaptation to climate change.

Champagne volumes were up 27% with respect to 2020 and 3% compared with 2019, with particularly strong growth in Europe and the United States.

Moët & Chandon achieved good growth in all regions, particularly in the United States and in Europe, where it beat its record sales volumes of 2018 worldwide. At the end of the year, the "Effervescence" program brought together friends of the Maison, which has been an icon of celebration and history's most memorable events since 1743. **Dom Pérignon**'s sales were boosted by the launch of three vintages: *Vintage 2012*, *Rosé Vintage 2008* and *Vintage 2003 Plénitude 2*. The year also saw a high-profile collaboration with world-famous star Lady Gaga. **Veuve Clicquot** achieved a record performance, backed by the opening of the Comète site, its new production center. The Maison expressed its bold values through its collaborations and ramped up its efforts to promote women's entrepreneurship with several international initiatives under its *Bold* program. **Ruinart** recorded very strong growth in all its markets and reaffirmed its commitment to the environment with the rollout of its sustainably designed case and its agroforestry winegrowing pilot project. **Krug**'s remarkable results confirmed the success of its value-enhancing strategy, exemplified by the launch of *Krug Grande Cuvée 169e Édition* and *Rosé 25e Édition*. LVMH acquired a 50% stake in the share capital of **Armand de Brignac**. Jointly owned with Shawn "Jay-Z" Carter, the brand continued its growth and confirmed its super-luxury positioning.

The **Estates & Wines** Maisons showed strong momentum. A new range of Terrazas de los Andes wines was launched in China and met with great success. The year also saw the release of the excellent 2021 vintage of *Cloudy Bay Sauvignon Blanc* and a performance by **Ao Yun** that exceeded expectations, confirming the potential of Yunnan province wines. **Château Galoupet**, acquired in 2019, continued its transition to organic winegrowing. **Château d'Esclans**' range of rosé wines accelerated its development following the takeover of its distribution by the Moët Hennessy network.

Chandon benefited from a comprehensive redesign of its image, communications and packaging. Its momentum was boosted by the success of *Chandon Garden Spritz*, launched in Europe, the United States and Australia.

For the third year in a row, **Hennessy** was the leading international premium spirits brand, achieving an exceptional performance thanks to the strength of its brand in the United States, continued recovery in China and acceleration in Europe and Africa. In a tight supply environment, its volumes were up 9% with respect to 2020 and 4% compared with 2019. In keeping with its pioneering spirit, the Maison established an exceptional global partnership with the NBA. It expanded its production capacity and invested in a dedicated store network on the island of Hainan in China. Hennessy also stepped up its commitment to its key priorities of protecting living soils, reforestation and reducing its carbon footprint by 50% by 2030.

The unprecedented performance of **Glenmorangie** and **Ardbeg** whiskies was in line with their ambitious innovation and growth plans. Both brands took home prestigious awards, including "Master Distiller of the Year" for the fifth time.

Belvedere reaffirmed its commitment to crafting natural spirits rich in character with the launch of Belvedere Organic Infusions, its first certified organic product line. Emerging, exceptional spirits brands **Woodinville**, **Volcán De Mi Tierra** and Cuban rum **Eminente** experienced strong growth thanks to the expansion of their distribution and production capacities.

Moët Hennessy expanded its online sales presence with the launch of Clos19 in France, the OurCellar site in the United States and the joint acquisition with the Campari Group of the Italian company Tannico, which also owns VentealaPropriete.com in France.

Outlook

While ensuring that it remains alert and responsive amid the prevailing volatility and tight supply environment, the Wines and Spirits business group remains resolutely optimistic about the medium-term development prospects of its Maisons. Moët Hennessy will continue to strengthen its portfolio and accelerate the transformation and selectivity of its distribution, while remaining close to consumers by offering them an ever-expanding and innovative range of experiences. Excellence, authenticity and sustainability remain key, backed by the launch of bold and inspiring innovations and collaborations. More aware than ever of the value of their heritage, many of which date back several centuries, all the Maisons are deeply committed to acting sustainably, protecting the environment, improving soil regeneration with more biodiversity and significantly reducing their carbon footprint.

3. FASHION AND LEATHER GOODS

	2021	2020	2019
Revenue *(EUR millions)*	**30,896**	**21,207**	**22,237**
Revenue by geographic region of delivery *(%)*			
France	5	5	8
Europe (excl. France)	16	18	23
United States	21	19	18
Japan	9	10	11
Asia (excl. Japan)	41	39	31
Other markets	8	9	9
Total	**100**	**100**	**100**
Type of revenue *(as % of total revenue)*			
Retail	94	93	91
Wholesale	6	6	8
Licenses	-	1	1
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**12,842**	**7,188**	**7,344**
Operating margin *(%)*	**41.6**	**33.9**	**33.0**

Highlights

The strong growth achieved by the Fashion and Leather Goods business group reflected the solid progress made by this unique collection of Maisons and the exceptional performance of Louis Vuitton, Christian Dior, Fendi, Celine and Loewe. Our Maisons were backed by their highly engaged and agile staff, with several key assets – creativity coupled with an unrelenting focus on excellence, and digital tools to stay connected with their customers – playing a major role throughout the global public health crisis.

For **Louis Vuitton**, the end of the year was saddened by the loss of Virgil Abloh, who had served as Creative Director of Menswear since March 2018. Using his vision and his unique talent to challenge established practice in fashion, he was among those who most brilliantly expressed the creative freedom and timeless modernity of Louis Vuitton. The Maison paid a deeply emotional tribute to him at the runway show in Miami "Virgil Was Here", on November 30.

Illustrating its creative energy and its pursuit of excellence in craftsmanship, the Maison continued its dialogue with the world of art, reinvented its iconic models and unveiled a number of initiatives in connection with the bicentenary of its founder's birth. The *LV Pont 9* handbag collection welcomed a soft, rounded new version, while the *Petite Malle*, a symbol of the Maison's rich heritage, took the spotlight in an array of new formats. By reinterpreting the Maison's signatures, the new *Bravery* high jewelry collection also paid tribute to its founder. A collaboration with Fornasetti gave rise to a multifaceted collection of ready-to-wear and accessories, illustrating the encounter between the Italian art and design studio's boundless creativity and Nicolas Ghesquière's contemporary vision. The second half of the year saw the return of in-person fashion shows held with an audience in inspiring locations: the Louvre in Paris, followed by Shanghai for the Women's Spring/Summer 2022 collection and Seoul for the Fall/Winter 2021 Men's collection. Louis Vuitton strengthened its ties with the world's most prestigious sporting events: the trophy cases for the 2023 Rugby World Cup to be held in France, the Monaco Grand Prix Formula 1 race and the Davis Cup tennis tournament were custom-made by the Maison's craftspeople at its Asnières workshop, while its partnership with the NBA continued. Its range of fragrances was expanded with the *Extraits* collection, composed of five scents whose bottle was designed by Frank Gehry, and the *Spell On You* fragrance showcased in a video starring Léa Seydoux. At its stores and through its original, high-quality digital initiatives, the Maison continued to offer its customers a unique experience. The store network was expanded with the inauguration of an emblematic store in Tokyo and the opening at La Samaritaine Pont-Neuf in Paris. Committed to making its products ever more sustainable, particularly by focusing on repairability from the very beginning of the design process, the Maison also stepped up its efforts to reduce their environmental impact throughout their entire life cycle. The *LV Pillow* leather goods collection and the sustainable *Felt Line* in Menswear were two illustrations of this approach in 2021. The Vendôme workshop is yet another reflection of Louis Vuitton's commitment to sustainable, high-quality craftsmanship dedicated to responsible design.

Christian Dior Couture recorded an excellent year, with remarkable growth in all its product categories with local customer bases. The Maison continued to be buoyed by the wealth of inspiration of its designers: Maria Grazia Chiuri for its women's collections and Kim Jones for Dior Homme. The Women's Winter 2021 ready-to-wear collection filmed in the Hall of Mirrors at the Palace of Versailles generated millions of views online. The 2022 Cruise show – the first show open to guests after months of pandemic-related restrictions – was held against the spectacular backdrop of the Panathenaic Stadium in Athens. An embroidered silk thread textile installation by artist Eva Jospin served as an exceptional backdrop for the Fall/Winter 2021-2022 Haute Couture show held at the Musée Rodin. The new *Dior Caro* bag was launched, featuring the Maison's legendary cannage pattern, while several of its classic models were reimagined into unprecedented dimensions. The new *RoseDior* high jewelry collection designed by Victoire de Castellane was unveiled, featuring 54 pieces inspired by roses. Capsule collections, including the *Dioriviera* line in the summer and *DiorAlps* in the winter, appeared at a series of stores around the world. Colorful window displays and pop-up locations also accompanied the launch of Dior Homme collections designed in collaboration with major artists such as Kenny Scharf and Peter Doig. The store network continued to expand with a number of high-profile openings around the world. The "Christian Dior: Designer of Dreams" exhibition made stopovers in Chengdu, at the Brooklyn Museum in New York and in Doha, Qatar. 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 turned in a record year, featuring the success of Kim Jones' first collections in collaboration with Silvia Venturini Fendi and Delfina Delettrez Fendi as well as strong growth in all its product categories. The *Peekaboo* and *Baguette* lines along with the new *Fendi First* bag drove sales in leather goods. Ready-to-wear and accessories also saw remarkable growth. The capsule collection born out of the Maison's creative collaboration with the SKIMS brand generated record sales. A number of flagship stores were inaugurated in New York, Shanghai and Sydney. The Hand in Hand project, which showcases Italian craftsmanship, was unveiled to the public at an exhibition held at the Palazzo della Civiltà Italiana, the Maison's headquarters in Rome. This initiative reflected its desire to support the development of craft trades and promote this tradition of passing on skills and excellence, both in Italy and beyond.

It was a record year for **Celine**, marked by the success of its ready-to-wear lines designed by Hedi Slimane, buoyed by digital fashion shows staged and filmed by Slimane himself. Leather goods benefited from growth in the *Triomphe* and *16* lines. Investments in its omnichannel strategy also played a key role in the Maison's new gains.

Loro Piana saw solid growth and expanded its customer base. A number of high-profile initiatives contributed to this momentum: the launch of the *Sesia* bag, made of exceptionally high-quality leather; a collection designed with Japanese artist Hiroshi Fujiwara; and the renewal of the Maison's partnership with the European Team for the Ryder Cup golf tournament. Reaffirming its long-standing commitment to sustainable development, Loro Piana published its first environmental report to present the initiatives it has taken and share its vision for the future.

Loewe also had a record year. Online sales grew significantly. Customers, the media and fashion professionals were all equally impressed with the wealth of inspiration and modernity displayed by Jonathan Anderson's collections. Alongside the *Puzzle* bag, the *Flamenco* line and the new version of the *Amazona* stood out. The Surplus Project, a Loewe initiative aimed at recycling leather from previous collections to create new designs, was presented at the IUCN World Conservation Congress.

Givenchy reached a key milestone with the arrival in stores of Matthew Williams' first collection and the launch of the *Cut-Out* bag and the *4G* line. The second half of the year featured two ready-to-wear collaborations, with artists Chito and Josh Smith.

2021 was a year of new energy for **Marc Jacobs**, with strong growth in the United States and a highly impressive surge in online sales. With its clearly affirmed style, the Maison was buoyed by the success of the *Tote Bag* in leather goods, *Heaven* in ready-to-wear and *Jogger* in footwear. The brand enjoyed positive responses to its fashion shows and a high level of engagement on social media.

Berluti benefited from the development of a policy to build strong, personalized connections with its customers. Ready-to-wear sales were boosted by the launch of the *Essentiels* collection. The "lifestyle" category saw the enthusiastic reception of its new *Home & Office* line. With a new color palette available in leather goods and footwear, the *Patina Rainbow* collection illustrated the Maison's unique expertise in the art of patina. A number of stores opened in China, and a flagship store was inaugurated in Tokyo's Ginza district in Japan.

As borders gradually reopened, **Rimowa** saw encouraging signs of recovery. Its *Never Still* soft bags saw promising success. The *Personal* line was expanded to include models made of aluminum, the Maison's iconic material. The luggage collection was enriched with the reintroduction of iconic designs, spotlighted through a new campaign and four renowned ambassadors.

Kenzo announced the appointment of Japanese designer Nigo as Creative Director of its collections.

Pucci named Camille Miceli as its Creative Director.

Outlook

The Fashion and Leather Goods Maisons enter 2022 with confidence. While maintaining the efforts needed to adapt to the economic environment, they can count on their dedicated staff to consolidate their key strengths: exceptional expertise, intensely creative collections and an excellent customer experience. **Louis Vuitton** will continue its development, focusing on the exceptional creativity that runs through everything it does, and will carry on its tradition of captivating creative collaborations. 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. **Christian Dior** will aim to continue its strong growth in all of its markets, with a number of high-profile openings and events. The highlight of 2022 will be the reopening of its historic store at 30 avenue Montaigne in an exceptional new format. Responding to strong demand from its customers, **Fendi** will open a number of flagship stores in its key markets. **Celine**'s growth will be spurred by the selective expansion of its store network and the development of its omnichannel strategy to continually improve how it serves its customers. 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.

4. PERFUMES AND COSMETICS

	2021	2020	2019
Revenue *(EUR millions)*	**6,608**	**5,248**	**6,835**
Revenue by geographic region of delivery *(%)*			
France	9	9	10
Europe (excl. France)	19	18	20
United States	16	14	15
Japan	4	5	5
Asia (excl. Japan)	42	45	40
Other markets	10	9	10
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**684**	**80**	**683**
Operating margin *(%)*	**10.3**	**1.5**	**10.0**

Highlights

Amid a limited recovery in international travel and the gradual reopening of points of sale, LVMH's major Maisons regained strong momentum, especially in the second half of the year. To preserve their exceptional image – a key element of their lasting appeal – the choice was made to keep their distribution highly selective, limit promotional offers and develop online sales through their own websites. Their performance was buoyed by their vibrant iconic lines, successful innovations and ability to craft high-quality, groundbreaking digital experiences.

Parfums Christian Dior made a strong recovery, particularly in all its local markets – especially Asia, the United States and the Middle East – and consolidated its leading positions in Europe. Its performance in fragrances was driven by the success of its flagship lines: *Sauvage*, which became global leader in all categories; solid results were also turned in by *J'adore*, *Dior Homme* and *Miss Dior*, which was boosted in September by a revisited scent profile and a new marketing campaign. The *Collection Privée* range, which distills the Maison's peerless expertise in high perfumery, was enriched with new scents. Francis Kurkdjian was appointed as Creative Director of Fragrances, taking over from François Demachy, who had served as Dior's perfumer since 2006. Skincare was buoyed by the vibrant *Prestige*, *Capture* and *L'Or de Vie* ranges, the culmination of the scientific and sensory expertise of LVMH's research and innovation center. The Dior Spa that opened at the Cheval Blanc hotel in Paris is the ultimate expression of Dior skincare and its beauty expertise. Makeup was boosted by the rollout of the refillable *Rouge Dior* lipstick and the launch of its transfer-proof liquid version, *Forever Liquid*. 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 complemented the Maison's store network by attracting a new clientele and showcasing the exceptional products and customer experience it offers. Parfums Christian Dior carried on its tradition of artistic partnerships, including the collaboration with India Mahdavi for *J'adore*, and exhibitions showcasing its rich heritage and wealth of creativity. The Maison began sharing its values and initiatives in connection with the mission it has adopted, "Beauty as a legacy", affirming its commitment to culture, the environment and society, in particular through exceptional corporate philanthropy toward the Palace of Versailles, the Tuileries Gardens and the Beaux-Arts de Paris art school.

Guerlain achieved remarkable growth, particularly in China thanks to its very strong momentum in skincare. Backed by the Maison's commitment to biodiversity and sustainable innovation, the *Abeille Royale* and *Orchidée Impériale* lines continued their exceptional performance. In fragrances, the *Aqua Allegoria* line and the new high perfumery collection *L'Art et la Matière* were a global success. In makeup, a new chapter began with the appointment of Violette as Creative Director of Makeup. The exceptional foundation *Parure Gold* bolstered its positions, particularly in Asia. The Maison continued to invest in its store network, with openings, renovations and pop-up locations expressing and exalting the brand's unique identity. Guerlain stepped up its initiatives and engagement in connection with its "In the Name of Beauty" sustainability program, in particular alongside UNESCO for programs to protect biodiversity and bees, spearheaded by its brand ambassador Angelina Jolie, as well as the formation of its Sustainable Board, a panel of experts chaired by Yann Arthus-Bertrand.

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 *Le Rouge* lipstick. **Benefit**'s sales were boosted by the launch of its *They're Real! Magnet* mascara and the global "Love Your Brows" campaign. The Maison extended its lead in these two categories. As locations reopened, its *Brow Bars* confirmed their success. **Fresh** reinforced its standing in ultra-premium skincare, seeing major growth in its *Crème Ancienne* range, which was expanded with its *White Truffle Mask*. To celebrate its 30th anniversary, an initiative was launched to support the communities where key ingredients for its products are sourced. **Make Up For Ever** benefited from the successful launch of *Setting Powder*, the finest powder on the market, within its iconic *Ultra HD* range. **Fenty Beauty** reaffirmed its expertise in foundation with the launch of its *Eaze Drop Blurring Skin Tint* foundation, an instant bestseller, and the expansion of its range of highlighters. **Fenty Skin** launched its first instant retexturizing treatment, *Pre-Show Glow*. **Fenty Eau de Parfum**, available exclusively online, was a major success. **Parfums Kenzo** expanded its *Flower by Kenzo* flagship line with a new eau de toilette version, while its men's fragrance *Kenzo Homme* and Kenzoki skincare products were reimagined. **Maison Francis Kurkdjian** continued its rapid growth trajectory, in particular in the United States. Its "fragrance wardrobe" continued to enjoy great success, led by its highly popular *Baccarat Rouge 540* as well as its *À la rose* and *Gentle Fluidity* ranges. The successful launches of the *Bergamotto La Spugnatura*, *Oud & Spice* and *Lily of the Valley* fragrances were among the year's highlights for **Acqua di Parma**. The Maison expanded its presence in China and won over customers through an immersive experience during its "The Scent of Parma" exhibition. **Perfumes Loewe** saw solid international growth with the repositioning of its fragrances in dialogue with the fashion house and the *Home Scents* collection crafted by Jonathan Anderson. **Ole Henriksen** enriched its skincare range with the creation of *Dewtopia*. **KVD Beauty**, all of whose products are vegan, capitalized on the success of its *Good Apple Foundation Balm*. **Officine Universelle Buly**, a Maison that stands out through its selection of rare, effective and authentic products with impeccable aesthetics, joined LVMH.

Outlook

LVMH's Maisons are well positioned to stand out in their competitive environment. While remaining highly vigilant over the months to come, they will boost innovation and continue to invest in their communications, ensuring selectivity in their retail networks and creating compelling digital experiences. Focusing on building its appeal through its image as a major brand rooted in the world of couture, **Parfums Christian Dior** has set ambitious leadership targets. The Maison will continue to innovate in its icons, especially *Sauvage*, *Miss Dior*, *Rouge Dior*, *J'adore* and *Prestige*. Its directly operated stores will continue their expansion, in particular in China. Expanding the share of online sales and digital communications is also a key priority, along with effective supply chain management in a context of heightened volatility.

Guerlain will expand its international presence, paying particular attention to the selectivity of its distribution. Its momentum will be driven by strong growth in skincare combined with its expertise in spa treatments, the development of its fragrance ranges toward Collections, new energy in makeup and an acceleration in digital initiatives. In 2022, the Maison will celebrate the 15th anniversary of its "In the Name of Beauty" sustainability program. **Parfums Givenchy** will enrich its range of fragrances and continue its expansion into makeup. **Acqua di Parma** will relaunch its iconic *Colonia* range. **Make Up For Ever** will launch a further improved version of its *HD Skin* flagship line, developed by its community of makeup artists. **Benefit** will further expand its range of blushes while continuing to innovate in its brow collection. **Parfums Kenzo** will continue reviving its historic fragrances, drawing on the Maison's French and Japanese roots. **Perfumes Loewe** and **Maison Francis Kurkdjian** will open their first store in China.

5. WATCHES AND JEWELRY

	2021	2020	2019
Revenue *(EUR millions)*	**8,964**	**3,356**	**4,405**
Revenue by geographic region of delivery *(%)*			
France	2	4	5
Europe (excl. France)	15	20	23
United States	25	8	8
Japan	11	12	12
Asia (excl. Japan)	36	43	38
Other markets	11	13	14
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**1,679**	**302**	**736**
Operating margin *(%)*	**18.7**	**9.0**	**16.7**

Highlights

The Watches and Jewelry business group saw organic revenue growth of 40% with respect to 2020, which had been particularly hard hit by the pandemic, and of 7% 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 local 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 in the first half of the year at trade fairs that were held in innovative new formats.

Tiffany achieved a record performance in terms of revenue, profit and cash flow. The Maison raised its global profile through its innovations and high-profile collaborations. For the first time in its history, Tiffany's annual *Blue Book* collection of high jewelry was unveiled in China. A series of events followed in New York, Los Angeles and Dubai, giving customers the opportunity to discover the extraordinary necklace, featuring over 180 carats of diamonds, inspired by the pendant unveiled at the 1939 New York World's Fair. Following these presentations, high jewelry sales reached an unprecedented level. Rosé, the young singer of South Korean band Blackpink, became the new face of the *HardWear* collection. This very well-received revival led to a doubling of sales for this core line, which embodies bold femininity. The *Knot* collection – a limited edition designed in collaboration with artist Daniel Arsham – was another major success, as was the *Tiffany x Supreme* collaboration. December saw the launch of the highly anticipated limited edition of the watch designed by Patek Philippe and Tiffany to celebrate 170 years of collaboration between Patek and Tiffany in the US, with the auction of the first watch of 170 limited editions raising a record level of funds for The Nature Conservancy. Honoring its long tradition of expressions of love and diversity, the Maison launched its "About Love" global campaign starring Beyoncé and Jay-Z. Among the jewelry featured was the legendary Tiffany Diamond, making Beyoncé only the fourth person to wear it since its discovery in 1877. This campaign – one of the year's most prominent – was a powerful affirmation of the brand's resolutely modern tone, boosting its appeal and expressing its core values. Three openings – at Le Bon Marché in Paris, in Barcelona and in Stockholm – marked a new aesthetic for Tiffany's stores.

Bvlgari regained solid momentum, driven by the strong performance of its jewelry and watch lines at its directly operated stores. In jewelry, the recent *B.zero1 Rock* and *Serpenti Viper* collections were the main growth drivers. The Maison rolled out its *Magnifica* high jewelry collection presented in June, while at the end of the year, the launch of the *Jannah* collection proved extremely promising. In watches, growth was driven by *Serpenti Seduttori*, *Octo Finissimo* (which won the Aiguille d'Or grand prize at the Geneva Watchmaking Grand Prix) and *Bvlgari Aluminium*. The Maison's performance was all the more remarkable given the limited recovery in international travel and its increasingly selective presence at multi-brand stores. Jewelry in particular is now exclusively distributed through its directly operated stores. The Bvlgari hotel collection expanded with the addition of a seventh showpiece, the Bvlgari Hotel Paris, which opened in December on Avenue George V.

TAG Heuer marked the start of a major partnership with Porsche with the launch of the *TAG Heuer Carrera Porsche* chronograph. The latest edition of the *TAG Heuer Carrera 3 Aiguilles* featured Ryan Gosling as its brand ambassador, while the *Aquaracer* line was completely revisited. The *Titan* and *Green Dial* limited editions of the *Monaco* watch were very successful. TAG Heuer successfully launched a Super Mario limited edition of its smartwatch for gaming enthusiasts. Naomi Osaka and Tommy Fleetwood joined the Maison's team of brand ambassadors as it opened its first store in California and continued to develop its online sales.

Hublot's growth was driven by strong momentum in China and the United States, particularly at its directly operated stores. Continuing to invest in its retail network, the Maison accentuated its selective development and resumed direct control of its distribution in Spain and Portugal. Several new products bolstered the success of its flagship lines, including the *Classic Fusion Takashi Murakami*, the *Big Bang DJ Snake*, backed by a global event, and the *Big Bang E UEFA Euro 2020* smartwatch. Novak Djokovic joined the Hublot family as a brand ambassador.

Zenith benefited from the launch of *Chronomaster Sport*, which won the Chronograph watch prize at the Geneva Watchmaking Grand Prix, and *Defy Extreme*. The Maison significantly raised its profile in China with the appointment of singer and actor Xiao Zhan as its new brand ambassador. It developed its network of directly operated stores, including the opening of a store offering unique experiences within its watch manufacturing facility and the expansion of its e-commerce presence.

Chaumet saw strong momentum. Highlights of the year included the launch of the *Torsade* high jewelry collection; the introduction of an exclusive diamond cut, the "Taille Impératrice" (empress cut); the "Joséphine et Napoléon" exhibition at the heart of the Maison's iconic 12 Vendôme address; two high jewelry events in Beijing and Tokyo; and the reopening of its flagship store on New Bond Street in London.

Fred launched the *Pretty Woman* fine jewelry and high jewelry collection, and created the *Winch* men's line to celebrate the 55th anniversary of the *Force 10*. The Soleil d'Or diamond returned to the Maison's collection. This remarkable yellow diamond of over 100 carats will be the centerpiece of Fred's first retrospective exhibition in 2022. It opened its first store in Dubai.

Outlook

With the arrival of Tiffany, the Watches and Jewelry group is now a leading global player. It will continue to drive its development by focusing on creativity, excellent craftsmanship and corporate social responsibility. In the short term, given the current volatility and contrasting levels of recovery in their various markets, the Maisons will continue to manage costs and remain highly selective in their investments. Innovation, the quality-driven development of distribution networks – directly operated stores in particular – and new digital inroads will drive momentum over the months to come. **Tiffany** will roll out its *Knot* collection worldwide following its success in the United States. At the end of 2022, the Maison will reopen its flagship store on 5th Avenue in New York, and will hold a major exhibition in London. **Bvlgari** will continue to add to its core collections, showcasing its exceptional expertise in high jewelry and high-end watchmaking while continuing to develop its digital presence. In preparation for future growth, a project to extend the Valenza watch manufacturing facility will be launched in 2022. Major exhibitions will be held by **Bvlgari**, **Chaumet** and **Fred**. **TAG Heuer** will develop its iconic lines and launch new high-end models inspired by its partnership with Porsche. **Hublot** will focus on its *Big Bang* flagship line in particular, and will unveil several original new designs.

6. SELECTIVE RETAILING

	2021	2020	2019
Revenue *(EUR millions)*	**11,754**	**10,155**	**14,791**
Revenue by geographic region of delivery *(%)*			
France	12	13	11
Europe (excl. France)	9	9	9
United States	39	35	37
Japan	-	1	2
Asia (excl. Japan)	24	27	27
Other markets	16	15	14
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**534**	**(203)**	**1,395**
Operating margin *(%)*	**4.5**	**(2.0)**	**9.4**

Highlights

In a business environment disrupted by the consequences of the public health crisis, the Maisons continued to adapt to the situation and enrich their digital content to drive online sales and stay connected with customers. The gradual reopening of stores went smoothly, with the top priority being the health and safety of customers and staff, while constantly striving to offer the best shopping experience across all channels.

Building on its expanded geographic presence and its pursuit of excellence in its omnichannel strategy, **Sephora** was highly resilient and delivered another strong performance thanks to the upturn in activity at its stores and the continued momentum of its online sales. Despite the pandemic-related closures for part of the year, the expansion of its store network continued, especially in China and the United States, particularly following the large-scale partnership with US distributor Kohl's. The Maison continued to develop its digital offering with a series of new initiatives, including a long-term strategic partnership with the Zalando platform for the creation of a "prestige beauty" selection, launched in Germany in the second half of the year; the acquisition of Feelunique, one of the leading players in the online selective beauty segment in the United Kingdom; a series of new transnational e-commerce initiatives to serve various countries in Asia; ramping up its own websites, resulting in record online sales; and developing innovative services to ensure a smooth omnichannel purchasing experience for customers, such as same-day delivery, which has been successfully rolled out in the United States. This strategy helped dynamize its key brands and categories, particularly skincare, fragrances and haircare, while makeup showed encouraging signs of recovery. The Maison continued to serve as an incubator, launching exclusive brands and products, particularly in the area of "green" cosmetics, which resonates strongly with its customers' aspirations. Sephora stepped up its commitment to diversity and inclusion by joining the Valuable 500, a global movement to speed the inclusion of people with disabilities in the workplace. The Maison also launched highly innovative campaigns to celebrate black beauty in North America and expanded its selection of brands founded by people of color, in line with the commitment undertaken in 2020. Thanks to its relentless drive for innovation and highly motivated staff, Sephora returned to its pre-pandemic sales levels and was listed in the prestigious Interbrand Best Global Brands 2021 ranking.

The public health crisis continued to impact **DFS**' business due to the very limited recovery in international travel, travel restrictions in China and quarantine measures implemented in Hong Kong. In response to the Chinese government's efforts to transform Hainan into a free trade port by 2025, DFS, in partnership with Shenzhen Duty Free Group, opened its first downtown store in the port city of Haikou. Thanks to growing demand from local customers, the seven *T Gallerias* in Macao turned in a good performance, while DFS launched its operations in Hainan. The highly anticipated opening of La Samaritaine Paris Pont-Neuf took place in June following an ambitious renovation project and saw a promising number of visitors. After a one-year hiatus, the "Masters of Time" event showcasing a prestigious collection of watches and jewelry returned to Macao for its 12th edition. DFS accelerated its omnichannel transformation through an innovative "Travel E-Tail" program for its customers and brand partners. The Maison continued to focus on employee well-being by implementing health programs and adapting working hours, and supported its local communities through volunteer activities aimed at helping the most vulnerable individuals and those most affected by the pandemic.

Starboard Cruise Services resumed operations at the end of the year on part of its fleet of vessels with an occupancy of about half their capacity. The Maison focused on the new opportunities offered by the digital channel, and tailoring the products and services it offers to clients of different cruise lines.

Le Bon Marché experienced an unusual year marked by a long period of closure from January 31 to May 19, during which digital communication and mail-order sales helped it stay connected with customers. As soon as it reopened, the department store saw the return in force of its particularly loyal French clientele. The year's highlights included Prune Nourry's "L'Amazone Erogène" exhibition and the "Porte-Bonheurs" exhibition, featuring works by Thebe Magugu, to support the Dessine l'Espoir (Designing Hope) humanitarian nonprofit. Momentum was spurred by the development of new concepts, such as a holistic beauty initiative with Holidermie, and the opening of new spaces, in particular for Tiffany. Both of La Grande Épicerie de Paris' sites continued to perform well. The **24S** digital platform recorded strong growth, particularly in Asia and North America, driven by the unique character of its selection and its Parisian positioning. The year featured the rollout of the "marketplace" model, a strategic driver for acceleration.

Outlook

In 2022, **Sephora** will continue to innovate, ramp up its digitalization efforts and develop its omnichannel strategy to gain new market share in key countries, with the priority placed on North America and China. In the United States, the implementation of its partnership with Kohl's will help amplify its success with an expanded presence and a closer connection to American customers. The Maison will continue investing to sustain its strong momentum in other strategic markets such as the Middle East and Canada, as well as to expand its retail network in major cities and scale up its digital strategy. In 2022, **DFS**' priority will be placed on tourism at its key destinations: Hainan, Macao and potentially Hong Kong in the second half of the fiscal year. Partial air traffic recovery forecasts – which are more favorable, with the exception of China – will be closely monitored to ensure that reopenings are in line with local authorities' requirements and the return of travelers. Highlights planned for 2022 include the second phase of the Mission Hills site opening in Hainan and the inauguration of a *T Galleria* in Queenstown, New Zealand, while preparing for the 2023 opening of the Brisbane location in Australia. **Le Bon Marché** will continue to capitalize on its unique profile as a trend-setting department store and cultural venue. In January, the "Su" exhibition by artist Mehmet Ali Uysal will invite viewers to reflect on climate issues. The beginning of the year will also see the launch of a digital platform for services and experiences, building on Le Bon Marché's strengths and underscoring its privileged position as an integral part of the Parisian scene.

7. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR millions)	2021	2020	Change
Intangible assets	50,455	33,054	17,401
Property, plant and equipment	20,193	18,224	1,969
Right-of-use assets	13,705	12,521	1,184
Other non-current assets	6,657	4,899	1,758
Non-current assets	**91,010**	**68,698**	**22,312**
Inventories	16,549	13,016	3,533
Cash and cash equivalents	8,021	19,963	(11,942)
Other current assets	9,731	6,994	2,737
Current assets	**34,301**	**39,973**	**(5,672)**
Assets	**125,311**	**108,671**	**16,640**

	2021	2020	Change
Equity	48,909	38,829	10,080
Long-term borrowings	12,165	14,065	(1,900)
Non-current lease liabilities	11,887	10,665	1,222
Other non-current liabilities	24,361	19,795	4,566
Equity and non-current liabilities	**97,322**	**83,354**	**13,968**
Short-term borrowings	8,075	10,638	(2,563)
Current lease liabilities	2,387	2,163	224
Other current liabilities	17,526	12,516	5,010
Current liabilities	**27,989**	**25,318**	**2,671**
Liabilities and equity	**125,311**	**108,671**	**16,640**

LVMH's consolidated balance sheet totaled 125.3 billion euros as of year-end 2021, up 16.6 billion euros from December 31, 2020.

Intangible assets totaled 50.5 billion euros, up 17.4 billion euros from year-end 2020, with 9.9 billion euros of this increase arising from goodwill and 7.5 billion euros from brands and other intangible assets. This mainly resulted from Tiffany joining the scope of consolidation, as the acquisition was finalized in early January 2021. It also included the positive 2.5 billion euro impact on goodwill of the revaluation of purchase commitments for minority interests and the positive 1.4 billion euro impact of exchange rate fluctuations on the intangible assets of entities outside the eurozone.

Property, plant and equipment were also up 2.0 billion euros and totaled 20.2 billion euros as of the fiscal year-end. Of this increase, 1.0 billion euros was attributable to acquisitions during the fiscal year, first and foremost Tiffany. It also included the impact of investments for 2021, net of depreciation charges, which amounted to 0.7 billion euros (the comments on the cash flow statement provide further information on investments), as well as the positive 0.5 billion euro impact of exchange rate fluctuations.

Right-of-use assets totaled 13.7 billion euros, up 1.2 billion euros from 12.5 billion euros as of year-end 2020, including 0.9 billion euros arising from Tiffany entering the scope of consolidation. Exchange rate fluctuations generated an additional increase of 0.6 billion euros. Conversely, changes in valuation assumptions led to a decrease of 0.2 billion euros. The impact of lease renewals was fully offset by depreciation for the fiscal year. Store leases represented the majority of right-of-use assets, for a total of 10.6 billion euros.

Other non-current assets increased by 1.8 billion euros, amounting to 6.7 billion euros, following the 0.8 billion euro increase in deferred tax assets and the 0.6 billion euro increase in non-current available for sale financial assets.

Inventories were up 3.5 billion euros, of which 1.8 billion euros resulted from the integration of Tiffany's inventories, and 1.6 billion euros resulted from increased business activity during the fiscal year. This increase was offset by the 0.4 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 9.2 billion euros, largely due to the 11.9 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. It also included the 0.7 billion euro decrease in derivatives, due in particular to financial instruments related to the convertible bonds issued in 2016 (which were fully redeemed during the year) reaching maturity, as well as exchange rate fluctuations. Conversely, current available for sale financial assets increased by 1.8 billion euros, due to acquisitions completed in 2021 and the increase in market values, and trade accounts receivable and other operating receivables increased by 1.6 billion euros, in connection with the increase in business activity.

Lease liabilities arising from the application of IFRS 16 were up 1.4 billion euros, including 0.9 billion euros attributable to the acquisition of Tiffany and 0.6 billion euros related to exchange rate fluctuations.

Other non-current liabilities totaled 24.4 billion euros, up 4.6 billion euros from 19.8 billion euros as of year-end 2020. Of this increase, 2.8 billion euros resulted from the increase in the liability in respect of purchase commitments for minority interests' shares, which amounted to 13.7 billion euros, following changes in the metrics used to measure these commitments. Another 1.7 billion euros arose from the increase in deferred tax liabilities related to the acquisition of Tiffany, partially offset by the decrease arising from LVMH's application of specific tax measures in Italy enabling it to revalue fixed assets, and the 0.5 billion euro increase in provisions, mainly related to the integration of Tiffany's retirement benefit obligations.

Lastly, other current liabilities increased by 5.0 billion euro, amounting to 17.5 billion euros. Operating liabilities increased by 5.3 billion euros, of which 2.0 billion euros was attributable to trade accounts payable and 1.1 billion euros to tax and social security liabilities. Conversely, derivatives decreased by 0.4 billion euro, 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 %)	2021	2020	Change
Long-term borrowings	12,165	14,065	(1,900)
Short-term borrowings and derivatives	8,007	10,891	(2,884)
Gross borrowings after derivatives	**20,172**	**24,956**	**(4,784)**
Cash, cash equivalents and current available for sale financial assets	(10,565)	(20,715)	10,150
Net financial debt	**9,607**	**4,241**	**5,366**
Equity	**48,909**	**38,829**	**10,080**
Net financial debt/Equity ratio	**19.6%**	**10.9%**	**8.7 pts**

Total equity amounted to 48.9 billion euros as of year-end 2021, up 10.1 billion euros from year-end 2020. Net profit for the fiscal year, after the distribution of dividends, contributed 8.8 billion euros to this increase. It also included the 2.4 billion euro increase in gains and losses recognized in equity, mainly related to the impact of exchange rate fluctuations. Conversely, transactions in LVMH shares had a negative impact of 0.7 billion euros, due in particular to the implementation at the end of the fiscal year of a 0.3 billion euro share repurchase program, as well as the impact of changes in ownership interests in consolidated entities and the change in purchase commitments for minority interests' shares, which had a negative impact of 0.5 billion euros.

As of year-end 2021, net financial debt was equal to 19.6% of total equity, compared to 10.9% as of year-end 2020, up 8.7 points largely due to the payment of the purchase price for Tiffany in early January 2021.

Gross borrowings after derivatives totaled 20.2 billion euros as of year-end 2021, down 4.8 billion euros compared with year-end 2020, despite the integration of Tiffany's liabilities in the amount of 1.2 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. Euro- and US dollar-denominated commercial paper (ECP and USCP) outstanding also decreased, by 4.4 billion euros. Cash, cash equivalents, and current available for sale financial assets totaled 10.6 billion euros as of year-end 2021, down 10.2 billion euros from 20.7 billion euros as of year-end 2020. Net financial debt thus increased by 5.4 billion euros during the year, after taking into account the payment during the fiscal year, net of cash acquired of 12.5 billion euros, for the acquisition of Tiffany.

As of year-end 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 4.2 billion euros as of year-end 2021.

8. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	2021	2020	Change
Cash from operations before changes in working capital	**22,621**	**13,997**	**8,624**
Cost of net financial debt: interest paid	71	(58)	129
Lease liabilities: interest paid	(231)	(290)	59
Tax paid	(4,239)	(2,385)	(1,854)
Change in working capital	426	(367)	792
Net cash from operating activities	**18,648**	**10,897**	**7,751**
Operating investments	(2,664)	(2,478)	(186)
Repayment of lease liabilities	(2,453)	(2,302)	(151)
Operating free cash flow [(a)]	**13,531**	**6,117**	**7,414**
Financial investments and purchase and sale of consolidated investments	(13,315)	(461)	(12,854)
Equity-related transactions	(5,149)	(2,838)	(2,310)
Change in cash before financing activities	**(4,933)**	**2,818**	**(7,750)**

Cash from operations before changes in working capital totaled 22,621 million euros, up 8,624 million euros from 13,997 million euros a year earlier, mainly due to the increase in operating profit.

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 18,648 million euros, up 7,751 million euros from 2020.

Interest paid on net financial debt amounted to a net cash inflow of 71 million euros, compared to an outflow of 58 million euros a year earlier, despite the increase in average net financial debt. The Group benefited from the negative interest rate environment on short-term debt in euros during the year.

Tax paid came to 4,239 million euros, 1,854 million euros more than the 2,385 million euros paid in 2020, in connection with the increase in business activity and profit.

The change in working capital (a positive change of 426 million euros) amounted to a requirement 792 million euros lower than in 2020, during which the change in working capital generated a requirement of 367 million euros. This positive change in 2021 primarily arose from the financing provided by the 2,578 million euro increase in operating payables (including 1,576 million euros in trade accounts payable), which more than covered the requirement generated by the increase in inventories (1,567 million euros) and the increase in trade accounts receivable (586 million euros). The Fashion and Leather Goods, and Watches and Jewelry business groups were the main drivers of these increases. All of these changes arose from the surge in business activity.

Operating investments net of disposals resulted in an outflow of 2,664 million euros in 2021, up slightly (186 million euros) relative to the outflow of 2,478 million euros in 2020. Purchases of property, plant and equipment mainly include investments by the Group's brands – notably Louis Vuitton, Christian Dior, Sephora and Tiffany – in their retail networks. They also included investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment, as well as investments relating to the Group's hotel activities, net of the sale of an asset in the United States.

Repayment of lease liabilities totaled 2,453 million euros in 2021, close to the 2,302 million euros recorded in 2020.

In 2021, "Operating free cash flow"[(a)] amounted to a net inflow of 13,531 million euros, a substantial increase of 7,414 million euros relative to 2020, following the surge in cash from operations before changes in working capital.

During the year, financial investments accounted for an outflow of 13,315 million euros, the predominant share of which related to the acquisition of Tiffany.

Equity-related transactions generated an outflow of 5,149 million euros. A portion of this amount, 3,527 million euros, arose from dividends paid during the fiscal year by LVMH SE, excluding the amount attributable to treasury shares, as well as tax related to dividends paid for 226 million euros. Transactions in LVMH shares generated an additional outflow of 556 million euros. Lastly, net cash used in purchases of minority interests' shares and dividends paid to minority interests came to 843 million euros.

The financing requirement after all transactions relating to operating activities, investing activities and equity-related transactions thus totaled 4,933 million euros. After 7,555 million euros in repayments of borrowings and the positive 498 million euro impact of exchange rate fluctuations on cash balances, the period-end cash balance was down 11,989 million euros compared to year-end 2020. It totaled 7,817 million euros as of the fiscal year-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 CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2021	2020	2019
Revenue	24	**64,215**	**44,651**	**53,670**
Cost of sales		(20,355)	(15,871)	(18,123)
Gross margin		**43,860**	**28,780**	**35,547**
Marketing and selling expenses		(22,308)	(16,792)	(20,207)
General and administrative expenses		(4,414)	(3,641)	(3,864)
Income/(loss) from joint ventures and associates	8	13	(42)	28
Profit from recurring operations	24	**17,151**	**8,305**	**11,504**
Other operating income and expenses	25	4	(333)	(231)
Operating profit		**17,155**	**7,972**	**11,273**
Cost of net financial debt		41	(35)	(107)
Interest on lease liabilities		(242)	(281)	(290)
Other financial income and expenses		254	(292)	(162)
Net financial income/(expense)	26	**53**	**(608)**	**(559)**
Income taxes	27	(4,510)	(2,409)	(2,932)
Net profit before minority interests		**12,698**	**4,955**	**7,782**
Minority interests	18	(662)	(253)	(611)
Net profit, Group share		**12,036**	**4,702**	**7,171**
Basic Group share of net earnings per share *(EUR)*	28	**23.90**	**9.33**	**14.25**
Number of shares on which the calculation is based		503,627,708	503,679,272	503,218,851
Diluted Group share of net earnings per share *(EUR)*	28	**23.89**	**9.32**	**14.23**
Number of shares on which the calculation is based		503,895,592	504,210,133	503,839,542

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	2021	2020	2019
Net profit before minority interests		**12,698**	**4,955**	**7,782**
Translation adjustments		2,177	(1,650)	299
Amounts transferred to income statement		(4)	(11)	1
Tax impact		17	(10)	11
	16.5, 18	**2,190**	**(1,671)**	**311**
Change in value of hedges of future foreign currency cash flows [(a)]		281	73	(16)
Amounts transferred to income statement		(303)	(123)	25
Tax impact		127	(112)	(3)
		105	**(162)**	**6**
Change in value of the ineffective portion of hedging instruments		(375)	(209)	(211)
Amounts transferred to income statement		237	232	241
Tax impact		33	(9)	(7)
		(105)	**14**	**23**
Gains and losses recognized in equity, transferable to income statement		**2,190**	**(1,819)**	**340**
Change in value of vineyard land	6	52	(3)	42
Amounts transferred to consolidated reserves		-	-	-
Tax impact		(12)	3	(11)
		40	**-**	**31**
Employee benefit obligations: Change in value resulting from actuarial gains and losses		251	(20)	(167)
Tax impact		(58)	6	39
		193	**(14)**	**(128)**
Gains and losses recognized in equity, not transferable to income statement		**233**	**(14)**	**(97)**
Comprehensive income		**15,121**	**3,122**	**8,025**
Minority interests		(762)	(162)	(628)
Comprehensive income, Group share		**14,359**	**2,960**	**7,397**

(a) In 2021, this amount includes 477 million euros relating to foreign exchange hedges implemented in anticipation of the acquisition of Tiffany shares and included in the value of the investment; see Note 2.

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	2021	2020	2019
(EUR millions)				
Brands and other intangible assets	3	24,551	17,012	17,212
Goodwill	4	25,904	16,042	16,034
Property, plant and equipment	6	20,193	18,224	18,533
Right-of-use assets	7	13,705	12,521	12,409
Investments in joint ventures and associates	8	1,084	990	1,074
Non-current available for sale financial assets	9	1,363	739	915
Other non-current assets	10	1,054	845	1,546
Deferred tax		3,156	2,325	2,274
Non-current assets		**91,010**	**68,698**	**69,997**
Inventories and work in progress	11	16,549	13,016	13,717
Trade accounts receivable	12	3,787	2,756	3,450
Income taxes		338	392	406
Other current assets	13	5,606	3,846	3,264
Cash and cash equivalents	15	8,021	19,963	5,673
Current assets		**34,301**	**39,973**	**26,510**
Total assets		**125,311**	**108,671**	**96,507**

LIABILITIES AND EQUITY	Notes	2021	2020	2019
(EUR millions)				
Equity, Group share	16.1	47,119	37,412	36,586
Minority interests	18	1,790	1,417	1,779
Equity		**48,909**	**38,829**	**38,365**
Long-term borrowings	19	12,165	14,065	5,101
Non-current lease liabilities	7	11,887	10,665	10,373
Non-current provisions and other liabilities	20	3,980	3,322	3,812
Deferred tax		6,704	5,481	5,498
Purchase commitments for minority interests' shares	21	13,677	10,991	10,735
Non-current liabilities		**48,413**	**44,524**	**35,519**
Short-term borrowings	19	8,075	10,638	7,610
Current lease liabilities	7	2,387	2,163	2,172
Trade accounts payable	22.1	7,086	5,098	5,814
Income taxes		1,267	721	722
Current provisions and other liabilities	22.2	9,174	6,698	6,305
Current liabilities		**27,989**	**25,318**	**22,623**
Total liabilities and equity		**125,311**	**108,671**	**96,507**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury 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 commit-ments		Group share	Minority interests	Total
Notes		**16.2**	**16.2**	**16.3**	**16.5**							**18**	
As of Jan. 1, 2019	**505,029,495**	**152**	**2,298**	**(421)**	**573**	**-**	**(129)**	**1,117**	**(113)**	**28,787**	**32,264**	**1,664**	**33,928**
Gains and losses recognized in equity					289	-	22	22	(107)		226	17	242
Net profit										7,171	7,171	611	7,783
Comprehensive income		**-**	**-**	**-**	**289**	**-**	**22**	**22**	**(107)**	**7,171**	**7,397**	**628**	**8,025**
Bonus share plan-related expenses										69	69	3	72
(Acquisition) /disposal of LVMH shares	-	-	-	18	-	-	-	-	-	(44)	(26)	-	(26)
Exercise of LVMH share subscription options	403,946	-	21	-						-	21		21
Retirement of LVMH shares	(2,156)									-			
Capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	95	95
Interim and final dividends paid	-	-	-	-	-	-	-	-	-	(3,119)	(3,119)	(433)	(3,552)
Changes in control of consolidated entities	-	-	-	-	-	-	-	-	-	2	2	25	27
Acquisition and disposal of minority interests' shares	-	-	-	-	-	-	-	-	-	(17)	(17)	-	(17)
Purchase commitments for minority interests' shares	-	-	-	-	-	-	-	-	-	(5)	(5)	(203)	(208)
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 treasury shares	-	-	-	49	-	-	-	-	-	(42)	7	-	7
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					2,073	-	43	29	178		2,323	101	2,423
Net profit										12,036	12,036	662	12,698
Comprehensive income		**-**	**-**	**-**	**2,073**	**-**	**43**	**29**	**178**	**12,036**	**14,359**	**763**	**15,122**
Bonus share plan-related expenses										126	126	6	132
(Acquisition)/disposal of LVMH shares	-	-	-	(652)	-	-	-	-	-	(92)	(744)	-	(744)
Retirement of LVMH shares				-						-	-		-
Capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	12	12
Interim and final dividends paid	-	-	-	-	-	-	-	-	-	(3,527)	(3,527)	(428)	(3,956)
Changes in control of consolidated entities	-	-	-	-	-	-	-	-	-	(42)	(42)	397	355
Acquisition and disposal of minority interests' shares	-	-	-	-	-	-	-	-	-	(443)	(443)	(211)	(654)
Purchase commitments for minority interests' shares	-	-	-	-	-	-	-	-	-	(22)	(22)	(166)	(188)
As of Dec. 31, 2021	**504,757,339**	**152**	**2,225**	**(912)**	**1,380**	**-**	**(239)**	**1,167**	**(53)**	**43,399**	**47,119**	**1,790**	**48,909**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2021	2020	2019
I. OPERATING ACTIVITIES				
Operating profit		17,155	7,972	11,273
(Income)/loss and dividends received from joint ventures and associates	8	41	64	(10)
Net increase in depreciation, amortization and provisions		3,139	3,478	2,700
Depreciation of right-of-use assets	7.1	2,691	2,572	2,408
Other adjustments and computed expenses		(405)	(89)	(266)
Cash from operations before changes in working capital		**22,621**	**13,997**	**16,105**
Cost of net financial debt: interest paid		71	(58)	(124)
Lease liabilities: interest paid		(231)	(290)	(239)
Tax paid		(4,239)	(2,385)	(2,940)
Change in working capital	15.2	426	(367)	(1,154)
Net cash from/(used in) operating activities		**18,648**	**10,897**	**11,648**
II. INVESTING ACTIVITIES				
Operating investments	15.3	(2,664)	(2,478)	(3,294)
Purchase and proceeds from sale of consolidated investments	2	(13,226)	(536)	(2,478)
Dividends received		10	12	8
Tax paid related to non-current available for sale financial assets and consolidated investments		-	-	(1)
Purchase and proceeds from sale of non-current available for sale financial assets	9	(99)	63	(104)
Net cash from/(used in) investing activities		**(15,979)**	**(2,939)**	**(5,869)**
III. FINANCING ACTIVITIES				
Interim and final dividends paid	15.4	(4,161)	(2,799)	(3,678)
Purchase and proceeds from sale of minority interests		(435)	(67)	(21)
Other equity-related transactions	15.4	(552)	27	54
Proceeds from borrowings	19	251	17,499	2,837
Repayment of borrowings	19	(6,413)	(5,024)	(1,810)
Repayment of lease liabilities	7.2	(2,453)	(2,302)	(2,187)
Purchase and proceeds from sale of current available for sale financial assets	14	(1,393)	69	71
Net cash from/(used in) financing activities		**(15,156)**	**7,403**	**(4,734)**
IV. EFFECT OF EXCHANGE RATE CHANGES		**498**	**(1,052)**	**39**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(11,989)**	**14,309**	**1,084**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15.1	**19,806**	**5,497**	**4,413**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15.1	**7,817**	**19,806**	**5,497**
TOTAL TAX PAID		**(4,464)**	**(2,501)**	**(3,070)**

Alternative performance measure

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

(EUR millions)	2021	2020	2019
Net cash from operating activities	18,648	10,897	11,648
Operating investments	(2,664)	(2,478)	(3,294)
Repayment of lease liabilities	(2,453)	(2,302)	(2,187)
Operating free cash flow [(a)]	**13,531**	**6,117**	**6,167**

(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 fiscal year 2021 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2021. These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2021 were approved by the Board of Directors on January 27, 2022.

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 fiscal year. They are extracted from the consolidated financial statements approved by the Board of Directors, which include all the notes to the financial statements required under IFRS, as adopted in the European Union.

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 replacement rates has been finalized and the transition will take effect on January 1, 2022, at which date the current benchmark rates will cease to apply. This transition has no impact on the financial statements as of December 31, 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 has been applied since January 1, 2021 (see Note 7.3)

The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision relates to attributing benefits to periods of service and the caps on such benefits. The impact as of December 31, 2021 represents a non-material decrease in this commitment, recognized within "Actuarial gains and losses" for fiscal year 2021 (see Note 29).

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

Fiscal year 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 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 consolidated financial statements for further details.

1.4. Taking into account climate, water supply and biodiversity risks

The Group's current exposure to the consequences of climate change is limited. As such, at this stage, the impact of climate change on the financial statements is not material.

As part of the LIFE 360 program, which puts the Group's environmental strategy into practice, LVMH has launched a plan to transform its value chains.

The implementation of this program is reflected in LVMH's financial statements in the form of operating investments, research and development expenses and corporate philanthropy expenses.

In addition, profit from recurring operations will be affected by changes in raw material prices; production, transport and distribution costs; and costs related to the end-of-life phase of its products.

The short-term effects have been incorporated into the Group's strategic plans, which form the basis for conducting impairment tests on intangible assets with indefinite useful lives (see Note 5). The long-term effects of these changes are not quantifiable at this stage.

1.5. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions include the following:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.6. Presentation of the financial statements

Definitions of "Profit from recurring operations" and "Other operating income and expenses"

The Group's main business is the management and development of its brands and trade names. "Profit from recurring operations" is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

"Other operating income and expenses" comprises income statement items, which – due to their nature, amount or frequency – may not be considered inherent to the Group's recurring operations or its profit from recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation, the impairment of goodwill and the impairment and amortization of brands and trade names. It also includes any significant amounts relating to the impact of certain unusual transactions, such as gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense that may otherwise distort the comparability of profit from recurring operations from one period to the next.

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. In addition:

- dividends received are presented according to the nature of the underlying investments, thus in "Net cash from operating activities" for dividends from joint ventures and associates and in "Net cash from financial investments" for dividends from other unconsolidated entities;
- tax paid is presented according to the nature of the transaction from which it arises, thus in "Net cash from operating activities" for the portion attributable to operating transactions; in "Net cash from financial investments" for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; and in "Net cash from transactions relating to equity" for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

1.7. Use of estimates

For the purpose of preparing the consolidated financial statements, the measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5); the measurement of leases (see Note 7) and purchase commitments for minority interests' shares (see Notes 1.14 and 21); the determination of the amount of provisions for contingencies and losses, and uncertain tax positions (see Note 20) or for impairment of inventories (see Notes 1.19 and 11); and, if applicable, deferred tax assets (see Note 27). Such hypotheses, estimates or other forms of judgment made on the basis of the information available or the situation prevailing at the date at which the financial statements are prepared may subsequently prove different from actual events.

1.8. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. LVMH discloses their net profit, as well as that of entities using the equity method (see Note 8), on a separate line, which forms part of profit from recurring operations.

When an investment in a joint venture or associate accounted for using the equity method involves a payment tied to meeting specific performance targets, known as an earn-out payment, the estimated amount of this payment is included in the initial purchase price recorded in the balance sheet, with an offsetting entry under financial liabilities. Any difference between the initial estimate and the actual payment made is recorded as part of the value of investments in joint ventures and associates, without any impact on the income statement.

The assets, liabilities, income and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the LVMH group's share of operations (see Note 1.28).

The consolidation on an individual or collective basis of companies that are not consolidated (see "Companies not included in the scope of consolidation") would not have a significant impact on the Group's main aggregates.

1.9. Foreign currency translation of the financial statements of entities outside the eurozone

The consolidated financial statements are presented in euros; the financial statements of entities presented in a different functional currency are translated into euros:

− at the period-end exchange rates for balance sheet items;

− at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.10. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end. Gains and losses resulting from this translation are recognized:

- within "Cost of sales" for commercial transactions;
- within "Net financial income/(expense)" for financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of intra-Group transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term intra-Group financing transactions, which can be considered equity-related transactions. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives used to hedge commercial, financial or investment transactions are recognized in the balance sheet at their market value (see Note 1.11) at the balance sheet date. Changes in the value of the effective portions of these derivatives are recognized as follows:

- for hedges that are commercial in nature:
  – within "Cost of sales" for hedges of receivables and payables recognized in the balance sheet at the end of the period,
  – within equity under "Revaluation reserves" for hedges of future cash flows; this amount is transferred to cost of sales upon recognition of the hedged trade receivables and payables;
- for hedges relating to the acquisition of fixed assets: within equity under "Revaluation reserves" for hedges of future cash flows; this amount is transferred to the asset side of the balance sheet, as part of the initial cost of the hedged item when accounting for the latter, and then to the income statement in the event of the disposal or impairment of the hedged item;
- for hedges that are tied to the Group's investment portfolio (hedging the net worth of subsidiaries whose functional currency is not the euro): within equity under "Cumulative translation adjustment"; this amount is transferred to the income statement upon the sale or liquidation (whether partial or total) of the subsidiary whose net worth is hedged;
- for hedges that are financial in nature: within "Net financial income/(expense)", under "Other financial income and expenses".

Changes in the value of these derivatives related to forward points associated with forward contracts, as well as in the time value component of options, are recognized as follows:

- for hedges that are commercial in nature: within equity under "Revaluation reserves". The cost of the forward contracts (forward points) and of the options (premiums) is transferred to "Other financial income and expenses" upon realization of the hedged transaction;
- for hedges that are tied to the Group's investment portfolio or financial in nature: expenses and income arising from discounts or premiums are recognized in "Borrowing costs" on a *pro rata basis* over the term of the hedging instruments. The difference between the amounts recognized in "Net financial income/(expense)" and the change in the value of forward points is recognized in equity under "Revaluation reserves".

Market value changes of derivatives not designated as hedges are recorded within "Net financial income/(expense)".

See also Note 1.23 for the definition of the concepts of effective and ineffective portions.

1.11. Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value in the balance sheet are as follows:

	Approaches to determining fair value	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets. See Note 1.15.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.19.	Note 11
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.24.	Note 23
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.23.	Note 19
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally based on the market multiples of comparable companies. See Note 1.14.	Note 21
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date. Unquoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.18.	Note 9, Note 14
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.21.	Note 15

No other assets or liabilities have been remeasured at market value at the balance sheet date.

1.12. Brands and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the forecast discounted cash flow method, or based on comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands) or stock market multiples observed for related businesses. Other complementary methods may also be employed: the relief from royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified in the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of finite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's overall positioning in its market expressed in terms of volume of activity, international presence and reputation;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with finite useful lives range from 5 to 20 years, depending on their anticipated period of use.

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.17.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision has been made to launch the product.

Intangible assets other than brands and trade names are amortized over the following periods:

- rights attached to sponsorship agreements and media partnerships are amortized over the life of the agreements, depending on how the rights are used;
- development expenditure is amortized over 3 years at most;
- software and websites are amortized over 1 to 5 years.

1.13. Changes in ownership interests in consolidated entities

When the Group takes *de jure* or *de facto* control of a business, its assets, liabilities and contingent liabilities are estimated at their market value as of the date when control is obtained; the difference between the cost of taking control and the Group's share of the market value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs, which are disclosed under "Other operating income and expenses".

The difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.17. Any impairment expense recognized is included within "Other operating income and expenses".

1.14. Purchase commitments for minority interests' shares

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in "Purchase commitments for minority interests' shares", as a liability on its balance sheet;
- the corresponding minority interests are canceled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and canceled minority interests is maintained as an asset on the balance sheet under goodwill, as are subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This recognition method has no effect on the presentation of minority interests within the income statement.

1.15. Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region. Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If the market value falls below the acquisition cost, the resulting impairment is charged to the income statement.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. For leased assets, the depreciation period cannot be longer than that used for the calculation of the lease liability.

The estimated useful lives are as follows:

– buildings including investment property	20 to 100 years;
– machinery and equipment	3 to 25 years;
– leasehold improvements	3 to 10 years;
– producing vineyards	18 to 25 years.

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.16. Leases

The Group has applied IFRS 16 Leases since January 1, 2019. The initial application was carried out using the "modified retrospective" approach to transition. See Note 1.2 to the 2019 consolidated financial statements for details of this initial application procedure for IFRS 16 and the impact of its initial application on the 2019 financial statements.

When entering into a lease, a liability is recognized in the balance sheet, measured at the discounted present value of future payments of the fixed portion of lease payments and offset against a right-of-use asset depreciated over the lease term. The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, the discount rate. The Group's extensive geographic coverage means it encounters a wide range of different legal conditions when entering into contracts.

The lease term generally used to calculate the liability is the term of the initially negotiated lease, not taking into account any early termination options, except in special circumstances. When leases contain extension options, the term used for the calculation of the liability may include these periods, mainly when the anticipated period of use of the fixed assets, whether under a new or existing lease, is greater than the initial contractual lease term.

The lease term to be used in accounting for lease liabilities when the underlying assets are capitalized even though the obligation to make lease payments covers a period of less than twelve months is consistent with the anticipated period of use of the invested assets. Most often, this involves leases for retail locations that are automatically renewable on an annual basis.

The standard requires that the discount rate be determined for each lease using the incremental borrowing rate of the subsidiary entering into the lease. In practice, given the structure of the Group's financing – virtually all of which is held or guaranteed by LVMH SE – this incremental borrowing rate is generally the total of the risk-free rate for the currency of the lease, with reference to its term, and the Group's credit risk for this same currency and over the same term.

Leasehold rights and property, plant and equipment related to restoration obligations for leased facilities are presented within "Right-of-use assets" and subject to depreciation under the same principles as those described above.

The Group has implemented a dedicated IT solution to gather lease data and run the calculations required by the standard.

Since the application of IFRS 16 had a significant impact on the cash flow statement given the importance of fixed lease payments to the Group's activities, specific indicators are used for internal performance monitoring requirements and financial communication purposes in order to present consistent performance indicators, independently of the fixed or variable nature of lease payments. One such alternative performance measure is "Operating free cash flow", which is calculated by deducting capitalized fixed lease payments in their entirety from cash flow. The reconciliation between "Net cash from operating activities" and "Operating free cash flow" is presented in the cash flow statement.

1.17. Impairment testing of fixed assets

Property, plant and equipment, intangible assets, and all leased fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired (particularly following major changes in the asset's operating conditions), and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within "Other operating income and expenses", allocated on a priority basis to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts for the purposes of a disposal transaction.

Cash flows are forecast at Group level for each business segment, defined as one or several brands or trade names under the responsibility of a dedicated management team. Smaller-scale cash-generating units, such as a group of stores, may be distinguished within a particular business segment.

The forecast data required for the discounted cash flow method is based on annual budgets and multi-year business plans prepared by the management of the business segments concerned. Detailed forecasts cover a five-year period, which may be extended for brands undergoing strategic repositioning or whose production cycle exceeds five years. An estimated terminal value is added to the value resulting from discounted forecast cash flows, which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. Discount rates are set for each business group with reference to companies engaged in comparable businesses. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed.

1.18. Available for sale financial assets

Available for sale financial assets are classified as current or non-current based on their type.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets (presented in "Other current assets"; see Note 13) include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of day-to-day cash management, which are accounted for as "Cash and cash equivalents" (see Note 1.21).

Available for sale financial assets are measured at their listed value at the fiscal year-end date in the case of quoted investments, and in the case of unquoted investments at their estimated net realizable value, assessed either according to formulas based on market data or based on private quotations at the fiscal year-end date.

Positive or negative changes in value are recognized under "Net financial income/(expense)" (within "Other financial income and expenses") for all shares held in the portfolio during the reported periods.

1.19. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, including champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated on a pro rata basis, in line with the estimated yield and market value.

Inventories are valued using either the weighted average cost or the FIFO method, depending on the type of business.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, expiration date approaching, etc.) or lack of sales prospects.

1.20. Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables are recorded at amortized cost, which corresponds to their face value. Impairment is recognized for the portion of loans and receivables not covered by credit insurance when such receivables are recorded, in the amount of the losses expected upon maturity. This reflects the probability of counterparty default and the expected loss rate, measured using historical statistical data, information provided by credit bureaus, or ratings by credit rating agencies, depending on the specific case.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under "Net financial income/(expense)", using the effective interest method.

1.21. Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the fiscal year-end date, with any changes in value recognized as part of "Net financial income/(expense)".

1.22. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated. See also Notes 1.26 and 20.

If the date at which this obligation is to be discharged is in more than one year, the provision amount is discounted, the effects of which are recognized in "Net financial income/(expense)" using the effective interest method.

1.23. Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of issue premiums and issuance costs, which are charged over time to "Net financial income/(expense)" using the effective interest method.

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/(expense), under "Fair value adjustment of borrowings and interest rate hedges". See Note 1.11 regarding the measurement of hedged borrowings at market value. Interest income and expenses related to hedging instruments are recognized within "Net financial income/(expense)", under "Borrowing costs".

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while any changes in value of the effective hedge portions are taken to equity as part of "Revaluation reserves".

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within net financial income/(expense).

Net financial debt comprises short- and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of non-current available for sale financial assets used to hedge financial debt, current available for sale financial assets, cash and cash equivalents, in addition to the market value at that date of foreign exchange derivatives related to any of the aforementioned items.

1.24. Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange, interest rate and precious metal price risks.

To hedge against commercial, financial and investment foreign exchange risk, the Group uses options, forward contracts, foreign exchange swaps and cross-currency swaps. The time value of options, the forward point component of forward contracts and foreign exchange swaps, as well as the foreign currency basis spread component of cross-currency swaps are systematically excluded from the hedge relation. Consequently, only the intrinsic value of the instruments is considered a hedging instrument. Regarding hedged items (future foreign currency cash flows, commercial or financial liabilities and accounts receivable in foreign currencies, subsidiaries' equity denominated in a functional currency other than the euro), only their change in value in respect of foreign exchange risk is considered a hedged item. As such, aligning the hedging instruments' main features (nominal values, currencies, maturities) with those of the hedged items makes it possible to perfectly offset changes in value.

Derivatives are recognized in the balance sheet at their market value at the balance sheet date. Changes in their value are accounted for as described in Note 1.10 in the case of foreign exchange hedges and as described in Note 1.23 in the case of interest rate hedges.

Market value is based on market data and commonly used valuation models.

Derivatives with maturities in excess of 12 months are disclosed as non-current assets and liabilities.

1.25. Treasury shares

LVMH shares held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 16.3) using the FIFO method, with the exception of shares held under stock option plans, for which the calculation is performed for each plan using the weighted average cost method. Gains and losses on disposal, net of income taxes, are taken directly to equity.

1.26. Pensions, contribution to medical costs and other employee benefit commitments

When plans related to retirement bonuses, pensions, contributions to medical costs, or other employee benefit commitments entail the payment by the Group of contributions to third-party organizations that assume sole responsibility for subsequently paying such retirement bonuses, pensions or contributions to medical costs, these contributions are expensed in the fiscal year in which they fall due, with no liability recorded on the balance sheet.

When the payment of retirement bonuses, pensions, contributions to medical costs, or other employee benefit commitments is to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment. Changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is partially or fully funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding discount rates, salary increases, inflation, life expectancy and staff turnover.

1.27. Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences as well as the change in uncertain tax positions.

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from the application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet, which are impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries give rise to provisions if distribution is deemed probable.

1.28. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sales within the Group's store network (including e-commerce websites) and wholesale sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are mostly made through retail stores in Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales mainly concern the Wines and Spirits businesses, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third-party customers.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Sales of services, mainly involved in the Group's "Other activities" segment, are recognized as the services are provided.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics companies and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors. Retail sales, and in particular online sales, also result in product returns from customers.

Where these practices are applied, revenue is reduced by the estimated amount of such returns, and a provision is recognized within "Other current liabilities" (see Note 22.2), along with a corresponding entry made to inventories. The estimated rate of returns is based on historical statistical data.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo, generally taking the form of shared entities which sell and deliver both groups' products to customers; the income statement and balance sheet of these entities is apportioned between LVMH and Diageo based on distribution agreements. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations.

1.29. Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples, publishing catalogs and, in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded within marketing and selling expenses upon receipt or production of goods or upon completion of services rendered.

1.30. Bonus share and similar plans

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain for the recipients calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted.

For bonus share plans, the expected gain is calculated on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. A discount may be applied to the value of the bonus shares thus calculated to account for a period of non-transferability, where applicable. For any bonus share plans subject to performance conditions, the expense for the fiscal year includes provisional allocations for which the conditions are deemed likely to be met.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For any cash-settled compensation plans index-linked to the change in the LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected gain resulting from the change in the LVMH share price is recorded in the income statement.

1.31. Earnings per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the fiscal year, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, plus the amount not yet expensed for stock option and similar plans (see Note 1.30), would be employed to repurchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

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 profoundly transforms LVMH's Watches and Jewelry business group.

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

(EUR millions)	**Final purchase price allocation**
Brand and other intangible assets	6,124
Property, plant and equipment	1,002
Right-of-use assets	860
Inventories and work in progress	1,788
Deferred tax	(1,199)
Lease liabilities	(927)
Net financial debt	(345)
Other current and non-current assets and liabilities	(479)
Minority interests	-
Net assets acquired	**6,824**
Goodwill	6,750
Carrying amount of shares held as of January 7, 2021	**13,574**

The amounts presented in the table above are taken from Tiffany's financial statements at the date of acquisition of the controlling interest, prepared and presented in accordance with the accounting policies applied by LVMH; they have undergone specific audit procedures. As of December 31, 2021, the purchase price allocation was final.

The main revaluation of the assets and liabilities acquired was related to the brand. This was measured primarily using the relief-from-royalty method and secondarily using the excess earnings method. The value determined, i.e. 7,300 million US dollars (5,949 million euros), is the average of the value ranges obtained. Final goodwill, amounting to 8,283 million US dollars (6,750 million euros), reflects Tiffany's specific expertise in the development and production of high-quality jewelry products, as well as its access to a high-quality directly operated distribution network; this goodwill also reflects the synergies that will result from the inclusion of Tiffany in the LVMH group.

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 fiscal year, the Tiffany acquisition generated an outflow of 12.5 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 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 4 million euros, 35 million euros and 39 million euros for fiscal years 2021, 2020 and 2019, respectively.

For fiscal year 2021, Tiffany generated consolidated revenue of 4,321 million euros and profit from recurring operations of 778 million euros.

Château d'Esclans

In May 2021, 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 price paid was mainly allocated to the Armand de Brignac brand for an amount of 390 million US dollars (318 million euros), with the final goodwill totaling 112 million euros.

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.

Off-White

On September 1, 2021, LVMH acquired an additional 25% stake in Off-White LLC, bringing its ownership interest to 60%. Off-White LLC owns the Off-White fashion brand founded by Virgil Abloh. Off-White LLC has been fully consolidated since that date; the price paid was mainly allocated to the Off-White brand for an amount of 291 million US dollars (236 million euros). See also Note 25.

Feelunique

In September 2021, Sephora fully acquired Feelunique, a leading online beauty retailer in the United Kingdom. This acquisition represents the first step in establishing Sephora's presence in the United Kingdom. This investment will be consolidated in 2022.

Officine Universelle Buly

In October 2021, the Group fully acquired Officine Universelle Buly, a Parisian brand specializing in perfumes and cosmetics that was founded in the 19th century and relaunched in 2014. This equity investment will be consolidated in 2022. See also Note 25.

Thélios

In December 2021, LVMH acquired an additional 49% stake in Thélios, a company specializing in eyewear, bringing its ownership interest to 100%.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2021	2020	2019
	Gross	**Amortization and impairment**	**Net**	**Net**	**Net**
Brands	21,645	(772)	20,873	13,737	13,736
Trade names	3,889	(1,604)	2,285	2,130	2,303
License rights	144	(90)	53	55	45
Software, websites	3,143	(2,294)	849	665	650
Other	1,115	(625)	490	425	479
Total	**29,936**	**(5,385)**	**24,551**	**17,012**	**17,212**

The net amounts of brands, trade names and other intangible assets changed as follows during the fiscal year:

Gross value *(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	-	-	244	337	581
Disposals and retirements	-	-	(96)	(116)	(212)
Changes in the scope of consolidation	6,474	-	361	46	6,880
Translation adjustment	658	275	100	29	1,062
Reclassifications	-	-	148	(158)	(11)
As of December 31, 2021	**21,645**	**3,889**	**3,143**	**1,259**	**29,936**
Amortization and impairment *(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	(9)	-	(372)	(148)	(529)
Impairment expense	1	-	(1)	(13)	(13)
Disposals and retirements	-	-	90	116	206
Changes in the scope of consolidation	29	-	(214)	(18)	(202)
Translation adjustment	(18)	(120)	(67)	(13)	(217)
Reclassifications	-	-	(7)	1	(6)
As of December 31, 2021	**(772)**	**(1,604)**	**(2,294)**	**(715)**	**(5,385)**
Carrying amount as of December 31, 2021	**20,873**	**2,285**	**849**	**544**	**24,551**

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

4. GOODWILL

(EUR millions)			2021	2020	2019
	Gross	**Impairment**	**Net**	**Net**	**Net**
Goodwill arising on consolidated investments	18,799	(1,965)	16,834	9,445	9,722
Goodwill arising on purchase commitments for minority interests' shares	9,070	-	9,070	6,597	6,312
Total	**27,869**	**(1,965)**	**25,904**	**16,042**	**16,034**

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

(EUR millions)			2021	2020	2019
	Gross	**Impairment**	**Net**	**Net**	**Net**
As of January 1	**17,856**	**(1,814)**	**16,042**	**16,034**	**13,727**
Changes in the scope of consolidation	6,878	1	6,879	(27)	1,033
Changes in purchase commitments for minority interests' shares	2,467	-	2,467	278	1,247
Changes in impairment	-	(78)	(78)	(178)	(22)
Translation adjustment	669	(74)	595	(67)	50
As of December 31	**27,869**	**(1,965)**	**25,904**	**16,042**	**16,034**

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, 2021.

No significant impairment expenses were recognized in fiscal year 2021, as no events likely to lead to significant impairment took place during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			2021	2020	2019
	Gross	**Depreciation and impairment**	**Net**	**Net**	**Net**
Land	4,824	(20)	4,804	4,480	4,411
Vineyard land and producing vineyards [(a)]	2,739	(117)	2,623	2,551	2,537
Buildings	6,702	(2,557)	4,145	3,503	3,218
Investment property	358	(37)	321	316	319
Leasehold improvements, machinery and	17,610	(12,496)	5,114	4,459	4,717
Assets in progress	1,303	(1)	1,302	1,176	1,650
Other property, plant and equipment	2,432	(547)	1,886	1,740	1,682
Total	**35,969**	**(15,775)**	**20,193**	**18,224**	**18,533**
Of which: Historical cost of vineyard land	*608*	-	*608*	*601*	*587*

(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 fiscal year broke down as follows:

Gross value *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Invest-ment property**	**Leasehold improvements, machinery and equipment**			**Assets in progress**	**Other property, plant and equipment**	**Total**
				Stores and hotels	**Production, logistics**	**Other**			
As of December 31, 2020	**2,668**	**10,236**	**350**	**9,767**	**3,098**	**1,566**	**1,181**	**2,295**	**31,161**
Acquisitions	11	398	7	679	159	106	1,162	150	2,672
Change in the market value of vineyard land	52	-	-	-	-	-	-	-	52
Disposals and retirements	(12)	(350)	-	(626)	(64)	(121)	(35)	(71)	(1,279)
Changes in the scope of consolidation	-	445	-	1,201	211	345	112	52	2,365
Translation adjustment	12	264	6	551	58	77	39	33	1,040
Other movements, including transfers	8	534	(5)	400	136	67	(1,157)	(26)	(43)
As of December 31, 2021	**2,739**	**11,526**	**358**	**11,972**	**3,598**	**2,039**	**1,303**	**2,432**	**35,969**

Depreciation and impairment *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Invest-ment property**	**Leasehold improvements, machinery and equipment**			**Assets in progress**	**Other property, plant and equipment**	**Total**
				Stores and hotels	**Production, logistics**	**Other**			
As of December 31, 2020	**(117)**	**(2,253)**	**(34)**	**(6,810)**	**(2,087)**	**(1,076)**	**(5)**	**(555)**	**(12,937)**
Depreciation expense	(6)	(282)	(3)	(1,141)	(224)	(174)	-	(64)	(1,894)
Impairment expense	-	(7)	(2)	(8)	(1)	-	(21)	(1)	(41)
Disposals and retirements	8	119	-	618	58	118	24	59	1,004
Changes in the scope of consolidation	-	(60)	-	(851)	(153)	(286)	-	-	(1,349)
Translation adjustment	(1)	(69)	-	(399)	(39)	(63)	-	(15)	(586)
Other movements, including transfers	-	(26)	2	17	(1)	5	1	30	27
As of December 31, 2021	**(117)**	**(2,577)**	**(37)**	**(8,573)**	**(2,447)**	**(1,476)**	**(1)**	**(547)**	**(15,775)**
Carrying amount as of December 31, 2021	**2,623**	**8,949**	**321**	**3,398**	**1,152**	**564**	**1,302**	**1,886**	**20,193**

"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 Maisons – notably Louis Vuitton, Christian Dior, Sephora and Tiffany – in their retail networks. They also included investments by the champagne Maisons, Hennessy and Louis Vuitton in their production equipment, as well as investments relating to the Group's hotel activities.

Disposals of property, plant and equipment mainly included the sale of the Belmond Charleston hotel.

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)			2021	2020	2019
	Gross	Depreciation and impairment	Net	Net	Net
Stores	16,065	(5,428)	10,636	10,053	9,861
Offices	2,762	(772)	1,991	1,433	1,436
Other	1,046	(275)	771	721	749
Capitalized fixed lease payments	**19,873**	**(6,475)**	**13,398**	**12,207**	**12,046**
Leasehold rights	841	(534)	307	314	363
Total	**20,714**	**(7,009)**	**13,705**	**12,521**	**12,409**

The net amounts of right-of-use assets changed as follows during the fiscal year:

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	1,924	683	78	2,685	45	2,730
Changes in assumptions	(274)	34	38	(202)	-	(202)
Leases ended or canceled	(588)	(111)	(45)	(744)	(9)	(753)
Changes in the scope of consolidation	678	160	21	860	2	862
Translation adjustment	749	68	33	850	9	859
Other movements, including transfers	(1)	(4)	-	(6)	11	6
As of December 31, 2021	**16,065**	**2,762**	**1,046**	**19,873**	**841**	**20,714**

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	(2,177)	(342)	(116)	(2,634)	(50)	(2,684)
Impairment expense	-	-	-	-	(7)	(7)
Leases ended or canceled	514	95	45	654	6	660
Changes in the scope of consolidation	(3)	(2)	2	(3)	(1)	(4)
Translation adjustment	(238)	(20)	(8)	(265)	(5)	(270)
Other movements, including transfers	(1)	(6)	2	(4)	(8)	(12)
As of December 31, 2021	**(5,428)**	**(772)**	**(275)**	**(6,475)**	**(534)**	**(7,009)**
Carrying amount as of December 31, 2021	**10,637**	**1,990**	**771**	**13,398**	**307**	**13,705**

"New leases entered into" involved store leases, in particular for Christian Dior Couture, Sephora, Louis Vuitton, and Fendi. They also included leases of office space, mainly for Christian Dior Couture and Loro Piana. Changes in the scope of consolidation mainly resulted from the consolidation of Tiffany (see Note 2). These two types of changes led to corresponding increases in right-of-use assets and lease liabilities. Changes in assumptions mainly resulted from rent concessions, in particular for DFS.

7.2. Lease liabilities

Lease liabilities break down as follows:

(EUR millions)	**2021**	**2020**	**2019**
Non-current lease liabilities	11,887	10,665	10,373
Current lease liabilities	2,387	2,163	2,172
Total	**14,275**	**12,828**	**12,545**

The change in lease liabilities during the fiscal year 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	1,875	686	73	2,634
Principal repayments	(2,039)	(276)	(112)	(2,426)
Change in accrued interest	7	4	1	12
Leases ended or canceled	(83)	(13)	(1)	(97)
Changes in assumptions	(303)	33	38	(232)
Changes in the scope of consolidation	744	157	23	924
Translation adjustment	554	55	27	636
Other movements, including transfers	(3)	(4)	2	(5)
As of December 31, 2021	**11,309**	**2,198**	**768**	**14,275**

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

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2021:

(EUR millions)		**As of December 31, 2021**
		Total minimum future payments
Maturity:	2022	2,648
	2023	2,236
	2024	1,958
	2025	1,646
	2026	1,392
	Between 2027 and 2031	3,703
	Between 2032 and 2036	932
	Thereafter	1,293
Total minimum future payments		**15,808**
Impact of discounting		(1,533)
Total lease liability		**14,275**

7.3. Breakdown of lease expense

The lease expense for the period breaks down as follows:

(EUR millions)	**2021**	**2020**	**2019**
Depreciation and impairment of capitalized fixed lease payments	2,634	2,572	2,407
Interest on lease liabilities	242	281	290
Capitalized fixed lease expense	**2,876**	**2,853**	**2,697**
Variable lease payments	1,702	755	1,595
Short-term leases and/or low-value leases	506	320	376
Other lease expenses	**2,208**	**1,075**	**1,971**
Total	**5,084**	**3,928**	**4,668**

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 fiscal year 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). In 2020, the impact of rent concessions from lessors amounted to 548 million euros.

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)				2021	2020		2019	
	Gross	**Impairment**	**Net**	*Of which: Joint arrange-ments*	**Net**	*Of which: Joint arrange-ments*	**Net**	*Of which: Joint arrange-ments*
Share of net assets of joint ventures and associates as of January 1	**990**	**-**	**990**	*426*	**1,074**	*448*	**638**	*278*
Share of net profit/(loss) for the period	14	-	14	*1*	(42)	*(13)*	28	*11*
Dividends paid	(54)	-	(54)	*(9)*	(24)	*(12)*	(20)	*(9)*
Changes in the scope of consolidation	95	-	95	*-*	-	*-*	415	*163*
Capital increases subscribed	3	-	3	*2*	10	*7*	5	*2*
Translation adjustment	36	-	36	*11*	(34)	*(14)*	5	*-*
Other, including transfers	-	-	-	*-*	5	*9*	3	*3*
Share of net assets of joint ventures and associates as of December 31	**1,084**	**-**	**1,084**	*432*	**990**	*426*	**1,074**	*448*

9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	**2021**	**2020**	**2019**
As of January 1	**739**	**915**	**1,100**
Acquisitions	569	159	146
Disposals at net realized value	(107)	(213)	(45)
Changes in market value [(a)]	153	24	(16)
Changes in the scope of consolidation	(3)	-	-
Translation adjustment	12	(13)	7
Reclassifications [(b)]	-	(133)	(276)
As of December 31	**1,363**	**739**	**915**

(a) Recognized within "Net financial income/(expense)" and, in 2021, partly within "Other operating income and expenses" (see Note 25).
(b) See Note 14.

Acquisitions in fiscal year 2021 included 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%. Acquisitions also included several equity investments that will be consolidated in 2022 (see Note 2).

10. OTHER NON-CURRENT ASSETS

(EUR millions)	**2021**	**2020**	**2019**
Warranty deposits	482	409	429
Derivatives [(a)]	55	110	782
Loans and receivables	413	280	291
Other	103	46	45
Total	**1,054**	**845**	**1,546**

(a) See Note 23.

11. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2021	2020	2019
	Gross	**Impairment**	**Net**	**Net**	**Net**
Wines and eaux-de-vie in the process of aging	5,456	(23)	5,433	5,313	5,017
Other raw materials and work in progress	3,604	(719)	2,885	1,732	1,900
	9,061	(742)	8,319	7,046	6,917
Goods purchased for resale	2,189	(238)	1,951	1,706	2,189
Finished products	7,825	(1,546)	6,279	4,264	4,611
	10,014	(1,784)	8,230	5,970	6,800
Total	**19,075**	**(2,526)**	**16,549**	**13,016**	**13,717**

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

(EUR millions)			2021	2020	2019
	Gross	**Impairment**	**Net**	**Net**	**Net**
As of January 1	**15,158**	**(2,142)**	**13,016**	**13,717**	**12,485**
Change in gross inventories	1,567	-	1,567	562	1,604
Impact of provision for returns [(a)]	34	-	34	12	2
Impact of marking harvests to market	(35)	-	(35)	(27)	(6)
Changes in provision for impairment	-	(447)	(447)	(797)	(559)
Changes in the scope of consolidation	2,099	(291)	1,808	-	36
Translation adjustment	718	(113)	605	(457)	153
Other, including reclassifications	(466)	466	1	7	-
As of December 31	**19,075**	**(2,526)**	**16,549**	**13,016**	**13,717**

(a) See Note 1.28

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

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

(EUR millions)	2021	2020	2019
Impact of marking the period's harvest to market	(12)	(7)	14
Impact of inventory sold during the period	(23)	(20)	(20)
Net impact on cost of sales for the period	**(35)**	**(27)**	**(6)**
Net impact on the value of inventory as of December 31	**58**	**93**	**120**

See Notes 1.11 and 1.19 on the method of marking harvests to market.

12. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2021	2020	2019
Trade accounts receivable, nominal amount	3,914	2,880	3,539
Provision for impairment	(127)	(124)	(89)
Net amount	**3,787**	**2,756**	**3,450**

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

(EUR millions)			2021	2020	2019
	Gross	**Impairment**	**Net**	**Net**	**Net**
As of January 1	**2,880**	**(124)**	**2,756**	**3,450**	**3,222**
Changes in gross receivables	613	-	613	(528)	121
Changes in provision for impairment	-	(16)	(16)	(41)	(10)
Changes in the scope of consolidation	260	(6)	254	1	50
Translation adjustment	167	(3)	164	(148)	72
Reclassifications	(6)	22	16	22	(5)
As of December 31	**3,914**	**(127)**	**3,787**	**2,756**	**3,450**

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)	2021	2020	2019
Current available for sale financial assets [(a)]	2,544	752	733
Derivatives [(b)]	258	968	180
Tax accounts receivable, excluding income taxes	1,210	956	1,055
Advances and payments on account to vendors	315	209	254
Prepaid expenses	503	387	454
Other receivables	777	574	589
Total	**5,606**	**3,846**	**3,264**

(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 fiscal years presented:

(EUR millions)	2021	2020	2019
As of January 1	**752**	**733**	**666**
Acquisitions	1,692	576	50
Disposals at net realized value	(296)	(653)	(121)
Changes in market value [(a)]	394	(34)	138
Changes in the scope of consolidation	-	-	-
Translation adjustment	2	-	-
Reclassifications	-	130	-
As of December 31	**2,544**	**752**	**733**
Of which: Historical cost of current available for sale financial assets	*2,117*	*719*	*538*

(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)	2021	2020	2019
Term deposits (less than 3 months)	1,828	13,546	879
SICAV and FCP funds	477	1,943	147
Ordinary bank accounts	5,717	4,474	4,647
Cash and cash equivalents per balance sheet	**8,021**	**19,963**	**5,673**

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)	2021	2020	2019
Cash and cash equivalents	8,021	19,963	5,673
Bank overdrafts	(203)	(156)	(176)
Net cash and cash equivalents per cash flow statement	**7,817**	**19,806**	**5,497**

15.2. Change in working capital

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

(EUR millions)	**Notes**	**2021**	**2020**	**2019**
Change in inventories and work in progress	11	(1,567)	(562)	(1,604)
Change in trade accounts receivable	12	(613)	528	(121)
Change in balance of amounts owed to customers	22.1	27	(10)	9
Change in trade accounts payable	22.1	1,576	(559)	463
Change in other receivables and payables		1,002	237	98
Change in working capital [(a)]		**426**	**(367)**	**(1,154)**

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

15.3. Operating investments

Operating investments comprise the following elements for the fiscal years presented:

(EUR millions)	Notes	**2021**	**2020**	**2019**
Purchase of intangible assets	3	(580)	(481)	(528)
Purchase of property, plant and equipment	6	(2,675)	(1,984)	(2,860)
Change in accounts payable related to fixed asset purchases		221	(55)	163
Initial direct costs	7	(37)	(7)	(62)
Net cash used in purchases of fixed assets		**(3,071)**	**(2,526)**	**(3,287)**
Net cash from fixed asset disposals		444	51	29
Guarantee deposits paid and other cash flows related to operating investments		(37)	(3)	(36)
Operating investments [(a)]		**(2,664)**	**(2,478)**	**(3,294)**

(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 fiscal years presented:

(EUR millions)	**2021**	**2020**	**2019**
Interim and final dividends paid by LVMH SE	(3,527)	(2,317)	(3,119)
Interim and final dividends paid to minority interests in consolidated subsidiaries	(408)	(365)	(429)
Tax paid related to interim and final dividends paid	(226)	(117)	(130)
Interim and final dividends paid	**(4,161)**	**(2,799)**	**(3,678)**

Other equity-related transactions comprise the following elements for the fiscal years presented:

(EUR millions)	Notes	**2021**	**2020**	**2019**
Capital increases of LVMH SE	16.2	-	-	21
Capital increases of subsidiaries subscribed by minority interests		4	39	82
Acquisition and disposal of LVMH shares	16.3	(556)	(12)	(49)
Other equity-related transactions		**(552)**	**27**	**54**

16. EQUITY

16.1. Equity

(EUR millions)	Notes	2021	2020	2019
Share capital	16.2	152	152	152
Share premium account	16.2	2,225	2,225	2,319
LVMH shares	16.3	(912)	(260)	(403)
Cumulative translation adjustment	16.5	1,380	(692)	862
Revaluation reserves		875	625	813
Other reserves		31,363	30,661	25,672
Net profit, Group share		12,036	4,702	7,171
Equity, Group share		**47,119**	**37,412**	**36,586**

16.2. Share capital and share premium account

As of December 31, 2021, the share capital consisted of 504,757,339 fully paid-up shares (504,757,339 as of December 31, 2020 and 505,431,285 as of December 31, 2019), with a par value of 0.30 euros per share, including 238,140,651 shares with double voting rights (232,538,911 as of December 31, 2020 and 232,293,143 as of December 31, 2019). 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)				2021	2020	2019
	Number			Amount	Amount	Amount
		Share capital	Share premium	Total		
As of January 1	**504,757,339**	**152**	**2,225**	**2,376**	**2,470**	**2,450**
Exercise of share subscription options	-	-	-	-	-	21
Retirement of LVMH shares	-	-	-	-	(94)	-
As of period-end	**504,757,339**	**152**	**2,225**	**2,376**	**2,376**	**2,470**

16.3. LVMH shares

The portfolio of LVMH shares is allocated as follows:

(EUR millions)		2021	2020	2019
	Number	Amount	Amount	Amount
Share subscription option plans	-	-	-	20
Bonus share plans	1,126,959	597	242	294
Shares held for bonus share and similar plans [(a)]	**1,126,959**	**597**	**242**	**314**
Liquidity contract	22,000	15	17	15
Shares pending retirement [(b)]	417,261	300	-	74
LVMH shares	**1,566,220**	**912**	**260**	**403**

(a) See Note 17 regarding bonus share and similar plans.
(b) Of which 313,610 shares totaling 226 million euros related to shares to be acquired in 2022 in respect of the share repurchase program in effect as of the period-end.

The market value of LVMH shares held under the liquidity contract as of December 31, 2021 amounted to 16 million euros.

In December 2021, LVMH announced the implementation of a share repurchase program aimed at acquiring its own shares for a maximum amount of 300 million euros over a period beginning on December 21, 2021 and potentially extending until February 15, 2022. The program ended on January 14, 2022 following the acquisition of 417,261 shares, all of which are to be retired.

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

(number of shares or EUR millions)	Number	Amount	Impact on cash
As of December 31, 2020	**861,456**	**260**	**-**
Share purchases [(a)]	1,596,561	1,024	(787)
Vested bonus shares	(544,706)	(148)	-
Retirement of LVMH shares	-	-	-
Disposals at net realized value	(347,091)	(231)	231
Gain/(loss) on disposal	-	7	-
As of December 31, 2021	**1,566,220**	**912**	**(556)**

(a) Of which 313,610 shares totaling 226 million euros related to shares to be acquired in 2022 in respect of the share repurchase program in effect as of the period-end.

16.4. Dividends paid by the parent company LVMH SE

In accordance with French regulations, dividends are taken from the profit for the fiscal year and the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2021, the distributable amount was 18,139 million euros; after taking into account the proposed dividend distribution in respect of the 2021 fiscal year, it was 14,606 million euros.

(EUR millions)	**2021**	**2020**	**2019**
Interim dividend for the current fiscal year (2021: 3.00 euros; 2020: 2.00 euros; 2019: 2.20 euros)	1,514	1,010	1,112
Impact of treasury shares	(3)	(2)	(4)
Gross amount disbursed for the fiscal year	**1,511**	**1,008**	**1,108**
Final dividend for the previous fiscal year (2020: 4.00 euros; 2019: 2.60 euros; 2018: 4.00 euros)	2,019	1,314	2,020
Impact of treasury shares	(3)	(5)	(8)
Gross amount disbursed for the previous fiscal year	**2,016**	**1,309**	**2,012**
Total gross amount disbursed during the period [(a)]	**3,527**	**2,317**	**3,119**

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

The final dividend for fiscal year 2021, as proposed at the Shareholders' Meeting of April 21, 2022, is 7.00 euros per share, representing a total of 3,533 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

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)	**2021**	**Change**	**2020**	**2019**
US dollar	747	1,579	(832)	364
Swiss franc	928	150	778	761
Japanese yen	71	(26)	97	125
Hong Kong dollar	532	247	285	388
Pound sterling	25	138	(113)	(75)
Other currencies	(616)	(158)	(458)	(230)
Foreign currency net investment hedges [(a)]	(307)	142	(449)	(471)
Total, Group share	**1,380**	**2,073**	**(692)**	**862**

(a) Including: -145 million euros with respect to the US dollar (-125 million euros as of December 31, 2020 and -146 million euros as of December 31, 2019), -117 million euros with respect to the Hong Kong dollar (-117 million euros as of December 31, 2020 and 2019), and -228 million euros with respect to the Swiss franc (-210 million euros as of December 31, 2020 and -208 million euros as of December 31, 2019). 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 fiscal years presented.

17.2. Bonus share plans

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

(number of shares)	2021	2020	2019
Provisional allocations as of January 1	**824,733**	**1,052,718**	**1,351,978**
Provisional allocations for the period	397,377	177,034	200,077
Shares vested during the period	(544,706)	(288,482)	(477,837)
Shares expired during the period	(10,889)	(116,537)	(21,500)
Provisional allocations as of period-end	**666,515**	**824,733**	**1,052,718**

Four bonus share plans were set up during the fiscal year. The main characteristics of these plans are as follows:

Plan commencement date	Number of shares awarded initially	Of which: Performance shares	Vesting period of rights	LVMH share price the day before the grant date	Unit value of provisional allocations
January 26, 2021	124,187	40,000	(a)	501.9	493.0
April 15, 2021	40,000	40,000	2 years	611.8	598.9
July 26,2021	44,225	40,000	(b)	674.0	661.7
October 28, 2021	188,965	184,291	(c)	664.3	637.9
Total	**397,377**	**304,291**			

(a) Of which: 44,187 shares with a one-year vesting period not subject to any conditions, 30,000 bonus shares with a one-year vesting period and 50,000 bonus shares with a two-year vesting period.
(b) Of which: 4,225 shares with a one-year vesting period not subject to any conditions and 40,000 bonus shares with a two-year vesting period.
(c) Of which: 4,674 shares with a one-year vesting period not subject to any conditions, 30,000 bonus shares with an 18-month vesting period and 154,291 bonus shares with a three-year vesting period.

In addition, 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 fiscal year

(EUR millions)	2021	2020	2019
Expense for the period for bonus share plans	132	63	72

18. MINORITY INTERESTS

(EUR millions)	2021	2020	2019
As of January 1	**1,417**	**1,779**	**1,664**
Minority interests' share of net profit	662	253	611
Dividends paid to minority interests	(428)	(376)	(433)
Impact of changes in control of consolidated entities	397	7	25
Impact of acquisition and disposal of minority interests' shares	(211)	8	-
Capital increases subscribed by minority interests	12	54	95
Minority interests' share in gains and losses recognized in equity	101	(91)	17
Minority interests' share in stock option plan-related expenses	6	3	3
Impact of changes in minority interests with purchase commitments	(166)	(220)	(203)
As of December 31	**1,790**	**1,417**	**1,779**

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, 2018	**115**	**(14)**	**260**	**(33)**	**328**
Changes during the fiscal year	23	4	6	(17)	17
As of December 31, 2019	**138**	**(10)**	**266**	**(50)**	**345**
Changes during the fiscal year	(116)	28	1	(3)	(91)
As of December 31, 2020	**22**	**18**	**267**	**(53)**	**254**
Changes during the fiscal year	118	(43)	11	14	101
As of December 31, 2021	**140**	**(24)**	**278**	**(39)**	**355**

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 1.14 and 21.

Dividends paid to Diageo during fiscal year 2021 amounted to 143 million euros in respect of fiscal year 2020. Net profit attributable to Diageo for fiscal year 2021 was 432 million euros, and its share in accumulated minority interests (before recognition of the purchase commitment granted to Diageo) came to 3,775 million euros as of December 31, 2021. As of that date, the condensed consolidated balance sheet of Moët Hennessy was as follows:

(EUR billions)	2021
Property, plant and equipment and intangible assets	5.0
Other non-current assets	0.9
Non-current assets	**5.9**
Inventories and work in progress	6.2
Other current assets	1.5
Cash and cash equivalents	2.2
Current assets	**9.9**
Total assets	**15.8**
Equity	11.0
Non-current liabilities	1.8
Equity and non-current liabilities	**12.8**
Short-term borrowings	0.9
Other current liabilities	2.1
Current liabilities	**3.0**
Total liabilities and equity	**15.8**

Dividends paid to Mari-Cha Group Ltd during the fiscal year amounted to 64 million euros. Net profit attributable to Mari-Cha Group Ltd for fiscal year 2021 was a loss of 33 million euros, and its share in accumulated minority interests as of December 31, 2021 came to 1,275 million euros.

19. BORROWINGS

19.1. Net financial debt

(EUR millions)	2021	2020	2019
Bonds and Euro Medium-Term Notes (EMTNs)	11,872	13,866	4,791
Bank borrowings	293	199	310
Long-term borrowings	**12,165**	**14,065**	**5,101**
Bonds and Euro Medium-Term Notes (EMTNs)	3,072	1,094	1,854
Current bank borrowings	377	346	262
Euro- and US dollar-denominated commercial paper	4,172	8,575	4,868
Other borrowings and credit facilities	191	418	430
Bank overdrafts	203	156	176
Accrued interest	61	49	21
Short-term borrowings	**8,075**	**10,638**	**7,610**
Gross borrowings	**20,241**	**24,703**	**12,711**
Interest rate risk derivatives	(6)	(68)	(16)
Foreign exchange risk derivatives	(63)	321	47
Gross borrowings after derivatives	**20,172**	**24,956**	**12,742**
Current available for sale financial assets [(a)]	(2,544)	(752)	(733)
Non-current available for sale financial assets used to hedge financial debt	-	-	(130)
Cash and cash equivalents [(b)]	(8,021)	(19,963)	(5,673)
Net financial debt	**9,607**	**4,241**	**6,206**

(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 fiscal year breaks down as follows:

(EUR millions)	As of December 31, 2020	Impact on cash [(a)]	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassifi-cations and Other	As of December 31, 2021
Long-term borrowings	14,065	113	208	(95)	960	(3,086)	12,165
Short-term borrowings	10,638	(6,518)	612	(6)	239	3,111	8,075
Gross borrowings	**24,703**	**(6,405)**	**820**	**(101)**	**1,199**	**25**	**20,241**
Derivatives	253	(4)	-	(318)	-	-	(69)
Gross borrowings after derivatives	**24,956**	**(6,409)**	**820**	**(419)**	**1,199**	**25**	**20,172**

(a) Including a positive impact of 251 million euros in respect of proceeds from borrowings and a negative impact of 6,413 million euros in respect of repayment of borrowings.

During the fiscal year, 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, in the amount of 156 million US dollars. An 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 redemption of the 650 million euro bond issued in 2014. The associated hedging swaps were unwound on redemption.

Tiffany's bond debt was recognized at its market value at the date of consolidation, i.e. 940 million euros. It comprised 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 rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity:	December 31, 2022	2,153	5,922	8,076	(685)	628	(57)	1,468	6,551	8,019
	December 31, 2023	1,654	-	1,654	(836)	823	(13)	818	823	1,641
	December 31, 2024	2,784	-	2,784	(300)	296	(5)	2,483	296	2,779
	December 31, 2025	1,530	-	1,530	-	-	-	1,530	-	1,530
	December 31, 2026	1,354	-	1,354	4	-	4	1,358	-	1,358
	December 31, 2027	1,053	-	1,053	(985)	987	2	68	987	1,055
	Thereafter	3,791	-	3,791	-	-	-	3,791	-	3,791
Total		**14,318**	**5,922**	**20,240**	**(2,802)**	**2,734**	**(68)**	**11,516**	**8,656**	**20,172**

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

The breakdown by quarter of gross borrowings falling due in 2022 is as follows:

(EUR millions)	**Falling due in 2022**
First quarter	6,432
Second quarter	1,533
Third quarter	59
Fourth quarter	52
Total	**8,076**

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)	**2021**	**2020**	**2019**
Euro	17,576	21,281	7,849
US dollar	2,846	3,120	3,457
Swiss franc	588	80	-
Japanese yen	453	762	622
Other currencies	(1,290)	(287)	814
Total	**20,172**	**24,956**	**12,742**

19.4. Undrawn confirmed credit lines and covenants

As of December 31, 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 4.2 billion euros as of December 31, 2021. In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 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)	2021	2020	2019
Non-current provisions	1,771	1,472	1,457
Uncertain tax positions	1,404	1,180	1,172
Derivatives [(a)]	45	146	712
Employee profit sharing	105	86	96
Other liabilities	656	438	375
Non-current provisions and other liabilities	**3,980**	**3,322**	**3,812**

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

(EUR millions)	2021	2020	2019
Provisions for pensions, medical costs and similar commitments	915	784	812
Provisions for contingencies and losses	856	688	646
Non-current provisions	**1,771**	**1,472**	**1,457**
Provisions for pensions, medical costs and similar commitments	17	9	8
Provisions for contingencies and losses	582	503	406
Current provisions	**598**	**512**	**414**
Total	**2,369**	**1,984**	**1,872**

Provisions changed as follows during the fiscal year:

(EUR millions)	As of December 31, 2020	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other [(a)]	As of December 31, 2021
Provisions for pensions, medical costs and similar commitments	793	130	(137)	(3)	304	(155)	932
Provisions for contingencies and losses	1,191	629	(297)	(160)	19	55	1,438
Total	**1,984**	**759**	**(434)**	**(163)**	**323**	**(100)**	**2,369**

(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 December 31, 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%), and distribution subsidiaries in various countries, mainly in the Middle East.

22. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

22.1. Trade accounts payable

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

(EUR millions)	2021	2020	2019
As of January 1	**5,098**	**5,814**	**5,206**
Changes in trade accounts payable	1,576	(560)	335
Changes in amounts owed to customers	27	(10)	9
Changes in the scope of consolidation	243	-	216
Translation adjustment	226	(159)	56
Reclassifications	(85)	14	(8)
As of December 31	**7,086**	**5,098**	**5,814**

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)	2021	2020	2019
Current provisions [(a)]	598	512	414
Derivatives [(b)]	195	604	138
Employees and social security	2,244	1,530	1,786
Employee profit sharing	226	116	123
Taxes other than income taxes	1,101	823	752
Advances and payments on account from customers	1,079	723	559
Provision for product returns [(c)]	648	463	399
Deferred payment for non-current assets	907	538	769
Deferred income	396	353	273
Other liabilities	1,779	1,035	1,093
Total	**9,174**	**6,698**	**6,305**

(a) See Note 20.
(b) See Note 23.
(c) See Note 1.28.

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	**2021**	**2020**	**2019**
Interest rate risk	Assets:	Non-current		4	57	20
		Current		31	33	12
	Liabilities:	Non-current		(25)	(10)	(3)
		Current		(5)	(12)	(14)
			23.3	**6**	**68**	**16**
Foreign exchange risk	Assets:	Non-current		51	52	68
		Current		218	670	165
	Liabilities:	Non-current		(20)	(136)	(15)
		Current		(182)	(330)	(124)
			23.4	**68**	**257**	**93**
Other risks	Assets:	Non-current		-	-	694
		Current		9	266	3
	Liabilities:	Non-current		-	-	(694)
		Current		(8)	(263)	-
			23.5	**1**	**3**	**2**
Total	Assets:	Non-current	10	55	110	782
		Current	13	258	968	180
	Liabilities:	Non-current	20	(45)	(146)	(712)
		Current	22	(195)	(604)	(138)
				74	**328**	**112**

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 December 31, 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	676	2,145	-	2,821	-	-	-	-
Interest rate swaps, fixed-rate payer	343	-	-	343	-	-	(2)	(2)
Foreign currency swaps, euro-rate payer	476	1,845	-	2,321	-	-	9	9
Foreign currency swaps, euro-rate receiver	14	133	-	147	-	-	(1)	(1)
Total					**-**	**-**	**6**	**6**

(a) Gain/(Loss).
(b) See Note 1.11 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 December 31, 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	56	570	-	626	7	-	-	-	7
Put JPY	-	39	-	39	1	-	-	-	1
Put CNY	96	566	-	662	-	-	-	-	-
Other	-	83	-	83	8	-	-	-	8
	152	**1,258**	**-**	**1,409**	**16**	**-**	**-**	**-**	**16**
Collars									
Written USD	153	5,152	343	5,648	(5)	-	-	-	(5)
Written JPY	19	1,198	74	1,291	38	1	-	-	39
Written GBP	22	509	27	559	3	-	-	-	3
Written HKD	-	290	23	312	-	-	-	-	-
Written CNY	146	3,536	255	3,938	(50)	(5)	-	-	(55)
	340	**10,685**	**722**	**11,747**	**(15)**	**(4)**	**-**	**-**	**(19)**
Forward exchange contracts									
USD	82	(104)	-	(22)	7	-	-	-	7
ZAR	2	-	-	2	-	-	-	-	-
MYR	-	21	-	21	-	(1)	-	-	(1)
BRL	14	57	-	72	-	(1)	-	-	(1)
Other	9	283	-	292	7	(6)	-	-	1
	108	**257**	**-**	**364**	**14**	**(7)**	**-**	**-**	**7**
Foreign exchange swaps									
USD	41	(1,497)	-	(1,456)	-	65	(7)	-	57
GBP	25	(235)	(1,567)	(1,777)	-	13	-	-	13
JPY	38	179	347	565	-	13	-	-	13
CNY	5	(1,204)	9	(1,190)	-	9	-	-	9
Other	13	(340)	21	(306)	-	(10)	(18)	-	(28)
	123	**(3,097)**	**(1,190)**	**(4,164)**	**-**	**89**	**(26)**	**-**	**64**
Total	**723**	**9,103**	**(468)**	**9,357**	**15**	**78**	**(26)**	**-**	**68**

(a) Sale/(Purchase).
(b) See Note 1.11 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 fiscal year, as the convertible bonds they had backed were redeemed during the fiscal year. See also Note 19. As of December 31, 2021, equity-based derivatives with a nominal amount of 256 million euros maturing in 2022 were recognized for a positive value of 1 million euros.

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 December 31, 2021 have a market value of 1 million euros. Considering nominal values of 370 million euros for those financial instruments, a uniform 1% change in their underlying assets' prices as of December 31, 2021 would have a net impact on the Group's consolidated reserves of 3 million euros. These instruments will mature in 2022 and 2023.

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, Bvlgari and Tiffany 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 and Tiffany.

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

Fiscal year 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	5,965	30,844	5,711	8,872	11,680	1,142	-	64,215
Intra-Group sales	9	52	897	92	74	27	(1,150)	-
Total revenue	**5,974**	**30,896**	**6,608**	**8,964**	**11,754**	**1,169**	**(1,150)**	**64,215**
Profit from recurring operations	1,863	12,842	684	1,679	534	(436)	(15)	17,151
Other operating income and expenses	(26)	(47)	(17)	(4)	(53)	151	-	4
Depreciation, amortization and impairment expenses	(228)	(2,142)	(443)	(860)	(1,399)	(294)	113	(5,253)
Of which: Right-of-use assets	*(32)*	*(1,291)*	*(149)*	*(410)*	*(836)*	*(89)*	*110*	*(2,698)*
Other	*(196)*	*(851)*	*(294)*	*(449)*	*(563)*	*(205)*	*3*	*(2,555)*
Intangible assets and goodwill [(b)]	10,688	13,510	1,417	19,726	3,348	1,766	-	50,455
Right-of-use assets	153	6,755	556	1,922	4,142	841	(665)	13,705
Property, plant and equipment	3,450	4,569	752	1,730	1,667	8,032	(8)	20,193
Inventories and work in progress	6,278	3,374	831	3,949	2,410	41	(335)	16,549
Other operating assets [(c)]	1,597	2,807	1,281	1,409	747	1,060	15,508	24,409
Total assets	**22,167**	**31,016**	**4,838**	**28,737**	**12,313**	**11,741**	**14,500**	**125,311**
Equity	-	-	-	-	-	-	48,909	48,909
Lease liabilities	164	6,894	594	1,985	4,362	931	(656)	14,275
Other liabilities [(d)]	1,843	6,800	2,770	2,471	3,050	1,992	43,202	62,128
Total liabilities and equity	**2,007**	**13,694**	**3,364**	**4,456**	**7,412**	**2,923**	**91,454**	**125,311**
Operating investments [(e)]	(328)	(1,131)	(290)	(458)	(370)	(89)	1	(2,664)

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)

Fiscal year 2019

(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	5,547	22,164	5,738	4,286	14,737	1,199	-	53,670
Intra-Group sales	28	73	1,097	120	54	16	(1,388)	-
Total revenue	**5,576**	**22,237**	**6,835**	**4,405**	**14,791**	**1,214**	**(1,388)**	**53,670**
Profit from recurring operations	1,729	7,344	683	736	1,395	(351)	(32)	11,504
Other operating income and expenses	(7)	(20)	(27)	(28)	(15)	(135)	-	(231)
Depreciation, amortization and impairment expenses	(191)	(1,856)	(431)	(477)	(1,409)	(253)	98	(4,519)
Of which: Right-of-use assets	*(31)*	*(1,146)*	*(141)*	*(230)*	*(872)*	*(85)*	*98*	*(2,408)*
Other	*(160)*	*(710)*	*(290)*	*(247)*	*(536)*	*(168)*	-	*(2,111)*
Intangible assets and goodwill [(b)]	7,582	13,120	1,401	5,723	3,470	1,950	-	33,246
Right-of-use assets	116	5,239	487	1,196	5,012	824	(465)	12,409
Property, plant and equipment	3,142	4,308	773	610	1,919	7,788	(7)	18,533
Inventories and work in progress	5,818	2,884	830	1,823	2,691	44	(375)	13,717
Other operating assets [(c)]	1,547	2,028	1,518	740	895	1,317	10,558	18,603
Total assets	**18,205**	**27,581**	**5,009**	**10,092**	**13,987**	**11,923**	**9,711**	**96,507**
Equity	-	-	-	-	-	-	38,365	38,365
Lease liabilities	118	5,191	481	1,141	5,160	888	(434)	12,545
Other liabilities [(d)]	1,727	4,719	2,321	1,046	2,938	1,674	31,172	45,597
Total liabilities and equity	**1,845**	**9,910**	**2,802**	**2,187**	**8,098**	**2,562**	**69,104**	**96,507**
Operating investments [(e)]	(325)	(1,199)	(378)	(296)	(659)	(436)	-	(3,294)

(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)	2021	2020	2019
France	4,111	3,333	4,725
Europe (excl. France)	9,860	7,337	10,203
United States	16,591	10,647	12,613
Japan	4,384	3,164	3,878
Asia (excl. Japan)	22,365	15,366	16,189
Other countries	6,904	4,804	6,062
Revenue	**64,215**	**44,651**	**53,670**

Operating investments by geographic region are as follows:

(EUR millions)	**2021**	**2020**	**2019**
France	1,054	1,002	1,239
Europe (excl. France)	520	444	687
United States	313	336	453
Japan	82	134	133
Asia (excl. Japan)	488	342	534
Other countries	207	220	248
Operating investments	**2,664**	**2,478**	**3,294**

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
Third quarter	1,546	7,452	1,642	2,137	2,710	330	(305)	15,512
Fourth quarter	1,723	9,581	1,941	2,804	3,959	344	(314)	20,038
Total for 2021	**5,974**	**30,896**	**6,608**	**8,964**	**11,754**	**1,169**	**(1,150)**	**64,215**
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
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 2020	**4,755**	**21,207**	**5,248**	**3,356**	**10,155**	**868**	**(938)**	**44,651**
First quarter	1,349	5,111	1,687	1,046	3,510	187	(352)	12,538
Second quarter	1,137	5,314	1,549	1,089	3,588	193	(326)	12,544
Third quarter	1,433	5,448	1,676	1,126	3,457	511[a]	(335)	13,316
Fourth quarter	1,657	6,364	1,923	1,144	4,236	323	(375)	15,272
Total for 2019	**5,576**	**22,237**	**6,835**	**4,405**	**14,791**	**1,214**	**(1,388)**	**53,670**

(a) Including the entire revenue of Belmond for the period from April to September 2019.

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	**2021**	**2020**	**2019**
Net gains/(losses) on disposals	9	(22)	-
Restructuring costs	-	(6)	(57)
Remeasurement of shares acquired prior to their initial consolidation	119	-	-
Transaction costs relating to the acquisition of consolidated companies	(18)	(35)	(45)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(89)	(235)	(26)
Other items, net	(16)	(35)	(104)
Other operating income and expenses	**4**	**(333)**	**(231)**

Shares acquired prior to their initial consolidation were remeasured following the additional stakes acquired leading to the acquisition of a controlling interest in Off-White and Buly. See Note 2.

Impairment and amortization expenses recorded are mostly for brands and goodwill. In 2020 and 2019, “Transaction costs relating to the acquisition of consolidated companies” mainly related to the acquisition of Tiffany (see Note 2).

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2021	2020	2019
Borrowing costs	4	(85)	(156)
Income from cash, cash equivalents and current available for sale financial assets	40	46	50
Fair value adjustment of borrowings and interest rate hedges	(3)	4	(1)
Cost of net financial debt	**41**	**(35)**	**(107)**
Interest on lease liabilities	**(242)**	**(281)**	**(290)**
Dividends received from non-current available for sale financial assets	10	12	8
Cost of foreign exchange derivatives	(206)	(262)	(230)
Fair value adjustment of available for sale financial assets	499	(4)	82
Other items, net	(49)	(38)	(22)
Other financial income and expenses	**254**	**(291)**	**(162)**
Net financial income/(expense)	**53**	**(608)**	**(559)**

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

(EUR millions)	2021	2020	2019
Income from cash and cash equivalents	27	38	36
Income from current available for sale financial assets	13	8	14
Income from cash, cash equivalents and current available for sale financial assets	**40**	**46**	**50**

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

(EUR millions)	2021	2020	2019
Hedged financial debt	82	(39)	(3)
Hedging instruments	(80)	40	4
Unallocated derivatives	(5)	3	(1)
Fair value adjustment of borrowings and interest rate hedges	**(3)**	**4**	**(1)**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2021	2020	2019
Cost of commercial foreign exchange derivatives	(196)	(234)	(230)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	3	(20)	5
Cost and other items related to other foreign exchange derivatives	(13)	(8)	(5)
Cost of foreign exchange derivatives	**(206)**	**(262)**	**(230)**

27. INCOME TAXES

(EUR millions)	2021	2020	2019
Current income taxes for the fiscal year	(5,316)	(2,608)	(3,234)
Current income taxes relating to previous fiscal years	(20)	(13)	12
Current income taxes	**(5,336)**	**(2,620)**	**(3,222)**
Change in deferred income taxes	913	297	300
Impact of changes in tax rates on deferred income taxes	(87)	(85)	(10)
Deferred income taxes	**826**	**212**	**290**
Total tax expense per income statement	**(4,510)**	**(2,409)**	**(2,932)**
Tax on items recognized in equity	**89**	**(111)**	**28**

The effective tax rate is as follows:

(EUR millions)	2021	2020	2019
Profit before tax	17,208	7,364	10,714
Total tax expense	(4,510)	(2,409)	(2,932)
Effective tax rate	**26.2%**	**32.7%**	**27.4%**

The Group's effective tax rate was 26.2% in 2021, compared with 32.7% in 2020 and 27.4% in 2019. Aside from exceptional, non-recurring items in 2020 related to the Covid-19 pandemic, in fiscal year 2021 the Group recorded positive non-recurring effects related to changes in deferred tax, mainly in connection with LVMH's application of specific tax measures in Italy. An Italian law made it possible to revalue fixed assets at the company's discretion in exchange for the payment of a 3% tax on the revalued amount for certain assets, and without any tax due for hotel-sector assets; the deferred tax liabilities historically recognized in connection with these revalued assets were taken to the income statement.

As of December 31, 2020, the effective tax rate (32.7%) 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

	2021	2020	2019
Net profit, Group share *(EUR millions)*	**12,036**	**4,702**	**7,171**
Average number of shares outstanding during the fiscal year	504,757,339	505,000,128	505,281,934
Average number of treasury shares owned during the fiscal year	(1,129,631)	(1,320,856)	(2,063,083)
Average number of shares on which the calculation before dilution is based	**503,627,708**	**503,679,272**	**503,218,851**
Basic earnings per share *(EUR)*	**23.90**	**9.33**	**14.25**
Average number of shares outstanding on which the above calculation is based	503,627,708	503,679,272	503,218,851
Dilutive effect of stock option and bonus share plans	267,884	530,861	620,691
Other dilutive effects	-	-	-
Average number of shares on which the calculation after dilution is based	**503,895,592**	**504,210,133**	**503,839,542**
Diluted earnings per share *(EUR)*	**23.89**	**9.32**	**14.23**

The LVMH share repurchase program that began on December 21, 2021 ended on January 14, 2022 (see Note 16); the LVMH shares acquired under this program are taken into account in the table above. No other events occurred between December 31, 2021 and the date at which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

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

The expense recognized in the fiscal years presented for provisions for pensions, contribution to medical costs and other employee benefit commitments is as follows:

(EUR millions)	2021	2020	2019
Service cost	130	106	112
Net interest cost	15	8	12
Actuarial gains and losses	-	-	(2)
Changes in plans	(1)	(48)	46
Total expense for the fiscal-year for defined-benefit plans	**145**	**66**	**167**

No significant events concerning provisions for pensions and other benefit commitments occurred during the fiscal year, aside from the impact of the integration of Tiffany, which led to an additional net recognized commitment of 315 million euros in respect of defined-benefit pension plans in force in the United States. See also Note 1.2 on the effect of the IFRIC agenda decision on attributing benefits to periods of service.

30. OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	2021	2020	2019
Grapes, wines and eaux-de-vie	2,843	2,725	2,840
Other purchase commitments for raw materials	759	250	211
Industrial and commercial fixed assets	715	428	674
Investments in joint venture shares and non-current available for sale financial assets	317	13,237	14,761

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and eaux-de-vie. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known fiscal year-end prices and estimated production yields.

As of December 31, 2020 and December 31, 2019, share purchase commitments included the impact of LVMH's commitment to acquire, for cash, all the shares of Tiffany & Co. ("Tiffany"), for a total of 16.1 billion US dollars. The acquisition was completed on January 7, 2021. See also Note 2.

As of December 31, 2021, the maturity schedule of these commitments was as follows:

(EUR millions)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Grapes, wines and eaux-de-vie	833	1,759	252	2,843
Other purchase commitments for raw materials	564	195	-	759
Industrial and commercial fixed assets	369	191	155	715
Investments in joint venture shares and non-current available for sale financial assets	317	-	-	317

30.2. Collateral and other guarantees

As of December 31, 2021, these commitments broke down as follows:

(EUR millions)	2021	2020	2019
Securities and deposits	415	444	371
Other guarantees	162	169	163
Guarantees given	**577**	**613**	**534**
Guarantees received	**(65)**	**(47)**	**(53)**

The maturity dates of these commitments are as follows:

(EUR millions)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Securities and deposits	402	5	8	415
Other guarantees	84	71	7	162
Guarantees given	**486**	**77**	**14**	**577**
Guarantees received	**(37)**	**(26)**	**(2)**	**(65)**

30.3. Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

31. EXCEPTIONAL EVENTS AND LITIGATION

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the 12-month period under review, any significant impact on the Group's financial position or profitability.

32. RELATED-PARTY TRANSACTIONS

No significant related-party transactions occurred during the fiscal year.

33. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2021 and January 27, 2022, the date at which the financial statements were approved for publication by the Board of Directors.

LVMH

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