Christian Dior

Consolidated financial statements as of December 31, 2022

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.

This document is a free translation into English of the original French “Comptes consolidés – 31 décembre 2022”, hereafter referred to as the “Consolidated financial statements”. 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.

1. Consolidated income statement

(EUR millions, except for earnings per share)	Notes	2022	2021	2020
Revenue	24-25	**79,184**	**64,215**	**44,651**
Cost of sales		(24,988)	(20,355)	(15,871)
Gross margin		**54,196**	**43,860**	**28,780**
Marketing and selling expenses		(28,150)	(22,306)	(16,790)
General and administrative expenses		(5,033)	(4,427)	(3,648)
Income/(Loss) from joint ventures and associates	8	37	13	(42)
Profit from recurring operations	24-25	**21,050**	**17,139**	**8,300**
Other operating income and expenses	26	(54)	4	(333)
Operating profit		**20,996**	**17,143**	**7,967**
Cost of net financial debt		(15)	40	(38)
Interest on lease liabilities		(254)	(242)	(281)
Other financial income and expenses		(632)	254	(292)
Net financial income/(expense)	27	**(901)**	**52**	**(611)**
Income taxes	28	(5,393)	(4,531)	(2,385)
Net profit before minority interests		**14,702**	**12,664**	**4,970**
Minority interests	18	8,905	7,718	3,037
Net profit, Group share		**5,797**	**4,946**	**1,933**
Basic Group share of net earnings per share *(EUR)*	29	**32.13**	**27.41**	**10.72**
Number of shares on which the calculation is based		180,410,580	180,410,580	180,410,580
Diluted Group share of net earnings per share *(EUR)*	29	**32.11**	**27.40**	**10.70**
Number of shares on which the calculation is based		180,410,580	180,410,580	180,410,580

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	Notes	2022	2021	2020
Net profit before minority interests		**14,702**	**12,664**	**4,970**
Translation adjustments		1,311	2,178	(1,645)
Amounts transferred to income statement		(32)	(4)	(11)
Tax impact		(4)	17	(10)
	16.5, 18	**1,275**	**2,191**	**(1,666)**
Change in value of hedges of future foreign currency cash flows[(a)]		28	281	73
Amounts transferred to income statement		290	(303)	(123)
Tax impact		(73)	127	(112)
		245	**105**	**(162)**
Change in value of the ineffective portion of hedging instruments		(309)	(375)	(209)
Amounts transferred to income statement		340	237	232
Tax impact		(11)	33	(9)
		21	**(105)**	**14**
Gains and losses recognized in equity, transferable to income statement		**1,542**	**2,191**	**(1,814)**
Change in value of vineyard land	6	(72)	52	(3)
Amounts transferred to consolidated reserves		-	-	-
Tax impact		18	(12)	3
		(53)	**40**	**-**
Employee benefit obligations:				
Change in value resulting from actuarial gains and losses		301	251	(20)
Tax impact		(77)	(58)	6
		223	**193**	**(14)**
Gains and losses recognized in equity, not transferable to income statement		**170**	**233**	**(14)**
Total gains and losses recognized in equity		**1,712**	**2,423**	**(1,829)**
Comprehensive income		**16,414**	**15,087**	**3,141**
Minority interests		9,941	9,180	1,926
Comprehensive income, Group share		**6,473**	**5,907**	**1,215**

(a) In 2021, this amount included 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 2.2.

3. Consolidated balance sheet

Assets

(EUR millions)	Notes	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Brands and other intangible assets	3	24,565	23,684	16,143
Goodwill	4	23,250	24,371	14,508
Property, plant and equipment	6	22,414	19,543	17,575
Right-of-use assets	7	14,609	13,699	12,515
Investments in joint ventures and associates	8	1,066	1,084	990
Non-current available for sale financial assets	9	1,109	1,363	739
Other non-current assets	10	1,187	1,054	845
Deferred tax	28	3,661	3,156	2,325
Non-current assets		**91,861**	**87,954**	**65,640**
Inventories and work in progress	11	20,319	16,549	13,016
Trade accounts receivable	12	4,258	3,787	2,756
Income taxes		375	338	401
Other current assets	13	7,550	5,606	3,846
Cash and cash equivalents	15	7,588	8,122	20,358
Current assets		**40,090**	**34,402**	**40,377**
Total assets		**131,951**	**122,356**	**106,017**

Liabilities and equity

(EUR millions)	Notes	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Equity, Group share	16.1	19,038	15,372	11,270
Minority interests	18	35,276	30,995	24,974
Equity		**54,314**	**46,367**	**36,244**
Long-term borrowings	19	10,380	12,165	14,065
Non-current lease liabilities	7	12,776	11,887	10,665
Non-current provisions and other liabilities	20	3,866	3,945	3,288
Deferred tax	28	6,553	6,302	5,079
Purchase commitments for minority interests' shares	21	12,489	13,677	10,991
Non-current liabilities		**46,064**	**47,976**	**44,088**
Short-term borrowings	19	9,375	8,091	11,005
Current lease liabilities	7	2,632	2,387	2,163
Trade accounts payable	22.1	8,788	7,086	5,098
Income taxes		1,224	1,275	721
Current provisions and other liabilities	22.2	9,554	9,174	6,698
Current liabilities		**31,573**	**28,013**	**25,685**
Total liabilities and equity		**131,951**	**122,356**	**106,017**

4. Consolidated statement of changes in equity

(EUR millions)	Number of shares	Share capital	Share premium account	Christian Dior 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 commitments		Group share	Minority interests	Total
Notes		**16.1**	**16.1**	**16.3**	**16.5**							**18**	
As of December 31, 2019	**180,507,516**	**361**	**194**	**(17)**	**362**	**-**	**(43)**	**471**	**(81)**	**9,632**	**10,880**	**24,837**	**35,717**
Gains and losses recognized in equity					(640)	-	(73)	-	(5)	-	(718)	(1,111)	(1,829)
Net profit										1,933	1,933	3,037	4,970
Comprehensive income		**-**	**-**	**-**	**(640)**	**-**	**(73)**	**-**	**(5)**	**1,933**	**1,215**	**1,926**	**3,141**
Bonus share plan-related expenses										26	26	36	62
(Acquisition)/disposal of Christian Dior treasury shares										-	-	-	-
Capital increase in subsidiaries										-	-	54	54
Interim and final dividends paid										(830)	(830)	(1,733)	(2,563)
Changes in control of consolidated entities										(13)	(13)	(10)	(23)
Acquisition and disposal of minority interests' shares					-	-	-	-	-	(88)	(88)	(29)	(117)
Purchase commitments for minority interests' shares										80	80	(107)	(27)
As of December 31, 2020	**180,507,516**	**361**	**194**	**(17)**	**(278)**	**-**	**(116)**	**471**	**(86)**	**10,740**	**11,270**	**24,974**	**36,244**
Gains and losses recognized in equity					857	-	18	12	74	-	961	1,462	2,423
Net profit										4,946	4,946	7,718	12,664
Comprehensive income		**-**	**-**	**-**	**857**	**-**	**18**	**12**	**74**	**4,946**	**5,907**	**9,180**	**15,087**
Bonus share plan-related expenses										52	52	80	132
(Acquisition)/disposal of Christian Dior treasury shares										-	-	-	-
Capital increase in subsidiaries										-	-	12	12
Interim and final dividends paid										(1,263)	(1,263)	(2,498)	(3,761)
Changes in control of consolidated entities										(18)	(18)	373	355
Acquisition and disposal of minority interests' shares					-	-	-	1	-	(568)	(567)	(947)	(1,514)
Purchase commitments for minority interests' shares										(9)	(9)	(179)	(188)
As of December 31, 2021	**180,507,516**	**361**	**194**	**(17)**	**579**	**-**	**(98)**	**484**	**(12)**	**13,880**	**15,372**	**30,995**	**46,367**
Gains and losses recognized in equity					506	-	103	(18)	85	-	676	1,036	1,712
Net profit										5,797	5,797	8,905	14,702
Comprehensive income		**-**	**-**	**-**	**506**	**-**	**103**	**(18)**	**85**	**5,797**	**6,473**	**9,941**	**16,414**
Bonus share plan-related expenses										53	53	79	132
(Acquisition)/disposal of Christian Dior treasury shares										-	-	-	-
Capital increase in subsidiaries										-	-	28	28
Interim and final dividends paid										(2,165)	(2,165)	(3,905)	(6,070)
Changes in control of consolidated entities										3	3	10	13
Acquisition and disposal of minority interests' shares					2	-	(1)	2	2	(536)	(531)	(1,068)	(1,599)
Purchase commitments for minority interests' shares									-	(166)	(166)	(804)	(970)
As of December 31, 2022	**180,507,516**	**361**	**194**	**(17)**	**1,087**	**-**	**4**	**468**	**75**	**16,866**	**19,038**	**35,276**	**54,314**

5. Consolidated cash flow statement

(EUR millions)	Notes	2022	2021	2020
I. OPERATING ACTIVITIES				
Operating profit		20,996	17,143	7,967
(Income)/Loss and dividends received from joint ventures and associates	8	26	41	64
Net increase in depreciation, amortization and provisions		3,219	3,136	3,478
Depreciation of right-of-use assets	7.1	3,007	2,691	2,572
Other adjustments and computed expenses		(483)	(400)	(91)
Cash from operations before changes in working capital		**26,765**	**22,611**	**13,990**
Cost of net financial debt: interest paid		(73)	68	(62)
Lease liabilities: interest paid		(240)	(231)	(290)
Tax paid		(5,603)	(4,239)	(2,397)
Change in working capital	15.2	(3,019)	426	(369)
Net cash from/(used in) operating activities		**17,830**	**18,636**	**10,873**
II. INVESTING ACTIVITIES				
Operating investments	15.3	(4,969)	(2,664)	(2,478)
Purchase and proceeds from sale of consolidated investments	2.4	(809)	(13,226)	(536)
Dividends received		7	10	12
Tax paid related to non-current available for sale financial assets and consolidated investments		-	-	-
Purchase and proceeds from sale of non-current available for sale financial assets	9	(149)	(99)	63
Net cash from/(used in) investing activities		**(5,920)**	**(15,979)**	**(2,939)**
III. FINANCING ACTIVITIES				
Interim and final dividends paid	15.4	(6,465)	(3,967)	(2,685)
Purchase and proceeds from sale of minority interests	2.4	(2,010)	(1,117)	(163)
Other equity-related transactions	15.4	12	4	39
Proceeds from borrowings	19	3,774	251	17,499
Repayment of borrowings	19	(3,891)	(6,763)	(5,024)
Repayment of lease liabilities	7.2	(2,751)	(2,453)	(2,302)
Purchase and proceeds from sale of current available for sale financial assets	14	(1,165)	(1,393)	69
Net cash from/(used in) financing activities		**(12,495)**	**(15,438)**	**7,433**
IV. EFFECT OF EXCHANGE RATE CHANGES		55	498	(1,052)
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		**(530)**	**(12,283)**	**14,315**
Cash and cash equivalents at beginning of period	15.1	**7,918**	**20,201**	**5,886**
Cash and cash equivalents at end of period	15.1	**7,388**	**7,918**	**20,201**
Total tax paid		**(5,959)**	**(4,465)**	**(2,527)**

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)	2022	2021	2020
Net cash from operating activities	17,830	18,636	10,873
Operating investments	(4,969)	(2,664)	(2,478)
Repayment of lease liabilities	(2,751)	(2,453)	(2,302)
Operating free cash flow[(a)]	**10,110**	**13,518**	**6,093**

(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”.

6. Notes to the consolidated financial statements

Note 1. Accounting policies

1.1 General framework and environment

The consolidated financial statements for fiscal year 2022 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2022.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2022 were approved by the Board of Directors on January 26, 2023.

1.2 Changes in the accounting framework applicable to the Group

The Group finished analyzing the impact of the IFRIC agenda decision issued in 2021 on accounting for the costs of installing software under a Software as a Service (SaaS) contract. As the impact of this decision on the amounts of software capitalized in the balance sheet as of December 31, 2021 was non-material, equity at the beginning of the period and for comparable periods was not restated as of December 31, 2022.

1.3 Impact of the Russia-Ukraine conflict on the consolidated financial statements

The Group's operations in Russia via LVMH have been largely suspended since March 2022, due to the conflict between Russia and Ukraine. As such, LVMH's stores in Russia were closed, with employees continuing to be paid. Assets held by LVMH in Russia and Ukraine primarily relate to fixtures and fittings at stores, and right-of-use assets under store leases. These assets comprise non-material amounts with respect to the Group's total assets.

The consequences of the conflict on LVMH's business activities in 2022 were not material, in terms of the direct impact in the affected countries and the impact of sanctions imposed by the international community on Russia and certain Russian nationals, as well as sanctions imposed by Russia in response. Inventories and right-of-use assets under store leases were reviewed as of December 31, 2022 to take into account the context arising from the crisis, and resulted in the recognition of partial impairment for non-significant amounts.

1.4 Taking into account climate change 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 its environmental strategy into practice, the Group – via LVMH, which comprises all of its operating activities – has launched a plan to transform its value chains.

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

In addition, profit from recurring operations in particular 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 Christian Dior group retrospectively restated acquisitions made since 1988, the date of the initial consolidation of LVMH, 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 assumptions, 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 28). Such assumptions, 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. The Group 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 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 completion 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 deducted from 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; in general, a business segment as defined above corresponds to a Maison within the Group. 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.

At its level, Christian Dior integrates data from the LVMH group without restatement. Regarding its own available for sale financial assets, as it is authorized to do under IFRS 9, Christian Dior reserves the right to choose, for each accounting item, the method for recognizing their change in market value: either within "Net financial income/(expense)" or directly in equity.

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 Christian Dior and LVMH treasury shares

Christian Dior treasury shares

Christian Dior 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 are taken directly to equity.

LVMH treasury shares

Purchases and sales by LVMH of its own shares, as well as LVMH SE capital increases reserved for recipients of share subscription options, resulting in changes in the percentage held by the Christian Dior group in LVMH, are accounted for in the consolidated financial statements of the Christian Dior group as changes in ownership interests in consolidated entities.

As from January 1, 2010, in accordance with the revised version of IFRS 3, changes in the Christian Dior group's ownership interest in LVMH have been taken to equity.

As this standard is applied prospectively, goodwill recognized as of December 31, 2009 has been maintained as an asset on the balance sheet.

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, deferred tax resulting from temporary differences, and 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 and 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 that sell and deliver both groups' products to customers. The income statement and balance sheet of these entities is apportioned between the Group 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

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. 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.

Where applicable, diluted earnings per share are calculated based on the weighted average number of shares before dilution. Dilutive instruments issued by subsidiaries are also taken into consideration for the purposes of determining the Group's share of net profit after dilution.

Note 2. Changes in ownership interests in consolidated entities

2.1 Fiscal year 2022

Joseph Phelps

In August 2022, the Group acquired the entire share capital of Joseph Phelps, a California estate offering a collection of Napa Valley and Sonoma Coast red wines. The price paid, which totaled 587 million US dollars (587 million euros), was mainly allocated to the Joseph Phelps brand, in the amount of 169 million euros, and to producing vineyards for 119 million euros. Final goodwill came to 186 million euros.

Sephora

In October 2022, Sephora disposed of all its shares in its Russian subsidiary.

Off-White

In September 2022, LVMH acquired an additional 40% stake in Off-White LLC, bringing its ownership interest to 100%.

Pedemonte

In November 2022, LVMH announced the acquisition of Pedemonte Group, a jewelry manufacturer with locations in Italy and France, from the Equinox III SLP SIF investment fund. This equity investment will be consolidated in 2023.

Equity investments newly consolidated in 2022 did not have a significant impact on revenue or profit from recurring operations for the fiscal year.

2.2 Fiscal year 2021

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 has reinforced LVMH's position in high jewelry and further expanded 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.

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 fiscal year 2021, 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 euro- and US dollar-denominated commercial paper for the remainder (see Note 19 to the 2020 consolidated financial statements).

The acquisition costs for Tiffany were recognized in "Other operating income and expenses" and totaled 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 26.

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 equity investment was 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 was consolidated in 2022. See also Note 26.

Thélios

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

2.3 Fiscal year 2020

There were no significant changes in ownership interests in consolidated entities during the fiscal year.

2.4 Impact on net cash and cash equivalents of changes in ownership interests in consolidated entities

(EUR millions)	2022	2021	2020
Purchase price of consolidated investments and of minority interests' shares	(3,147)	(15,200)	(887)
Positive cash balance/(net overdraft) of companies acquired	14	658	-
Proceeds from sale of consolidated investments	334	231	206
(Positive cash balance)/net overdraft of companies sold	(20)	(32)	(18)
Impact of changes in ownership interests in consolidated entities on net cash and cash equivalents	**(2,819)**	**(14,343)**	**(699)**
Of which: Purchase and proceeds from sale of consolidated investments	*(809)*	*(13,226)*	*(536)*
Purchase and proceeds from sale of minority interests	*(2,010)*	*(1,117)*	*(163)*

In 2022, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities primarily arose from the acquisition of Joseph Phelps. It also included the cash impact of LVMH share repurchase programs, the main purpose of which is to retire the shares purchased.

In 2021, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition of Tiffany.

In 2020, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from foreign exchange hedges implemented in anticipation of the acquisition of Tiffany. It also included the impact of the LVMH liquidity contract.

Note 3. Brands, trade names and other intangible assets

(EUR millions)			Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
	Gross	Amortization and impairment	Net	Net	Net
Brands	21,491	(806)	20,685	20,013	12,877
Trade names	4,103	(1,693)	2,410	2,285	2,130
License rights	51	(35)	17	46	46
Software, websites	3,603	(2,677)	926	849	665
Other	1,220	(692)	528	490	425
Total	**30,469**	**(5,903)**	**24,565**	**23,684**	**16,143**

3.1 Changes during the fiscal year

The carrying 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, 2021	**20,786**	**3,889**	**3,143**	**1,193**	**29,011**
Acquisitions	-	-	319	366	685
Disposals and retirements	-	-	(93)	(135)	(228)
Changes in the scope of consolidation	187	(9)	-	29	206
Translation adjustment	517	224	68	21	829
Reclassifications	-	-	168	(203)	(35)
As of December 31, 2022	**21,491**	**4,103**	**3,603**	**1,271**	**30,469**

Amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Other intangible assets**	**Total**
As of December 31, 2021	**(773)**	**(1,604)**	**(2,294)**	**(657)**	**(5,328)**
Amortization expense	(7)	-	(425)	(171)	(603)
Impairment expense	(11)	-	(4)	(1)	(16)
Disposals and retirements	-	-	94	134	227
Changes in the scope of consolidation	-	9	(1)	(22)	(14)
Translation adjustment	(15)	(99)	(47)	(9)	(170)
Reclassifications	-	-	-	-	-
As of December 31, 2022	**(806)**	**(1,693)**	**(2,677)**	**(727)**	**(5,903)**
Carrying amount as of December 31, 2022	**20,685**	**2,410**	**926**	**544**	**24,565**

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

Translation adjustments mainly related to brands and trade names recognized in US dollars, based on fluctuations in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

3.2 Changes during prior fiscal years

The carrying amounts of brands, trade names and other intangible assets changed as follows during prior fiscal years:

Carrying amount *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Other intangible assets**	**Total**
As of December 31, 2019	**12,875**	**2,303**	**650**	**507**	**16,335**
Acquisitions	-	-	194	286	480
Disposals and retirements	-	-	2	(3)	(2)
Changes in the scope of consolidation	14	-	-	1	15
Amortization expense	(24)	(1)	(329)	(129)	(483)
Impairment expense	(32)	-	-	(1)	(33)
Translation adjustment	(25)	(172)	(21)	(9)	(228)
Reclassifications	68	-	170	(179)	58
As of December 31, 2020	**12,877**	**2,130**	**665**	**472**	**16,143**
Acquisitions	-	-	244	337	581
Disposals and retirements	-	-	(7)	1	(6)
Changes in the scope of consolidation	6,503	-	147	28	6,678
Amortization expense	(9)	-	(372)	(147)	(528)
Impairment expense	1	-	(1)	(13)	(13)
Translation adjustment	641	156	33	16	845
Reclassifications	-	-	140	(157)	(17)
As of December 31, 2021	**20,013**	**2,285**	**849**	**536**	**23,684**

3.3 Brands and trade names

The breakdown of brands and trade names by business group is as follows:

(EUR millions)			**December 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2020**
	Gross	**Amortization and impairment**	**Net**	**Net**	**Net**
Wines and Spirits	3,425	(158)	3,267	3,104	2,734
Fashion and Leather Goods	5,561	(336)	5,225	5,211	4,958
Perfumes and Cosmetics	1,395	(86)	1,309	1,291	1,287
Watches and Jewelry	10,694	(101)	10,594	10,119	3,606
Selective Retailing	4,056	(1,646)	2,410	2,285	2,130
Other activities	462	(172)	290	290	292
Brands and trade names	**25,594**	**(2,499)**	**23,095**	**22,298**	**15,006**

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2022, the principal acquired brands and trade names were:

- Wines and Spirits: Hennessy, Moët & Chandon, Dom Pérignon, Veuve Clicquot, Krug, Château d'Yquem, Belvedere, Glenmorangie, Newton Vineyards, Bodega Numanthia, Château d'Esclans, Armand de Brignac and Joseph Phelps;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Celine, Loewe, Givenchy, Kenzo, Berluti, Pucci, Loro Piana, Rimowa and Off-White;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh, Acqua di Parma, KVD Vegan Beauty, Fenty, Ole Henriksen, Maison Francis Kurkdjian and Officine Universelle Buly 1803;
- Watches and Jewelry: Tiffany, Bulgari, TAG Heuer, Zenith, Hublot, Chaumet, Fred and Repossi;
- Selective Retailing: DFS Galleria, Sephora and Le Bon Marché;
- Other activities: the publications of the media group Les Echos-Investir, the daily newspaper Le Parisien-Aujourd'hui en France, the Royal Van Lent-Feadship brand, La Samaritaine, the hotel group Belmond and the Cova pastry shop brand.

These brands and trade names are recognized in the balance sheet at their value determined as of the date of their acquisition by the Group, which may be much less than their value in use or their market value as of the closing date for the Group's consolidated financial statements. This is notably the case for the brands Louis Vuitton, Christian Dior Couture, Veuve Clicquot and Parfums Christian Dior, and the trade name Sephora, with the understanding that this list must not be considered exhaustive.

See also Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

Note 4. Goodwill

(EUR millions)			December 31, 2022	Dec. 31, 2021	Dec. 31, 2020
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	18,366	(2,015)	16,351	15,302	7,911
Goodwill arising on purchase commitments for minority interests' shares	6,899	-	6,899	9,070	6,597
Total	**25,265**	**(2,015)**	**23,250**	**24,371**	**14,508**

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

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
As of January 1	**26,349**	**(1,977)**	**24,371**	**14,508**	**14,500**
Changes in the scope of consolidation	534	70	604	6,879	(27)
Changes in purchase commitments for minority interests' shares	(2,204)	-	(2,204)	2,467	278
Changes in impairment	-	(27)	(27)	(78)	(178)
Translation adjustment	587	(81)	506	596	(67)
As of December 31	**25,265**	**(2,015)**	**23,250**	**24,371**	**14,508**

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

Changes in the scope of consolidation mainly arose from the acquisition of Joseph Phelps as well as the consolidation of acquisitions made prior to 2022, in particular Officine Universelle Buly and Feelunique, and from Sephora's disposal of its subsidiary in Russia. See Note 2.

Translation adjustments mainly related to goodwill recognized in US dollars, based on fluctuations in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

In 2021, changes in the scope of consolidation mainly resulted from the acquisition of Tiffany. See Note 2.

Note 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. No significant impairment expense was recognized in respect of these items during the course of fiscal year 2022.

As described in Note 1.17, these assets are generally valued on the basis of the present value of forecast cash flows determined in the context of multi-year business plans drawn up each fiscal year. The consequences of the Covid-19 pandemic continue to disrupt the commercial operations of certain Maisons, particularly due to the decrease in business travel and tourist numbers in Asia. However, the Group believes that these disruptions are not likely to affect the achievement of objectives set in multi-year business plans.

The main assumptions used to determine these forecast cash flows are as follows:

Business group (as %)	December 31, 2022				December 31, 2021			December 31, 2020		
	Discount rate		Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	7.1 to 11.9	9.6 to 16.1	8.2	2.0	6.7 to 11.6	7.4	2.0	6.0 to 10.8	5.8	2.0
Fashion and Leather Goods	9.6 to 11.0	13.0 to 14.9	9.4	2.0	7.4 to 10.2	10.6	2.0	7.1 to 9.6	10.5	2.0
Perfumes and Cosmetics	8.3 to 8.5	11.2 to 11.5	10.9	2.0	7.3	12.2	2.0	6.5 to 9.2	9.1	2.0
Watches and Jewelry	8.8 to 9.0	11.9 to 12.2	8.8	2.0 to 2.5	8.2	10.1	2.0	7.5 to 8.9	9.4	2.0
Selective Retailing	9.7 to 9.8	13.1 to 13.2	9.5	2.0	8.6	11.5	2.0	7.0 to 8.9	8.0	2.0
Other	8.5 to 9.7	11.5 to 13.1	4.7	2.0	6.6 to 9.0	7.6	2.0	6.0 to 9.0	6.6	2.0

Plans generally cover a five-year period, but may be prolonged up to ten years in the case of brands for which the production cycle exceeds five years or brands undergoing strategic repositioning.

Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of December 31, 2022, the intangible assets with indefinite useful lives that are the most significant in terms of their carrying amounts and the criteria used for impairment testing are as follows:

(EUR millions)	Brands and trade names	Goodwill	Total	Post-tax discount rate (as %)	Growth rate for the period after the plan (as %)	Period covered by the forecast cash flows
Louis Vuitton	2,059	613	2,673	9.6	2.0	5 years
Loro Piana	1,300	1,048	2,348	9.6	2.0	5 years
Fendi	713	416	1,129	9.6	2.0	5 years
Tiffany	6,844	7,694	14,539	8.8	2.5	10 years
Bulgari	2,100	1,547	3,647	9.0	2.0	5 years
TAG Heuer	1,260	239	1,499	9.0	2.0	5 years
DFS	2,146	-	2,146	9.8	2.0	5 years
Belmond	126	772	898	9.5	2.0	10 years
Hennessy	1,067	47	1,114	7.1	2.0	5 years

As of December 31, 2022, four business segments disclosed intangible assets with a carrying amount close to their recoverable amount (including three for which the net carrying amount of intangible assets with indefinite useful lives is significant). Impairment tests relating to intangible assets with indefinite useful lives in these business segments have been carried out based on value in use. The amount of these intangible assets as of December 31, 2022 and the impairment loss that would result from a 1.5-point increase in the post-tax discount rate, a 1.0-point decrease in the growth rate for the period not covered by the plans, or a 4-point decrease in the compound annual growth rate for revenue compared to rates used as of December 31, 2022, break down as follows:

(EUR millions)	Amount of intangible assets concerned as of December 31, 2022	Amount of impairment if:		
		Post-tax discount rate increases by 1.5 points	Annual growth rate for revenue decreases by 4 points	Growth rate for the period after the plans decreases by 1.0 point
Fashion and Leather Goods	2,348	(86)	(142)	(55)
Watches and Jewelry	14,539	(25)	(1,332)	-
Other activities	1,084	(97)	(138)	(125)
Total	**17,971**	**(207)**	**(1,612)**	**(180)**

The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant in view of the current economic environment and medium- to long-term growth prospects for the business segments concerned. Moreover, a four-point decrease in the average growth rate for revenue over the plan period is a pessimistic assumption with a very low probability of occurrence.

As of December 31, 2022, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2022 were 471 million euros and 193 million euros, respectively (1,087 million euros and 931 million euros as of December 31, 2021).

Impairment and amortization expenses recognized during fiscal year 2022 came to 50 million euros. See Note 26.

Note 6. Property, plant and equipment

(EUR millions)	December 31, 2022			Dec. 31, 2021	Dec. 31, 2020
	Gross	Depreciation and impairment	Net	Net	Net
Land	4,968	(21)	4,947	4,230	3,907
Vineyard land and producing vineyards[(a)]	2,861	(132)	2,729	2,623	2,551
Buildings	7,566	(2,847)	4,720	4,042	3,400
Investment property	481	(44)	437	323	318
Leasehold improvements, machinery and equipment	19,486	(13,714)	5,773	5,114	4,459
Assets in progress	1,810	(1)	1,809	1,302	1,176
Other property, plant and equipment	2,565	(564)	2,000	1,909	1,763
Total	**39,737**	**(17,323)**	**22,414**	**19,543**	**17,575**
Of which: Historical cost of vineyard land	*760*	-	*760*	*608*	*601*

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

6.1 Changes during the fiscal year

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**	**Investment 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, 2021	**2,739**	**10,850**	**362**	**11,972**	**3,598**	**2,039**	**1,303**	**2,456**	**35,320**
Acquisitions	26	1,062	115	909	204	161	1,770	152	4,398
Change in the market value of vineyard land	(72)	-	-	-	-	-	-	-	(72)
Disposals and retirements	(2)	(50)	-	(597)	(63)	(102)	(5)	(70)	(888)
Changes in the scope of consolidation	127	91	-	2	49	-	3	(25)	246
Translation adjustment	4	86	5	181	30	48	13	22	387
Other movements, including transfers	39	496	-	832	125	98	(1,274)	30	347
As of December 31, 2022	**2,861**	**12,534**	**481**	**13,298**	**3,943**	**2,244**	**1,810**	**2,565**	**39,737**

Depreciation and impairment *(EUR millions)*	**Vineyard land and producing vineyards**	**Land and buildings**	**Investment 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, 2021	**(117)**	**(2,577)**	**(38)**	**(8,573)**	**(2,447)**	**(1,476)**	**(1)**	**(547)**	**(15,777)**
Depreciation expense	(7)	(292)	(6)	(1,260)	(240)	(185)	-	(66)	(2,056)
Impairment expense	(1)	(49)	-	(10)	1	-	(1)	(2)	(61)
Disposals and retirements	1	50	1	595	61	100	1	19	828
Changes in the scope of consolidation	(9)	(8)	-	3	(27)	2	-	32	(6)
Translation adjustment	(1)	(36)	-	(140)	(22)	(42)	-	(8)	(250)
Other movements, including transfers	-	45	-	(60)	(6)	14	-	8	1
As of December 31, 2022	**(132)**	**(2,867)**	**(44)**	**(9,446)**	**(2,680)**	**(1,588)**	**(1)**	**(564)**	**(17,323)**
Carrying amount as of December 31, 2022	**2,729**	**9,667**	**437**	**3,853**	**1,263**	**657**	**1,809**	**2,000**	**22,414**

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

In 2022, as in 2021, purchases of property, plant and equipment mainly included investments by the Group's Maisons – notably Christian Dior, Louis Vuitton, Tiffany and Sephora – 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.

In the second half of 2022, an investment was made in several buildings in Paris, which resulted in particular in the Group acquiring full ownership of the premises serving as its headquarters, in which it had previously held a 40% stake, recognized under "Investments in joint ventures and associates". The previously held stake was remeasured (see Note 26) and the corresponding investment (see Note 8) was reclassified under "Property, plant and equipment" at its new value.

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

Translation adjustments on property, plant and equipment mainly related to fixed assets recognized in US dollars, based on fluctuations in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

The market value of investment property, according to appraisals by independent third parties, was at least 0.6 billion euros as of December 31, 2022. The valuation methods used are based on market data.

6.2 Changes during prior fiscal years

Changes in property, plant and equipment during prior fiscal years broke down as follows:

Carrying amount *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment 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, 2019	**2,537**	**6,948**	**322**	**3,216**	**1,015**	**486**	**1,650**	**1,706**	**17,878**
Acquisitions	19	295	1	464	135	91	911	67	1,984
Disposals and retirements	(2)	(12)	(4)	(6)	(8)	(2)	(4)	1	(37)
Depreciation expense	(6)	(238)	(2)	(1,024)	(211)	(149)	-	(75)	(1,706)
Impairment expense	(2)	(10)	-	(3)	(2)	-	(5)	(3)	(26)
Change in the market value of vineyard land	(3)	-	-	-	-	-	-	-	(3)
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Translation adjustment	(13)	(239)	(6)	(156)	(16)	(13)	(31)	(15)	(490)
Other movements, including transfers	21	565	8	466	100	77	(1,344)	83	(25)
As of December 31, 2020	**2,551**	**7,307**	**318**	**2,957**	**1,012**	**490**	**1,176**	**1,763**	**17,575**
Acquisitions	11	398	7	679	159	106	1,162	150	2,672
Disposals and retirements	(4)	(231)	-	(8)	(6)	(3)	(11)	(12)	(275)
Depreciation expense	(6)	(282)	(3)	(1,141)	(224)	(174)	-	(64)	(1,894)
Impairment expense	-	(7)	(2)	(8)	(1)	-	(21)	(1)	(40)
Change in the market value of vineyard land	52	-	-	-	-	-	-	-	52
Changes in the scope of consolidation	-	385	-	351	58	59	112	52	1,016
Translation adjustment	11	194	6	152	20	14	39	18	454
Other movements, including transfers	8	508	(4)	417	135	72	(1,156)	3	(16)
As of December 31, 2021	**2,623**	**8,272**	**323**	**3,398**	**1,152**	**564**	**1,302**	**1,909**	**19,543**

In 2021, 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.

Purchases of property, plant and equipment in fiscal year 2020 mainly included investments by the Group's brands in their retail networks and investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment, as well as investments relating to the Group's hotel activities.

Note 7. Leases

7.1 Right-of-use assets

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

(EUR millions)			December 31, 2022	Dec. 31, 2021	Dec. 31, 2020
	Gross	Depreciation and impairment	Net	Net	Net
Stores	18,270	(7,069)	11,202	10,636	10,053
Offices	3,273	(1,000)	2,274	1,991	1,433
Other	1,185	(329)	856	771	721
Capitalized fixed lease payments	**22,729**	**(8,397)**	**14,332**	**13,398**	**12,207**
Leasehold rights	847	(570)	277	301	308
Total	**23,576**	**(8,967)**	**14,609**	**13,699**	**12,515**

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

Gross value *(EUR millions)*				Capitalized fixed lease payments	Leasehold rights	Total
	Stores	Offices	Other	Total		
As of December 31, 2021	**16,065**	**2,762**	**1,046**	**19,873**	**840**	**20,713**
New leases entered into	2,737	805	176	3,718	36	3,754
Changes in assumptions	160	(171)	71	60	-	60
Leases ended or canceled	(923)	(157)	(90)	(1,170)	(31)	(1,201)
Changes in the scope of consolidation	(144)	-	(21)	(166)	(2)	(167)
Translation adjustment	414	34	16	464	5	469
Other movements, including transfers	(38)	1	(13)	(51)	(1)	(52)
As of December 31, 2022	**18,270**	**3,273**	**1,185**	**22,729**	**847**	**23,576**

Depreciation and impairment *(EUR millions)*				Capitalized fixed lease payments	Leasehold rights	Total
	Stores	Offices	Other	Total		
As of December 31, 2021	**(5,428)**	**(772)**	**(275)**	**(6,475)**	**(539)**	**(7,014)**
Depreciation expense	(2,452)	(355)	(129)	(2,936)	(61)	(2,998)
Impairment expense	(16)	2	-	(14)	5	(9)
Leases ended or canceled	859	139	69	1,067	27	1,094
Changes in the scope of consolidation	98	(2)	1	97	2	99
Translation adjustment	(151)	(10)	(4)	(165)	(3)	(169)
Other movements, including transfers	21	(2)	10	29	-	29
As of December 31, 2022	**(7,069)**	**(1,000)**	**(329)**	**(8,397)**	**(570)**	**(8,967)**
Carrying amount as of December 31, 2022	**11,202**	**2,274**	**856**	**14,332**	**277**	**14,609**

"New leases entered into" involved store leases, in particular for Louis Vuitton, Tiffany, Christian Dior Couture and DFS. They also included leases of office space, mainly for Tiffany and the holding companies. Changes in assumptions mainly resulted from adjustments to estimated lease terms. These two types of changes led to corresponding increases in right-of-use assets and lease liabilities.

Changes in the scope of consolidation mainly related to Sephora's disposal of its subsidiary in Russia.

Translation adjustments mainly related to leases recognized in US dollars, based on fluctuations in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

7.2 Lease liabilities

Lease liabilities break down as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Non-current lease liabilities	12,776	11,887	10,665
Current lease liabilities	2,632	2,387	2,163
Total	**15,408**	**14,275**	**12,829**

The change in lease liabilities during the fiscal year breaks down as follows:

(EUR millions)	Stores	Offices	Other	Total
As of December 31, 2021	**11,309**	**2,198**	**768**	**14,275**
New leases entered into	2,698	793	165	3,656
Principal repayments	(2,291)	(302)	(118)	(2,711)
Change in accrued interest	10	2	2	14
Leases ended or canceled	(70)	(18)	(23)	(111)
Changes in assumptions	147	(172)	71	45
Changes in the scope of consolidation	(47)	(2)	(26)	(75)
Translation adjustment	288	30	16	334
Other movements, including transfers	(20)	1	-	(20)
As of December 31, 2022	**12,024**	**2,530**	**854**	**15,408**

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2022:

(EUR millions)		As of December 31, 2022 Total minimum future payments
Maturity:	2023	2,853
	2024	2,530
	2025	2,122
	2026	1,819
	2027	1,468
	Between 2028 and 2032	3,930
	Between 2033 and 2037	1,089
	Thereafter	1,264
Total minimum future payments		**17,076**
Impact of discounting		(1,668)
Total lease liability		**15,408**

7.3 Breakdown of lease expense

The lease expense for the fiscal year breaks down as follows:

(EUR millions)	2022	2021	2020
Depreciation and impairment of capitalized fixed lease payments	2,950	2,634	2,572
Interest on lease liabilities	254	242	281
Capitalized fixed lease expense	**3,204**	**2,876**	**2,853**
Variable lease payments	2,445	1,702	755
Short-term leases and/or low-value leases	458	506	320
Other lease expenses	**2,902**	**2,208**	**1,075**
Total	**6,107**	**5,084**	**3,928**

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.

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

7.4 Changes during prior fiscal years

The change in right-of-use assets during the previous fiscal years breaks down as follows, by type of underlying asset:

Carrying amount *(EUR millions)*	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
As of December 31, 2019	**9,861**	**1,436**	**749**	**12,047**	**362**	**12,409**
New leases entered into	2,112	417	115	2,643	7	2,650
Changes in assumptions	931	(84)	11	858	-	858
Leases ended or canceled	(131)	(12)	(17)	(160)	(1)	(161)
Depreciation expense	(2,111)	(286)	(117)	(2,514)	(54)	(2,568)
Impairment expense	1	(2)	-	(1)	(3)	(4)
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	(600)	(41)	(37)	(678)	(6)	(684)
Other movements, including transfers	(11)	5	19	13	3	16
As of December 31, 2020	**10,054**	**1,433**	**722**	**12,207**	**308**	**12,515**
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	(74)	(15)	-	(90)	(3)	(93)
Depreciation expense	(2,177)	(342)	(116)	(2,634)	(50)	(2,684)
Impairment expense	-	-	-	-	(7)	(7)
Changes in the scope of consolidation	675	159	23	856	1	858
Translation adjustment	511	49	25	584	4	588
Other movements, including transfers	(1)	(10)	1	(10)	4	(6)
As of December 31, 2021	**10,636**	**1,991**	**771**	**13,398**	**301**	**13,699**

The change in lease liabilities during the previous fiscal years breaks down as follows:

(EUR millions)	Stores	Offices	Other	Total
As of December 31, 2019	**10,264**	**1,532**	**749**	**12,545**
New leases entered into	2,082	405	112	2,600
Principal repayments	(1,911)	(250)	(113)	(2,275)
Change in accrued interest	(12)	2	2	(8)
Leases ended or canceled	(138)	(10)	(9)	(158)
Changes in assumptions	911	(84)	11	837
Changes in the scope of consolidation	-	-	-	-
Translation adjustment	(629)	(46)	(33)	(708)
Other movements, including transfers	(13)	7	1	(5)
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**

7.5 Off-balance sheet commitments

Off-balance sheet commitments relating to leases with fixed lease payments break down as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Contracts commencing after the balance sheet date	872	459	1,324
Low-value leases and short-term leases	207	167	180
Total undiscounted future payments	**1,078**	**626**	**1,504**

As part of the active management of its retail network, the Group negotiates and enters into leases with commencement dates after the balance sheet date. Obligations to make payments under these leases are reported as off-balance sheet commitments rather than being recognized as lease liabilities.

In addition, the Group may enter into leases or concession contracts that have variable guaranteed amounts, which are not reflected in the commitments above.

7.6 Discount rates

The average discount rate for lease liabilities breaks down as follows for leases in effect as of December 31, 2022:

(as %)	Average rate for leases in effect as of December 31, 2022	Average rate for leases entered into in 2022
Euro	0.8	1.6
US dollar	2.8	2.6
Japanese yen	0.3	0.3
Hong Kong dollar	1.9	1.6
Other currencies	2.2	2.2
Average rate for the Group	**1.9**	**2.0**

7.7 Termination and renewal options

The term used to calculate the lease liability is generally the contractual term of the lease. Special cases may exist where an early termination option or a renewal option is reasonably certain to be exercised, and as such the lease term used to calculate the lease liability is reduced or extended, respectively.

The table below presents the impact of these assumptions on lease liabilities recognized as of December 31, 2022:

(EUR millions)	As of December 31, 2022				
	Lease liabilities	*Of which:*		Impact of options not taken into account(a)	
		Impact of early termination options	*Impact of renewal options*	Renewal options	Early termination options
Lease liabilities related to contracts:					
– with options	6,215	*(52)*	*1,617*	1,720	(940)
– without options	9,193	-	-	-	-
Total	**15,408**	***(52)***	***1,617***	**1,720**	**(940)**

(a) The impact of options not taken into account presented in the table above was calculated by discounting future lease payments on the basis of the last known contractual term.

Note 8. Investments in joint ventures and associates

(EUR millions)	2022				2021		2020	
	Gross	Impairment	Net	*Of which: Joint arrangements*	Net	*Of which: Joint arrangements*	Net	*Of which: Joint arrangements*
Share of net assets of joint ventures and associates as of January 1	**1,084**	**-**	**1,084**	***432***	**990**	***426***	**1,074**	***448***
Share of net profit/(loss) for the period	37	-	37	*4*	14	*1*	(42)	*(13)*
Dividends paid	(60)	-	(60)	*(9)*	(54)	*(9)*	(24)	*(12)*
Changes in the scope of consolidation	30	-	30	*31*	95	-	-	-
Capital increases subscribed	28	-	28	*26*	3	*2*	10	*7*
Translation adjustment	15	-	15	*8*	36	*11*	(34)	*(14)*
Other, including transfers	(69)	-	(69)	*3*	-	-	5	*9*
Share of net assets of joint ventures and associates as of December 31	**1,066**	**-**	**1,066**	***496***	**1,084**	***432***	**990**	***426***

As of December 31, 2021 and December 31, 2020, investments in joint ventures and associates included a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris (France) that serves as the headquarters of LVMH Moët Hennessy Louis Vuitton SE. LVMH acquired the remaining 60% stake in Mongoual SA during fiscal year 2022. See Note 6.

As of December 31, 2022, investments in joint ventures and associates consisted primarily of the following:

- For joint arrangements:
  - a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;
  - a 50% stake in hotel and rail transport activities operated by Belmond in Peru.

- For other companies:
  - a 40% stake in L Catterton Management, an investment fund management company created in December 2015 in partnership with Catterton;
  - a 49% stake in Stella McCartney, a London-based ready-to-wear brand.

Changes in the scope of consolidation in fiscal year 2021 mainly resulted from the acquisition of a stake in Off-White Srl via Off-White LLC. See Note 2.

Note 9. Non-current available for sale financial assets

(EUR millions)	2022	2021	2020
As of January 1	**1,363**	**739**	**915**
Acquisitions	369	569	159
Disposals at net realized value	(98)	(107)	(213)
Changes in market value[(a)]	(125)	153	24
Changes in the scope of consolidation	(410)	(3)	-
Translation adjustment	10	12	(13)
Reclassifications[(b)]	-	-	(133)
As of December 31	**1,109**	**1,363**	**739**

(a) Recognized within "Net financial income/(expense)" and, in 2021, partly within "Other operating income and expenses" (see Note 26).
(b) See Note 14.

Changes in the scope of consolidation in 2022 related to the initial consolidation of various acquisitions carried out in prior years that had temporarily not been consolidated due to their low materiality.

Note 10. Other non-current assets

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Warranty deposits	554	482	409
Derivatives[(a)]	97	55	110
Loans and receivables	444	413	280
Other	91	103	46
Total	**1,187**	**1,054**	**845**

(a) See Note 23.

Note 11. Inventories and work in progress

(EUR millions)	December 31, 2022			Dec. 31, 2021	Dec. 31, 2020
	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	5,956	(24)	5,932	5,433	5,313
Other raw materials and work in progress	4,976	(788)	4,187	2,885	1,732
	10,932	**(812)**	**10,120**	**8,319**	**7,046**
Goods purchased for resale	2,695	(285)	2,410	1,951	1,706
Finished products	9,416	(1,626)	7,790	6,279	4,264
	12,111	**(1,911)**	**10,200**	**8,230**	**5,970**
Total	**23,042**	**(2,723)**	**20,319**	**16,549**	**13,016**

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

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
As of January 1	**19,075**	**(2,526)**	**16,549**	**13,016**	**13,717**
Change in gross inventories	4,169	-	4,169	1,567	562
Impact of provision for returns[(a)]	(17)	-	(17)	34	12
Impact of marking harvests to market	24	-	24	(35)	(27)
Changes in provision for impairment	-	(574)	(574)	(447)	(797)
Changes in the scope of consolidation	46	7	53	1,808	-
Translation adjustment	173	(44)	129	605	(457)
Other, including reclassifications	(426)	414	(13)	1	7
As of December 31	**23,042**	**(2,723)**	**20,319**	**16,549**	**13,016**

(a) See Note 1.28.

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

(EUR millions)	2022	2021	2020
Impact of marking the fiscal year's harvest to market	40	(12)	(7)
Impact of inventory sold during the fiscal year	(16)	(23)	(20)
Net impact on cost of sales for the fiscal year	**24**	**(35)**	**(27)**
Net impact on the value of inventory as of December 31	**82**	**58**	**93**

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

Note 12. Trade accounts receivable

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Trade accounts receivable, nominal amount	4,369	3,914	2,880
Provision for impairment	(111)	(127)	(124)
Net amount	**4,258**	**3,787**	**2,756**

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

(EUR millions)			2022	2021	2020
	Gross	Impairment	Net	Net	Net
As of January 1	**3,914**	**(127)**	**3,787**	**2,756**	**3,450**
Changes in gross receivables	394	-	394	613	(528)
Changes in provision for impairment	-	6	6	(16)	(41)
Changes in the scope of consolidation	40	3	42	254	1
Translation adjustment	51	(3)	49	164	(148)
Reclassifications	(30)	10	(20)	16	22
As of December 31	**4,369**	**(111)**	**4,258**	**3,787**	**2,756**

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.

As of December 31, 2022, the breakdown of the nominal amount of trade accounts receivable and of provisions for impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	– Less than 3 months	3,715	(35)	3,681
	– More than 3 months	100	(8)	92
		3,815	**(43)**	**3,772**
Overdue:	– Less than 3 months	415	(15)	400
	– More than 3 months	138	(53)	86
		554	**(68)**	**486**
Total		**4,369**	**(111)**	**4,258**

The present value of trade accounts receivable is identical to their carrying amount.

Note 13. Other current assets

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Current available for sale financial assets[(a)]	3,614	2,544	752
Derivatives[(b)]	462	258	968
Tax accounts receivable, excluding income taxes	1,602	1,210	956
Advances and payments on account to vendors	386	315	209
Prepaid expenses	613	503	387
Other receivables	875	777	574
Total	**7,550**	**5,606**	**3,846**

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

Note 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)	2022	2021	2020
As of January 1	**2,544**	**752**	**733**
Acquisitions	1,525	1,692	576
Disposals at net realized value	(360)	(296)	(653)
Changes in market value[(a)]	(95)	394	(34)
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	2	-
Reclassifications	-	-	130
As of December 31	**3,614**	**2,544**	**752**
Of which: Historical cost of current available for sale financial assets	*3,275*	*2,117*	*719*

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

Note 15. Cash and change in cash

15.1 Cash and cash equivalents

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Term deposits (less than 3 months)	1,088	1,828	13,546
SICAV and FCP funds	287	477	1,943
Ordinary bank accounts	6,213	5,818	4,869
Cash and cash equivalents per balance sheet	**7,588**	**8,122**	**20,358**

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)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	7,588	8,122	20,358
Bank overdrafts	(200)	(203)	(156)
Net cash and cash equivalents per cash flow statement	**7,388**	**7,918**	**20,201**

15.2 Change in working capital

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

(EUR millions)	Notes	2022	2021	2020
Change in inventories and work in progress	11	(4,169)	(1,567)	(562)
Change in trade accounts receivable	12	(394)	(613)	528
Change in balance of amounts owed to customers	22.1	6	27	(10)
Change in trade accounts payable	22.1	1,532	1,576	(560)
Change in other receivables and payables		8	1,002	235
Change in working capital[(a)]		**(3,019)**	**426**	**(369)**

(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	2022	2021	2020
Purchase of intangible assets	3	(685)	(580)	(480)
Purchase of property, plant and equipment	6	(4,398)	(2,675)	(1,984)
Change in accounts payable related to fixed asset purchases		161	221	(55)
Initial direct costs	7	(27)	(37)	(7)
Net cash used in purchases of fixed assets		**(4,948)**	**(3,071)**	**(2,526)**
Net cash from fixed asset disposals		73	444	51
Guarantee deposits paid and other cash flows related to operating investments		(94)	(37)	(3)
Operating investments[(a)]		**(4,969)**	**(2,664)**	**(2,478)**

(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)	2022	2021	2020
Interim and final dividends paid by Christian Dior SE[(a)]	(2,165)	(1,263)	(830)
Interim and final dividends paid to minority interests in consolidated subsidiaries	(3,944)	(2,477)	(1,725)
Tax paid related to interim and final dividends paid[(b)]	(356)	(226)	(130)
Interim and final dividends paid	**(6,465)**	**(3,967)**	**(2,685)**

(a) See Note 16.4.
(b) Tax paid related to interim and final dividends paid exclusively related to intra-Group dividends; see Note 28.

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

(EUR millions)	Notes	2022	2021	2020
Capital increases of subsidiaries subscribed by minority interests		12	4	39
Acquisition and disposal of Christian Dior treasury shares	16.3	-	-	-
Other equity-related transactions		**12**	**4**	**39**

Note 16. Equity

16.1 Equity

(EUR millions)	Notes	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Share capital	16.2	361	361	361
Share premium account		194	194	194
Christian Dior shares	16.3	(17)	(17)	(17)
Cumulative translation adjustment	16.5	1,087	579	(278)
Revaluation reserves		547	374	270
Other reserves		11,068	8,934	8,807
Net profit, Group share		5,797	4,946	1,933
Equity, Group share		**19,038**	**15,372**	**11,270**

16.2 Share capital and share premium account

As of December 31, 2022, the share capital consisted of 180,507,516 fully paid-up shares (180,507,516 as of both December 31, 2021 and December 31, 2020), with a par value of 2 euros per share, including 130,155,394 shares with double voting rights (130,045,992 as of December 31, 2021 and 127,282,026 as of December 31, 2020). Double voting rights are attached to registered shares held for more than three years.

16.3 Christian Dior shares

The portfolio of Christian Dior shares is allocated as follows:

(number of shares or EUR millions)	December 31, 2022		Dec. 31, 2021	Dec. 31, 2020
	Number	Amount	Amount	Amount
Share purchase option plans	-	-	-	-
Bonus share and performance share plans	-	-	-	-
Future plans	96,936	17	17	17
Christian Dior shares	**96,936**	**17**	**17**	**17**

No portfolio movements of Christian Dior shares took place during the fiscal year ended December 31, 2022.

16.4 Dividends paid by the parent company, Christian Dior 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 cost of treasury shares.

As of December 31, 2022, the distributable amount was 3,643 million euros; after taking into account the proposed dividend distribution in respect of the 2022 fiscal year, it was 2,380 million euros.

(EUR millions)	2022	2021	2020
Interim dividend for the current fiscal year (2022: 5.00 euros; 2021: 3.00 euros; 2020: 2.00 euros)	902	541	361
Impact of treasury shares	-	-	-
Gross amount disbursed for the fiscal year	**902**	**541**	**361**
Final dividend for the previous fiscal year (2021: 7.00 euros; 2020: 4.00 euros; 2019: 2.60 euros)	1,264	722	469
Impact of treasury shares	(1)	-	-
Gross amount disbursed for the previous fiscal year	**1,263**	**722**	**469**
Total gross amount disbursed during the fiscal year[(a)]	**2,165**	**1,263**	**830**

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

The final dividend for fiscal year 2022, as proposed at the Shareholders' Meeting of April 20, 2023, is 7 euros per share, representing a total of 1,264 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)	Dec. 31, 2022	Change	Dec. 31, 2021	Dec. 31, 2020
US dollar	705	395	310	(343)
Swiss franc	441	51	391	327
Japanese yen	(5)	(36)	31	41
Hong Kong dollar	211	(9)	220	118
Pound sterling	(51)	(61)	10	(46)
Other currencies	(131)	124	(255)	(189)
Foreign currency net investment hedges[(a)]	(82)	45	(127)	(186)
Total, Group share	**1,087**	**508**	**579**	**(278)**

(a) Including: -60 million euros with respect to the US dollar (-60 million euros as of December 31, 2021 and -52 million euros as of December 31, 2020), -49 million euros with respect to the Hong Kong dollar (-48 million euros as of December 31, 2021 and 2020) and -93 million euros with respect to the Swiss franc (-94 million euros as of December 31, 2021 and -87 million euros as of December 31, 2020). These amounts include the tax impact.

16.6 Strategy relating to the Group's financial structure

The Group believes that the management of its financial structure, together with the development of the companies it owns and the management of its brand portfolio, helps create value for its shareholders. Maintaining a suitable-quality credit rating is a core objective for the Group, ensuring good access to markets under favorable conditions, allowing it to seize opportunities and procure the resources it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 19) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operating activities;
- operating free cash flow (see the consolidated cash flow statement);
- long-term resources to fixed assets;
- proportion of long-term borrowings in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through frequent recourse to several negotiable debt markets (both short- and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts of undrawn confirmed credit lines, intended to cover – and exceed – the outstanding portion of short-term negotiable debt securities programs, while continuing to represent a reasonable cost for the Group.

Note 17. Bonus share and similar plans

17.1 General characteristics of plans

Bonus share and performance share plans

At the Shareholders' Meeting of April 21, 2022, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2024, to grant existing or newly issued shares as bonus shares to Group company employees and/or senior executives, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

No Christian Dior bonus share or performance share plans have been set up since December 6, 2016.

17.2 Bonus share and performance share plans

No bonus share plans were in effect in fiscal year 2022.

17.3 Expense for the fiscal year

Expenses recognized for the fiscal year for share purchase option, bonus share and performance share plans break down as follows:

(EUR millions)	**2022**	**2021**	**2020**
Expense for the fiscal year	**132**	**132**	**62**

See Note 1.30 regarding the method used to determine the accounting expense.

For LVMH

The following table presents the LVMH closing share price the day before the grant date of the 2022 plans and the average unit value of provisionally allocated bonus shares in fiscal year 2022:

Plan commencement date	**Number of shares awarded initially**	***Of which: Performance shares***	**Vesting period of rights**	**LVMH closing share price the day before the grant date**	**Average unit value of provisionally allocated bonus shares**
January 27, 2022	10,790	-	1 year	683.6	673.4
January 27, 2022	1,308	*1,308*	2 years and 9 months	683.6	635.2
July 26, 2022	25,000	*25,000*	2 years and 8 months	637.4	607.3
July 26, 2022	11,032	-	1 year	637.4	625.5
July 26, 2022	1,682	*1,682*	2 years and 3 months	637.4	612.8
October 27, 2022	139,592	*139,592*	3 years	663.0	625.9
Total	**189,404**	***167,582***			

For Christian Dior

No share purchase option, bonus share or performance share plans involving Christian Dior shares were set up in fiscal year 2022.

Note 18. Minority interests

(EUR millions)	**2022**	**2021**	**2020**
As of January 1	**30,995**	**24,974**	**24,837**
Minority interests' share of net profit	8,905	7,718	3,037
Dividends paid to minority interests	(3,905)	(2,498)	(1,733)
Impact of changes in control of consolidated entities	10	373	(10)
Impact of acquisition and disposal of minority interests' shares	(1,068)	(947)	(29)
Capital increases subscribed by minority interests	28	12	54
Minority interests' share in gains and losses recognized in equity	1,036	1,462	(1,111)
Minority interests' share in expenses related to bonus share and similar plans	79	80	36
Impact of changes in minority interests with purchase commitments	(804)	(179)	(107)
As of December 31	**35,276**	**30,995**	**24,974**

The change in minority interests' share in gains and losses recognized in equity, including the tax impact, 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, 2019	**648**	**(72)**	**936**	**(159)**	**1,353**
Changes during the fiscal year	(1,026)	(75)	-	(10)	(1,111)
Changes due to LVMH SE treasury shares	-	-	-	-	-
As of December 31, 2020	**(378)**	**(148)**	**936**	**(168)**	**242**
Changes during the fiscal year	1,334	(18)	28	119	1,462
Changes due to LVMH SE treasury shares	-	-	(1)	-	(1)
As of December 31, 2021	**956**	**(165)**	**963**	**(50)**	**1,704**
Changes during the fiscal year	770	163	(35)	138	1,036
Changes due to LVMH SE treasury shares	(2)	1	(3)	1	(3)
As of December 31, 2022	**1,723**	**(1)**	**925**	**89**	**2,737**

Minority interests are essentially composed of LVMH SE shareholders excluding Christian Dior SE's controlling interest, i.e. shareholders owning 58% of LVMH SE. They were paid a total of 3,523 million euros in dividends during the fiscal year.

Minority interests also include 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 in fiscal year 2022 amounted to 217 million euros in respect of fiscal year 2021. Net profit attributable to Diageo for fiscal year 2022 was 480 million euros, and its share in accumulated minority interests (before recognition of the purchase commitment granted to Diageo) came to 4,265 million euros as of December 31, 2022. As of that date, the condensed consolidated balance sheet of Moët Hennessy was as follows:

(EUR billions)	Dec. 31, 2022
Property, plant and equipment and intangible assets	5.7
Other non-current assets	1.0
Non-current assets	**6.7**
Inventories and work in progress	6.8
Other current assets	1.6
Cash and cash equivalents	2.3
Current assets	**10.7**
Total assets	**17.5**

(EUR billions)	Dec. 31, 2022
Equity	11.8
Non-current liabilities	2.3
Equity and non-current liabilities	**14.1**
Short-term borrowings	1.1
Other current liabilities	2.3
Current liabilities	**3.4**
Total liabilities and equity	**17.5**

No dividend was paid to Mari-Cha Group Ltd in 2022. Net profit attributable to Mari-Cha Group Ltd for fiscal year 2022 was a loss of 101 million euros, and its share in accumulated minority interests as of December 31, 2022 came to 1,252 million euros.

Note 19. Borrowings

19.1 Net financial debt

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Bonds and Euro Medium-Term Notes (EMTNs)	10,185	11,872	13,866
Bank borrowings	194	293	199
Long-term borrowings	**10,380**	**12,165**	**14,065**
Bonds and Euro Medium-Term Notes (EMTNs)	1,486	3,072	1,444
Current bank borrowings	222	377	346
Short-term negotiable debt securities	7,247	4,172	8,575
Other borrowings and credit facilities	160	207	433
Bank overdrafts	200	203	156
Accrued interest	60	61	51
Short-term borrowings	**9,375**	**8,091**	**11,005**
Gross borrowings	**19,755**	**20,256**	**25,070**
Interest rate risk derivatives	144	(6)	(68)
Foreign exchange risk derivatives	170	(63)	321
Gross borrowings after derivatives	**20,069**	**20,188**	**25,323**
Current available for sale financial assets(a)	(3,614)	(2,544)	(752)
Cash and cash equivalents(b)	(7,588)	(8,122)	(20,358)
Net financial debt	**8,867**	**9,521**	**4,213**

(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)	Dec. 31, 2021	Impact on cash(a)	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassifications and other	Dec. 31, 2022
Long-term borrowings	12,165	(64)	(16)	(153)	59	(1,612)	10,380
Short-term borrowings	8,091	(125)	(254)	1	35	1,628	9,375
Gross borrowings	**20,256**	**(189)**	**(270)**	**(152)**	**93**	**16**	**19,755**
Derivatives	(69)	8	(1)	375	-	-	314
Gross borrowings after derivatives	**20,188**	**(181)**	**(271)**	**224**	**93**	**16**	**20,069**

(a) Including a positive impact of 3,774 million euros in respect of proceeds from borrowings, a negative impact of 3,891 million euros in respect of repayment of borrowings and a positive impact of 4 million euros due to a decrease in bank overdrafts.

During the fiscal year, LVMH repaid the 1,750 million euro bond issued in 2020, as well as the 800 million euro bond and the 400 million pound bond both issued in 2017. The associated hedging swaps were unwound on redemption.

During fiscal year 2021, Christian Dior repaid the 350 million euro bond issued in 2016, in advance of its scheduled maturity in June 2021.

During fiscal year 2021, 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.

In February and April 2020, LVMH completed eight bond issues totaling 10.7 billion euros to finance in particular the acquisition of Tiffany, which was completed on January 7, 2021. See Note 19.2 below for details on these bond issues.

The market value of gross borrowings, based on market data and commonly used valuation models, was 18,033 million euros as of December 31, 2022 (19,457 million euros as of December 31, 2021 and 25,500 million euros as of December 31, 2020), including 9,373 million euros in short-term borrowings (8,050 million euros as of December 31, 2021 and 10,971 million euros as of December 31, 2020) and 8,660 million euros in long-term borrowings (11,407 million euros as of December 31, 2021 and 14,529 million euros as of December 31, 2020).

As of December 31, 2022, 2021 and 2020, no financial debt was recognized using the fair value option. See Note 1.23.

19.2 Bonds and EMTNs

Nominal amount *(in currency)*	**Year issued**	**Maturity**	**Initial effective interest rate**[(a)] *(as %)*	**Dec. 31, 2022** *(EUR millions)*	**Dec. 31, 2021** *(EUR millions)*	**Dec. 31, 2020** *(EUR millions)*
GBP 850,000,000	2020	2027	1.125	824	984	970
EUR 1,250,000,000	2020	2024	-	1,250	1,251	1,251
EUR 1,250,000,000	2020	2026	-	1,246	1,245	1,244
EUR 1,750,000,000	2020	2028	0.125	1,727	1,737	1,734
EUR 1,500,000,000	2020	2031	0.375	1,489	1,488	1,487
GBP 700,000,000	2020	2023	1.000	786	832	788
EUR 1,500,000,000	2020	2025	0.375	1,497	1,496	1,494
EUR 1,750,000,000	2020	2022	Floating	-	1,750	1,754
EUR 700,000,000	2019	2023	0.260	700	699	698
EUR 300,000,000	2019	2021	0.030	-	-	300
EUR 1,200,000,000	2017	2024	0.820	1,187	1,202	1,206
EUR 800,000,000	2017	2022	0.460	-	800	801
GBP 400,000,000	2017	2022	1.090	-	477	449
EUR 350,000,000	2016	2021	0.860	-	-	350
USD 750,000,000[(b)]	2016	2021	1.920	-	-	127
EUR 650,000,000	2014	2021	1.120	-	-	656
Other				964	984	-
Total bonds and EMTNs				**11,672**	**14,944**	**15,309**

(a) Before the impact of interest rate hedges implemented when or after the bonds were issued.
(b) Cumulative amounts and weighted average initial effective interest rate based on a 600 million US dollar bond issued in February 2016 at an initial effective interest rate of 1.96% and a 150 million US dollar tap issue carried out in April 2016 at an effective interest rate of 1.74%. These yields were determined excluding the option component.

19.3 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, 2023	1,796	7,579	9,375	(771)	912	141	1,025	8,491	9,516
	December 31, 2024	2,797	-	2,797	(297)	309	12	2,501	309	2,809
	December 31, 2025	1,559	-	1,559	-	-	-	1,559	-	1,559
	December 31, 2026	1,364	-	1,364	(20)	-	(20)	1,344	-	1,344
	December 31, 2027	885	-	885	(822)	985	164	63	985	1,049
	December 31, 2028	1,745	-	1,745	-	18	18	1,745	18	1,763
	Thereafter	2,029	-	2,029	-	-	-	2,029	-	2,029
Total		**12,176**	**7,579**	**19,755**	**(1,910)**	**2,224**	**314**	**10,266**	**9,803**	**20,069**

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

The breakdown by quarter of gross borrowings falling due in 2023 is as follows:

(EUR millions)	Falling due in 2023
First quarter	7,558
Second quarter	1,733
Third quarter	34
Fourth quarter	50
Total	**9,375**

19.4 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)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Euro	14,851	17,592	21,648
US dollar	4,564	2,846	3,120
Swiss franc	(26)	588	80
Japanese yen	309	453	762
Other currencies	371	(1,290)	(287)
Total (a)	**20,069**	**20,188**	**25,323**

(a) The amounts presented above include the impact of swaps to convert Group-level financing into subsidiaries' functional currencies, whether these subsidiaries are borrowers or lenders in the currency concerned.

19.5 Undrawn confirmed credit lines and covenants

As of December 31, 2022, undrawn confirmed credit lines totaled 11.2 billion euros. This amount exceeded the outstanding portion of the short-term negotiable debt securities programs (euro- and US dollar-denominated commercial paper), which totaled 7.2 billion euros as of December 31, 2022.

In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 2022, no significant credit lines were concerned by these provisions.

19.6 Sensitivity

On the basis of debt as of December 31, 2022:

- an instantaneous 1.5-point increase in the yield curves of the Group's debt currencies would raise the annual cost of net financial debt by approximately 150 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 410 million euros after hedging;
- an instantaneous 1.5-point decrease in these same yield curves would lower the annual cost of net financial debt by approximately 150 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 410 million euros after hedging.

19.7 Guarantees and collateral

As of December 31, 2022, borrowings secured by collateral were less than 350 million euros.

Note 20. Provisions and other non-current liabilities

Non-current provisions and other liabilities comprise the following:

(EUR millions)	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2020**
Non-current provisions	1,529	1,771	1,473
Uncertain tax positions	1,364	1,368	1,144
Derivatives[a]	206	45	146
Employee profit sharing	123	105	86
Other liabilities	644	656	438
Non-current provisions and other liabilities	**3,866**	**3,945**	**3,288**

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

(EUR millions)	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2020**
Provisions for pensions, medical costs and similar commitments	622	915	784
Provisions for contingencies and losses	907	856	690
Non-current provisions	**1,529**	**1,771**	**1,473**
Provisions for pensions, medical costs and similar commitments	17	17	9
Provisions for contingencies and losses	539	582	503
Current provisions	**556**	**598**	**512**
Total	**2,085**	**2,369**	**1,985**

Provisions changed as follows during the fiscal year:

(EUR millions)	Dec. 31, 2021	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other(a)	Dec. 31, 2022
Provisions for pensions, medical costs and similar commitments	932	142	(142)	(2)	2	(293)	639
Provisions for contingencies and losses	1,438	402	(234)	(188)	11	16	1,445
Total	**2,369**	**544**	**(376)**	**(189)**	**13**	**(276)**	**2,085**

(a) Including the impact of translation adjustment and change in revaluation reserves. See Note 29 regarding "Provisions for pensions, medical costs and similar commitments".

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes (see Note 32), 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.

Note 21. Purchase commitments for minority interests' shares

As of December 31, 2022, 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.

Note 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)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
As of January 1	**7,086**	**5,098**	**5,814**
Change in trade accounts payable	1,532	1,576	(560)
Change in amounts owed to customers	6	27	(10)
Changes in the scope of consolidation	62	243	-
Translation adjustment	81	226	(159)
Reclassifications	21	(85)	14
As of December 31	**8,788**	**7,086**	**5,098**

22.2 Current provisions and other liabilities

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Current provisions[(a)]	556	598	512
Derivatives[(b)]	300	195	604
Employees and social security	2,448	2,244	1,530
Employee profit sharing	266	226	116
Taxes other than income taxes	1,261	1,101	823
Advances and payments on account from customers	1,224	1,079	723
Provisions for product returns[(c)]	653	648	463
Deferred payment for non-current assets	787	907	538
Deferred income	454	396	353
Other liabilities	1,606	1,779	1,035
Total	**9,554**	**9,174**	**6,698**

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

Note 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 at each sub-consolidation level.

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.

This organization relies on information systems that allow hedging transactions to be monitored quickly.

Hedging decisions are made according to an established process that includes regular presentations to the management bodies concerned 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	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Interest rate risk	Assets:	Non-current		-	4	57
		Current		34	31	33
	Liabilities:	Non-current		(159)	(25)	(10)
		Current		(19)	(5)	(12)
			23.3	**(144)**	**6**	**68**
Foreign exchange risk	Assets:	Non-current		97	51	52
		Current		421	218	670
	Liabilities:	Non-current		(47)	(20)	(136)
		Current		(277)	(182)	(330)
			23.4	**193**	**68**	**257**
Other risks	Assets:	Non-current		-	-	-
		Current		7	9	266
	Liabilities:	Non-current		-	-	-
		Current		(3)	(8)	(263)
			23.5	**4**	**1**	**3**
Total	Assets:	Non-current	10	97	55	110
		Current	13	462	258	968
	Liabilities:	Non-current	20	(206)	(45)	(146)
		Current	22	(300)	(195)	(604)
				53	**74**	**328**

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 curb 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, 2022 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	789	1,258	200	2,248	-	(154)	-	(154)
Interest rate swaps, fixed-rate payer	-	-	-	-	-	-	-	-
Foreign currency swaps, euro-rate payer	789	958	-	1,748	-	-	11	11
Foreign currency swaps, euro-rate receiver	133	-	-	133	-	-	(1)	(1)
Interest rate swaptions	-	-	-	-	-	-	-	-
Total					**-**	**(154)**	**11**	**(144)**

(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 fiscal years (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, 2022 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation (a)				Market value (b) (c)			
	2022	**2023**	**Thereafter**	**Total**	**Future cash flow hedges**	**Fair value hedges**	**Not allocated**	**Total**
Options purchased								
Call USD	-	125	-	125	2	-	-	2
Put JPY	-	19	-	19	-	-	-	-
Put CNY	-	17	-	17	1	-	-	1
Other	-	25	-	25	1	-	-	1
	-	**186**	**-**	**186**	**4**	**-**	**-**	**4**
Collars								
Written USD	134	4,497	598	5,229	42	1	-	43
Written JPY	13	1,401	155	1,569	60	1	-	61
Written GBP	37	487	74	598	24	1	-	26
Written HKD	51	269	36	355	-	(1)	-	(1)
Written CNY	44	3,560	310	3,914	118	-	-	118
	279	**10,214**	**1,172**	**11,665**	**243**	**3**	**-**	**247**
Forward exchange contracts								
USD	11	1,641	-	1,652	103	-	-	103
JPY	-	18	-	18	-	-	-	-
KRW	-	-	-	-	-	(1)	-	(1)
BRL	1	114	-	115	-	(4)	-	(4)
Other	13	143	-	156	4	1	-	4
	25	**1,916**	**-**	**1,941**	**106**	**(5)**	**-**	**102**
Foreign exchange swaps								
USD	213	(1,250)	-	(1,037)	-	(62)	-	(62)
GBP	15	(665)	(696)	(1,345)	-	(71)	-	(71)
JPY	33	255	118	406	-	35	-	35
CNY	360	576	-	937	-	-	-	-
HKD	1	(1,267)	-	(1,266)	-	(61)	-	(61)
Other	-	367	21	388	-	2	-	2
	623	**(1,984)**	**(557)**	**(1,918)**	**-**	**(158)**	**-**	**(158)**
Total	**927**	**10,331**	**616**	**11,874**	**353**	**(160)**	**-**	**193**

(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. As of December 31, 2022, there were no equity-based derivatives outstanding.

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, 2022 had a positive market value of 4 million euros. Considering nominal values of 230 million euros for those financial instruments, a uniform 1% change in their underlying assets' prices as of December 31, 2022 would have a negative net impact on the Group's consolidated reserves of 1 million euros. These instruments will mature in 2023.

23.6 Financial assets and liabilities recognized at fair value by measurement method

(EUR millions)	December 31, 2022			December 31, 2021			December 31, 2020		
	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)
Valuation based on:(a)									
Published price quotations	3,452	-	7,588	2,427	-	8,122	804	-	20,358
Valuation model based on market data	18	559	-	96	314	-	100	1,078	-
Private quotations	1,254	-	-	1,384	-	-	587	-	-
Assets	**4,722**	**559**	**7,588**	**3,907**	**314**	**8,122**	**1,491**	**1,078**	**20,358**
Valuation based on:(a)									
Published price quotations		-			-			-	
Valuation model based on market data		506			240			751	
Private quotations		-			-			-	
Liabilities		**506**			**240**			**751**	

(a) See Note 1.11 for information on the valuation approaches used.

Derivatives used by the Group are measured at fair value according to commonly used valuation models and based on market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on the basis of credit spreads from observable market data, as well as on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative. It was not significant as of December 31, 2022, December 31, 2021 and December 31, 2020.

The amount of financial assets valued on the basis of private quotations changed as follows in 2022:

(EUR millions)	2022
As of January 1	**1,384**
Acquisitions	369
Disposals (at net realized value)	(29)
Gains and losses recognized in the income statement	(70)
Translation adjustment	9
Reclassifications	-
Changes in the scope of consolidation[(a)]	(410)
As of December 31	**1,254**

(a) See Note 9 for information on the changes in the scope of consolidation.

23.7 Impact of financial instruments on the consolidated statement of comprehensive gains and losses

The impact of financial instruments on the consolidated statement of comprehensive gains and losses for the fiscal year breaks down as follows:

(EUR millions)	Foreign exchange risk[(a)]						Interest rate risk[(b)]			Total[(c)]
	Revaluation of effective portions, of which:				Revaluation of cost of hedging	Total	Revaluation of effective portions	Ineffective portion	Total	
	Hedges of future foreign currency cash flows	Fair value hedges	Foreign currency net investment hedges	Total						
Changes in the income statement	-	42	-	42	-	42	(135)	(2)	(137)	(95)
Changes in consolidated gains and losses	331	-	(2)	329	35	364	-	-	-	364

(a) See Notes 1.10 and 1.24 on the principles of fair value adjustments to foreign exchange risk hedging instruments.
(b) See Notes 1.23 and 1.24 on the principles of fair value adjustments to interest rate risk derivatives.
(c) Gain/(Loss).

Since fair value adjustments to hedged items recognized in the balance sheet offset the effective portions of fair value hedging instruments (see Note 1.22), no ineffective portions of foreign exchange hedges were recognized during the fiscal year.

23.8 Sensitivity analysis

The impact on the income statement of gains and losses on hedges of future cash flows, as well as the future cash flows hedged using these instruments, will mainly be recognized in 2023; the amount will depend on exchange rates at that date. The impact on net profit for fiscal year 2022 of a 10% change in the value of the US dollar, the Japanese yen, the pound sterling and the Hong Kong dollar against the euro, including impact of foreign exchange derivatives outstanding during the fiscal year, compared with the rates applying to transactions in 2022, would have been as follows:

(EUR millions)	US dollar		Japanese yen		Pound sterling		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Impact of:								
– change in exchange rates of cash receipts in respect of foreign currency-denominated sales	65	(124)	25	-	7	(5)	6	(8)
– conversion of net profit of entities outside the eurozone	256	(256)	46	(46)	28	(28)	25	(25)
Impact on net profit	**321**	**(380)**	**71**	**(46)**	**35**	**(33)**	**31**	**(33)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2022, mainly comprising options and collars.

As of December 31, 2022, forecast cash collections for 2023 in US dollars and Japanese yen were 79% and 68% hedged, respectively. For the hedged portion, due to the optional nature of the hedging instruments, the exchange rate upon sale will be more favorable than 1.08 USD/EUR for the US dollar and 137 JPY/EUR for the Japanese yen.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2022 can be assessed by measuring the impact of a 10% change in the value of the US dollar, the Japanese yen, the pound sterling and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

(EUR millions)	US dollar		Japanese yen		Pound sterling		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Conversion of foreign currency-denominated net assets	1,744	(1,744)	90	(90)	139	(139)	208	(208)
Change in market value of net investment hedges, after tax	(385)	317	(34)	92	(17)	39	(28)	19
Net impact on equity, excluding net profit	**1,359**	**(1,427)**	**56**	**2**	**122**	**(100)**	**180**	**(189)**

23.9 Liquidity risk

In addition to local liquidity risks, which are generally immaterial, the Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, i.e. 9.4 billion euros, lower than the 11.2 billion euro balance of cash and cash equivalents and current available for sale financial assets; or in relation to the outstanding amount of its short-term negotiable debt securities programs, i.e. 7.2 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 11.2 billion euros.

The Group's liquidity is based on the amount of its investments, its capacity to secure long-term borrowings, the diversity of its investor base (short-term paper and bonds), and the quality of its banking relationships, whether evidenced or not by confirmed lines of credit.

The following table presents the contractual schedule of disbursements for financial liabilities (excluding derivatives) recognized as of December 31, 2022, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2023	2024	2025	2026	2027	More than 5 years	Total
Bonds and EMTNs	1,545	2,756	1,550	1,348	854	3,832	11,885
Bank borrowings	221	88	50	35	3	12	410
Other borrowings and credit facilities	161	8	-	-	-	-	169
Short-term negotiable debt securities	7,247	-	-	-	-	-	7,247
Bank overdrafts	200	-	-	-	-	-	200
Gross borrowings	**9,375**	**2,852**	**1,600**	**1,383**	**857**	**3,844**	**19,910**
Other current and non-current liabilities[(a)]	8,244	126	49	110	91	44	8,664
Trade accounts payable	8,788	-	-	-	-	-	8,788
Other financial liabilities	**17,032**	**126**	**49**	**110**	**91**	**44**	**17,452**
Total financial liabilities	**26,408**	**2,978**	**1,649**	**1,493**	**948**	**3,888**	**37,363**

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 8,244 million euros and to "Other non-current liabilities" for 420 million euros (excluding derivatives and deferred income).

See also Note 7 for the schedule of lease payments.

See Note 31.2 regarding contractual maturity dates of collateral and other guarantee commitments, Notes 19.4 and 23.4 regarding foreign exchange derivatives, and Note 23.3 regarding interest rate risk derivatives.

Note 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, Bulgari 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 Bulgari 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.

24.1 Information by business group

Fiscal year 2022

(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	7,086	38,576	6,701	10,512	14,774	1,536	-	79,184
Intra-Group sales	13	72	1,021	70	79	51	(1,305)	-
Total revenue	**7,099**	**38,648**	**7,722**	**10,581**	**14,852**	**1,586**	**(1,304)**	**79,184**
Profit from recurring operations	2,155	15,709	660	2,017	788	(272)	(7)	21,050
Other operating income and expenses	(12)	(7)	(12)	(5)	(208)	190	-	(54)
Depreciation, amortization and impairment expenses	(260)	(2,431)	(480)	(994)	(1,427)	(291)	112	(5,771)
Of which: Right-of-use assets	*(34)*	*(1,422)*	*(160)*	*(523)*	*(883)*	*(96)*	*112*	*(3,007)*
Other	*(226)*	*(1,008)*	*(321)*	*(471)*	*(544)*	*(194)*	-	*(2,764)*
Intangible assets and goodwill[(b)]	10,906	8,463	2,415	20,594	3,609	1,834	(5)	47,815
Right-of-use assets	234	7,132	646	2,277	4,284	922	(886)	14,609
Property, plant and equipment	3,822	4,730	839	2,005	1,688	9,339	(8)	22,414
Inventories and work in progress	6,892	4,793	1,033	5,051	2,805	72	(327)	20,319
Other operating assets	1,674	3,297	1,493	1,720	775	1,436	16,398[(c)]	26,794
Total assets	**23,528**	**28,415**	**6,426**	**31,646**	**13,161**	**13,602**	**15,173**	**131,951**
Equity	-	-	-	-	-	-	54,314	54,314
Lease liabilities	247	7,426	695	2,363	4,537	1,019	(879)	15,408
Other liabilities	2,161	7,731	2,953	2,583	3,651	1,744	41,406[(d)]	62,229
Total liabilities and equity	**2,408**	**15,157**	**3,648**	**4,946**	**8,188**	**2,763**	**94,841**	**131,951**
Operating investments[(e)]	(440)	(1,872)	(409)	(654)	(523)	(1,074)	1	(4,969)

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)	(27)	17,139
Other operating income and expenses	(26)	(47)	(17)	(4)	(53)	151	-	4
Depreciation, amortization and impairment expenses	(226)	(2,142)	(443)	(860)	(1,399)	(294)	113	(5,251)
Of which: Right-of-use assets	*(32)*	*(1,291)*	*(149)*	*(410)*	*(836)*	*(89)*	*110*	*(2,698)*
Other	*(195)*	*(851)*	*(294)*	*(449)*	*(563)*	*(205)*	*3*	*(2,554)*
Intangible assets and goodwill[(b)]	12,732	8,034	2,136	19,726	3,348	2,078	-	48,055
Right-of-use assets	153	6,749	556	1,922	4,142	841	(665)	13,699
Property, plant and equipment	3,450	3,893	752	1,730	1,667	8,059	(8)	19,543
Inventories and work in progress	6,278	3,374	831	3,949	2,410	41	(335)	16,549
Other operating assets	1,597	2,807	1,281	1,409	747	1,060	15,609[(c)]	24,510
Total assets	**24,211**	**24,858**	**5,557**	**28,737**	**12,313**	**12,079**	**14,601**	**122,356**
Equity	-	-	-	-	-	-	46,367	46,367
Lease liabilities	164	6,894	594	1,985	4,362	931	(656)	14,275
Other liabilities	1,843	6,800	2,770	2,471	3,050	1,993	42,788[(d)]	61,715
Total liabilities and equity	**2,007**	**13,694**	**3,364**	**4,456**	**7,412**	**2,924**	**88,499**	**122,356**
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)	(526)	71	8,300
Other operating income and expenses	(43)	(68)	(20)	(3)	(87)	(112)	-	(333)
Depreciation, amortization and impairment expenses	(253)	(2,069)	(460)	(475)	(1,549)	(313)	117	(5,002)
Of which: Right-of-use assets	*(34)*	*(1,226)*	*(145)*	*(254)*	*(941)*	*(93)*	*117*	*(2,575)*
Other	*(219)*	*(843)*	*(315)*	*(221)*	*(608)*	*(220)*	-	*(2,427)*
Intangible assets and goodwill(b)	9,909	7,577	2,058	5,752	3,153	2,202	-	30,651
Right-of-use assets	162	5,730	503	1,151	4,699	888	(618)	12,515
Property, plant and equipment	3,232	3,482	709	577	1,723	7,860	(8)	17,575
Inventories and work in progress	6,040	2,726	742	1,641	2,111	37	(281)	13,016
Other operating assets	1,306	1,919	1,151	672	696	1,615	24,901(c)	32,260
Total assets	**20,650**	**21,433**	**5,163**	**9,793**	**12,383**	**12,602**	**23,994**	**106,017**
Equity	-	-	-	-	-	-	36,244	36,244
Lease liabilities	170	5,766	516	1,117	4,912	959	(611)	12,828
Other liabilities	1,608	4,885	2,164	1,252	2,338	1,677	43,021(d)	56,945
Total liabilities and equity	**1,778**	**10,651**	**2,680**	**2,369**	**7,250**	**2,636**	**78,654**	**106,017**
Operating investments(e)	(320)	(827)	(280)	(210)	(410)	(431)	-	(2,478)

(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 retailers 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)	2022	2021	2020
France	6,071	4,111	3,333
Europe (excl. France)	12,717	9,860	7,337
United States	21,542	16,591	10,647
Japan	5,436	4,384	3,164
Asia (excl. Japan)	23,785	22,365	15,366
Other countries	9,632	6,904	4,804
Revenue	**79,184**	**64,215**	**44,651**

Operating investments by geographic region are as follows:

(EUR millions)	2022	2021	2020
France	1,891	1,054	1,002
Europe (excl. France)	905	520	444
United States	955	313	336
Japan	133	82	134
Asia (excl. Japan)	761	488	342
Other countries	324	207	220
Operating investments	**4,969**	**2,664**	**2,478**

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	1,638	9,123	1,905	2,338	3,040	282	(322)	18,003
Second quarter	1,689	9,013	1,714	2,570	3,591	441	(291)	18,726
Third quarter	1,899	9,687	1,959	2,666	3,465	443	(364)	19,755
Fourth quarter	1,873	10,825	2,145	3,006	4,757	420	(327)	22,699
Total for 2022	**7,099**	**38,648**	**7,722**	**10,581**	**14,852**	**1,586**	**(1,304)**	**79,184**
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**

Note 25. Revenue and expenses by nature

25.1 Breakdown of revenue

Revenue consists of the following:

(EUR millions)	2022	2021	2020
Revenue generated by brands and trade names	78,761	63,920	44,421
Royalties and license revenue	135	105	96
Income from investment property	25	15	14
Other revenue	262	175	119
Total	**79,184**	**64,215**	**44,651**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 75% in fiscal year 2022 (74% in 2021 and 70% in 2020), i.e. 59,383 million euros in 2022 (47,624 million euros in 2021 and 31,461 million euros in 2020).

25.2 Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2022	2021	2020
Advertising and promotion expenses	9,584	7,291	4,869
Personnel costs	12,649	10,543	8,537
Research and development expenses	172	147	139

See also Note 7 regarding the breakdown of lease expenses.

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising; they also include the personnel costs dedicated to this function.

As of December 31, 2022, a total of 5,664 stores were operated by the Group worldwide (5,556 as of December 31, 2021; 5,003 as of December 31, 2020), particularly by Fashion and Leather Goods and Selective Retailing.

Personnel costs consist of the following elements:

(EUR millions)	2022	2021	2020
Salaries and social security contributions	12,360	10,266	8,410
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans[(a)]	157	145	66
Expenses related to bonus share and similar plans[(b)]	132	132	62
Personnel costs	**12,649**	**10,543**	**8,537**

(a) See Note 30.
(b) See Note 17.3.

The average full-time equivalent workforce broke down as follows by job category during the fiscal years presented:

(in number and as %)	2022	%	2021	%	2020	%
Executives and managers	39,181	23	35,875	23	33,297	22
Technicians and supervisors	16,703	10	15,688	10	14,760	10
Administrative and sales staff	86,980	50	78,297	50	76,197	51
Production workers	30,627	18	28,093	18	24,089	16
Total	**173,492**	**100**	**157,953**	**100**	**148,343**	**100**

25.3 Statutory Auditors' fees

The amount of fees paid to the Statutory Auditors of Christian Dior SE and members of their networks recorded in the consolidated income statement for the 2022 fiscal year breaks down as follows:

(EUR millions, excluding VAT)			2022
	Deloitte & Associés	Mazars	Total
Audit-related fees	**15**	**14**	**29**
Tax services	1	NS	1
Other	1	2	3
Non-audit-related fees	**2**	**2**	**4**
Total	**17**	**16**	**33**

NS: Not significant.

Audit-related fees include other services related to the certification of the consolidated and parent company financial statements, for non-material amounts.

In addition to tax services – which are mainly performed outside France to ensure that the Group's subsidiaries and expatriates meet their local tax filing obligations – non-audit-related services include various types of certifications, mainly those required by lessors concerning the revenue of certain stores, verification of the statement of non-financial performance, and specific checks run at the Group's request, mainly in countries where statutory audit is not required.

Note 26. Other operating income and expenses

(EUR millions)	2022	2021	2020
Net gains/(losses) on disposals	(210)	9	(22)
Restructuring costs	3	-	(6)
Remeasurement of shares acquired prior to their initial consolidation	232	119	-
Transaction costs relating to the acquisition of consolidated companies	(25)	(18)	(35)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(50)	(89)	(235)
Other items, net	(3)	(16)	(35)
Other operating income and expenses	**(54)**	**4**	**(333)**

"Net gains/(losses) on disposals" mainly relate to Sephora's sale of its subsidiary in Russia, which was finalized in October 2022.

Impairment and amortization expenses recorded in 2022 were primarily for brands and goodwill.

In 2022, the remeasurement of shares acquired prior to their initial consolidation resulted from the acquisition of the remaining 60% stake in Mongoual SA, in which the Group previously held a 40% stake, recognized under "Investments in joint ventures and associates" (see Note 8).

Note 27. Net financial income/(expense)

(EUR millions)	2022	2021	2020
Borrowing costs	(129)	3	(88)
Income from cash, cash equivalents and current available for sale financial assets	116	40	46
Fair value adjustment of borrowings and interest rate hedges	(2)	(3)	4
Cost of net financial debt	**(15)**	**40**	**(38)**
Interest on lease liabilities	**(254)**	**(242)**	**(281)**
Dividends received from non-current available for sale financial assets	8	10	12
Cost of foreign exchange derivatives	(358)	(206)	(262)
Fair value adjustment of available for sale financial assets	(240)	499	(4)
Other items, net	(42)	(49)	(38)
Other financial income and expenses	**(632)**	**254**	**(292)**
Net financial income/(expense)	**(901)**	**52**	**(611)**

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

(EUR millions)	2022	2021	2020
Income from cash and cash equivalents	49	27	38
Income from current available for sale financial assets(a)	67	13	8
Income from cash, cash equivalents and current available for sale financial assets	**116**	**40**	**46**

(a) Including 52 million euros related to dividends received as of December 31, 2022 (9 million euros as of December 31, 2021 and 5 million euros as of December 31, 2020).

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

(EUR millions)	2022	2021	2020
Hedged financial debt	139	82	(39)
Hedging instruments	(135)	(80)	40
Unallocated derivatives	(6)	(5)	3
Fair value adjustment of borrowings and interest rate hedges	**(2)**	**(3)**	**4**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2022	2021	2020
Cost of commercial foreign exchange derivatives	(348)	(196)	(234)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	(12)	3	(20)
Cost and other items related to other foreign exchange derivatives	3	(13)	(8)
Cost of foreign exchange derivatives	**(358)**	**(206)**	**(262)**

Note 28. Income taxes

28.1 Breakdown of the income tax expense

(EUR millions)	2022	2021	2020
Current income taxes for the fiscal year	(5,908)	(5,336)	(2,617)
Current income taxes relating to previous fiscal years	(18)	(20)	(13)
Current income taxes	**(5,927)**	**(5,356)**	**(2,630)**
Change in deferred income taxes	534	913	330
Impact of changes in tax rates on deferred income taxes	-	(87)	(85)
Deferred income taxes	**534**	**826**	**246**
Total tax expense per income statement	**(5,393)**	**(4,531)**	**(2,385)**
Tax on items recognized in equity	**(147)**	**89**	**(122)**

28.2 Breakdown of the net deferred tax asset/(liability)

The net deferred tax asset/(liability) broke down as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets	3,661	3,156	2,325
Deferred tax liabilities	(6,553)	(6,302)	(5,079)
Net deferred tax asset/(liability)	**(2,891)**	**(3,147)**	**(2,753)**

28.3 Breakdown of the difference between statutory and effective tax rates

The effective tax rate is as follows:

(EUR millions)	2022	2021	2020
Profit before tax	20,095	17,195	7,355
Total tax expense	(5,393)	(4,531)	(2,385)
Effective tax rate	**26.8%**	**26.4%**	**32.4%**

The statutory tax rate – which is the rate applicable by law to the Group's French companies, including the 3.3% social security contribution – may be reconciled as follows to the effective tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	2022	2021	2020
French statutory tax rate	**25.8**	**28.4**	**32.0**
Changes in tax rates	-	0.5	1.1
Differences in tax rates for foreign companies	(1.3)	(3.0)	(6.0)
Tax losses and tax loss carryforwards, and other changes in deferred tax	0.2	(3.2)	0.9
Differences between consolidated and taxable income, and income taxable at reduced rates	0.3	2.2	2.4
Tax on distribution[(a)]	1.8	1.4	2.0
Effective tax rate of the Group	**26.8**	**26.4**	**32.4**

(a) Tax on distribution is mainly related to intra-Group dividends.

The Group's effective tax rate was 26.8% in 2022, compared with 26.4% in 2021 and 32.4% in 2020. As of December 31, 2022, the effective tax rate was up 0.4 points from December 31, 2021, mainly due to the impact of taxes on intra-Group dividends.

28.4 Sources of deferred tax

In the income statement(a)

(EUR millions)	2022	2021	2020
Valuation of brands	(47)	350	(6)
Other revaluation adjustments	(51)	245	17
Gains and losses on available for sale financial assets	56	(125)	47
Gains and losses on hedges of future foreign currency cash flows	6	(9)	3
Provisions for contingencies and losses	18	121	78
Intra-Group margin included in inventories	268	120	(101)
Other consolidation adjustments	267	157	143
Losses carried forward	18	(30)	65
Total	**534**	**826**	**246**

(a Income/(Expenses).

Change in deferred tax recognized in equity(a)

(EUR millions)	2022	2021	2020
Fair value adjustment of vineyard land	18	(13)	3
Gains and losses on available for sale financial assets	-	-	-
Gains and losses on hedges of future foreign currency cash flows	(85)	161	(121)
Gains and losses on employee benefit commitments	(80)	(59)	6
Total	**(147)**	**89**	**(112)**

(a) Gains/(Losses).

In the balance sheet(a)

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Valuation of brands	(5,300)	(5,101)	(3,646)
Fair value adjustment of vineyard land	(578)	(595)	(580)
Other revaluation adjustments	(415)	(439)	(716)
Gains and losses on available for sale financial assets	(90)	(144)	(18)
Gains and losses on hedges of future foreign currency cash flows	(2)	77	(78)
Provisions for contingencies and losses	882	945	719
Intra-Group margin included in inventories	1,209	936	802
Other consolidation adjustments	1,250	1,052	615
Losses carried forward	153	122	148
Total	**(2,891)**	**(3,147)**	**(2,755)**

(a) Asset/(Liability).

28.5 Losses carried forward

As of December 31, 2022, unused tax loss carryforwards and tax credits for which no assets were recognized (deferred tax assets or receivables) represented potential tax savings of 398 million euros (416 million euros in 2021 and 440 million euros in 2020).

28.6 Tax consolidation

France's tax consolidation system allows French companies belonging to the same tax consolidation group to combine their taxable profits to calculate the overall tax expense, for which only the consolidating parent company is liable.

Since January 1, 2018, Christian Dior SE and its French subsidiaries in which it has an ownership interest of more than 95% have been part of a tax consolidation group, the parent company of which is Agache SCA.

LVMH SE and most of its French subsidiaries in which it has an ownership interest of more than 95% comprise another tax consolidation group, the consolidating parent company of which is LVMH SE. This tax consolidation system generated current tax savings of 66 million euros in 2022 (compared with 91 million euros in 2021 and 251 million euros in 2020).

The other tax consolidation systems in place, notably in the United States, generated current tax savings of 54 million euros in 2022 (36 million euros in 2021 and 93 million euros in 2020).

Note 29. Earnings per share

	2022	2021	2020
Net profit, Group share *(EUR millions)*	**5,797**	**4,946**	**1,933**
Impact of dilutive instruments on the subsidiaries *(EUR millions)*	(4)	(2)	(2)
Net profit, diluted Group share *(EUR millions)*	**5,793**	**4,944**	**1,931**
Average number of shares outstanding during the fiscal year	180,507,516	180,507,516	180,507,516
Average number of Christian Dior treasury shares held during the fiscal year	(96,936)	(96,936)	(96,936)
Average number of shares on which the calculation before dilution is based	**180,410,580**	**180,410,580**	**180,410,580**
Basic Group share of net earnings per share *(EUR)*	**32.13**	**27.41**	**10.72**
Average number of shares outstanding on which the above calculation is based	180,410,580	180,410,580	180,410,580
Dilutive effect of stock option, bonus share and performance share plans	-	-	-
Average number of shares on which the calculation after dilution is based	**180,410,580**	**180,410,580**	**180,410,580**
Diluted Group share of net earnings per share *(EUR)*	**32.11**	**27.40**	**10.70**

No events occurred between December 31, 2022 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.

Note 30. Provisions for pensions, contribution to medical costs and other employee benefit commitments

30.1 Expense for the fiscal year

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)	2022	2021	2020
Service cost	136	130	106
Net interest cost	15	15	8
Actuarial gains and losses	(3)	-	-
Changes in plans	8	(1)	(48)
Total expense for the fiscal year for defined-benefit plans	**157**	**145**	**66**

30.2 Net recognized commitment

(EUR millions)	Notes	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Benefits covered by plan assets		2,205	2,656	1,894
Benefits not covered by plan assets		362	472	250
Defined-benefit obligation		**2,567**	**3,128**	**2,144**
Market value of plan assets		**(2,005)**	**(2,299)**	**(1,397)**
Net recognized commitment		**562**	**829**	**747**
Of which: Non-current provisions	20	*622*	*915*	*784*
Current provisions	20	*17*	*17*	*9*
Other assets		*(77)*	*(103)*	*(45)*
Total		**562**	**829**	**747**

30.3 Breakdown of the change in the net recognized commitment

(EUR millions)	Defined-benefit obligation	Market value of plan assets	Net recognized commitment
As of December 31, 2021	**3,128**	**(2,299)**	**829**
Service cost	136	-	136
Net interest cost	59	(44)	15
Payments to recipients	(138)	103	(35)
Contributions to plan assets	-	(117)	(117)
Employee contributions	12	(12)	-
Changes in scope and reclassifications	2	1	3
Changes in plans	8	-	8
Actuarial gains and losses, of which:	(734)	428	(306)
– *Experience adjustments*[(a)]	*49*	*428*	*477*
– *Changes in demographic assumptions*[(a)]	*(13)*	-	*(13)*
– *Changes in financial assumptions*[(a)]	*(770)*	-	*(770)*
Translation adjustment	94	(66)	28
As of December 31, 2022	**2,567**	**(2,005)**	**562**

(a) (Gains)/Losses.

Actuarial gains and losses resulting from experience adjustments related to the four previous fiscal years were as follows:

(EUR millions)	2021	2020	2019	2018
Experience adjustments on the defined-benefit obligation	(64)	(12)	31	4
Experience adjustments on the market value of plan assets	(112)	(67)	(82)	41
Actuarial gains and losses resulting from experience adjustments[(a)]	**(176)**	**(79)**	**(51)**	**45**

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments for the fiscal years presented in the main countries concerned were as follows:

(as %)	December 31, 2022					December 31, 2021					December 31, 2020				
	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land
Discount rate[(a)]	3.38	5.18	4.78	1.27	1.50	0.70	2.89	1.74	1.00	0.06	0.44	2.49	1.43	1.00	0.05
Future salary increase rate	3.00	4.52	N/A	2.10	2.12	1.96	3.59	N/A	2.07	1.75	2.75	4.10	N/A	2.00	1.69

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the period-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.
N/A: Not applicable.

The assumed rate of increase of medical expenses in the United States is 5.2%.

A 1.5-point increase in the discount rate would result in a 229 million euro reduction in the amount of the defined-benefit obligation as of December 31, 2022; a 1.5-point decrease in the discount rate would result in a 243 million euro increase.

30.4 Breakdown of benefit obligations

The breakdown of the defined-benefit obligation by type of benefit plan is as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Supplementary pensions	2,102	2,601	1,627
Retirement bonuses and similar benefits	308	351	432
Medical costs of retirees	100	133	45
Length-of-service bonuses and other	57	43	40
Defined-benefit obligation	**2,567**	**3,128**	**2,144**

The geographic breakdown of the defined-benefit obligation is as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
France	577	746	833
Europe (excl. France)	568	647	614
United States	1,183	1,514	506
Japan	148	164	137
Asia (excl. Japan)	49	49	47
Other countries	42	8	7
Defined-benefit obligation	**2,567**	**3,128**	**2,144**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2022 are as follows:

- In France:
  - these commitments include the commitment to the Group's senior executives and members of LVMH's Executive Committee, who were covered by a supplementary pension plan after a certain number of years of service, the amount of which was determined on the basis of the average of their three highest amounts of annual compensation. Pursuant to the Order of July 3, 2019, this supplementary pension plan has been closed, and the rights frozen as of December 31, 2019;
  - they also include end-of-career bonuses and long-service awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service.
- In Europe (excluding France), commitments concern defined-benefit pension plans set up in the United Kingdom by certain Group companies; participation by Group companies in Switzerland in the mandatory Swiss occupational pension plan, the LPP *(Loi pour la Prévoyance Professionnelle)*; and in Italy the TFR *(Trattamento di Fine Rapporto)*, a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the company.
- In the United States, the commitment relates to defined-benefit pension plans or retiree healthcare coverage set up by certain Group companies, Tiffany in particular. Most of the commitment concerns qualified pension plans as defined in the United States Internal Revenue Code.

30.5 Breakdown of related plan assets

The breakdown of the market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2020**
Shares	26	30	22
Bonds			
– Private issues	34	28	32
– Public issues	12	13	9
Cash, investment funds, real estate and other assets	28	29	37
Total	**100**	**100**	**100**

These assets do not include debt securities issued by Group companies, nor any LVMH or Christian Dior shares for significant amounts.

The Group plans to increase the related plan assets in 2023 by paying in approximately 117 million euros.

Note 31. Off-balance sheet commitments

31.1 Purchase commitments

(EUR millions)	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2020**
Grapes, wines and eaux-de-vie	3,138	2,843	2,725
Other purchase commitments for raw materials	810	759	250
Industrial and commercial fixed assets	1,173	715	428
Investments in joint venture shares and non-current available for sale financial assets	181	317	13,237

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, 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 transaction was completed on January 7, 2021. See also Note 2.2.

As of December 31, 2022, 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	1,021	1,847	270	3,138
Other purchase commitments for raw materials	592	218	-	810
Industrial and commercial fixed assets	825	197	151	1,173
Investments in joint venture shares and non-current available for sale financial assets	181	-	-	181

31.2 Collateral and other guarantees

As of December 31, 2022, these commitments broke down as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Securities and deposits	415	415	444
Other guarantees	328	162	169
Guarantees given	**744**	**577**	**613**
Guarantees received	**(53)**	**(65)**	**(47)**

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	323	74	19	415
Other guarantees	215	101	12	328
Guarantees given	**537**	**175**	**31**	**744**
Guarantees received	**(32)**	**(13)**	**(7)**	**(53)**

31.3 Other commitments

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

Note 32. Exceptional events and litigation

As part of its day-to-day management, the Group may be party to various legal proceedings concerning trademark rights, personal data protection, the protection of intellectual property rights, the protection of selective retailing networks, consumer protection, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress and any others of which it is aware at the year-end, are sufficient to avoid its consolidated financial position being materially impacted in the event of an unfavorable outcome.

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 twelve-month period under review, any significant impact on the Group's financial position or profitability.

Note 33. Related-party transactions

33.1 Relations of the Christian Dior group with Agache and its subsidiaries

The Christian Dior group is consolidated in the accounts of Financière Agache, which is owned by Agache SCA.

Agache SCA, which has specialist teams, provides assistance to the Christian Dior group, primarily in the areas of financial engineering, strategy, development, and corporate and real estate law. Agache SCA also leases office premises to the Christian Dior group.

Conversely, the Christian Dior group provides various administrative and operational services and leases real estate and movable property assets to Agache SCA and some of its subsidiaries.

Transactions between the Christian Dior group and Agache and its subsidiaries may be summarized as follows:

(EUR millions)	2022	2021	2020
– Amounts billed by Agache and its subsidiaries to the Christian Dior group	(4)	(4)	(5)
Amount payable outstanding as of December 31	(1)	-	-
– Amounts billed by the Christian Dior group to Agache and its subsidiaries	12	10	9
Amount receivable outstanding as of December 31	4	3	2

33.2 Relations of the Christian Dior group with Diageo

Moët Hennessy SAS and Moët Hennessy International SAS (hereinafter referred to as "Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits business group, with the exception of Château d'Yquem, Château Cheval Blanc, Domaine du Clos des Lambrays, Colgin Cellars and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. When that holding was acquired in 1994, an agreement was entered into between Diageo and LVMH for the apportionment of shared holding company costs between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 12% of shared costs in 2022 (13% in 2021 and 14% in 2020), and accordingly re-invoiced the excess costs incurred to LVMH SE. After re-invoicing, the amount of shared costs assumed by Moët Hennessy came to 21 million euros for 2022 (19 million euros in 2021 and 22 million euros in 2020).

33.3 Relations with the Fondation Louis Vuitton

In October 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its corporate giving initiatives. Its net contributions to this project are included in "Property, plant and equipment" and are depreciated from the time the museum opened (October 2014) over the remaining duration of the public property use agreement awarded by the City of Paris.

33.4 Executive bodies

The total compensation paid to the members of the Board of Directors in respect of their functions within the Group breaks down as follows:

(EUR millions)	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Gross compensation, employer social security contributions and benefits in kind	25	7	17
Post-employment benefits	-	-	12
Other long-term benefits	-	-	-
End-of-contract bonuses	-	-	-
Cost of stock option and similar plans	9	7	9
Total	**34**	**14**	**38**

The commitment recognized as of December 31, 2022 for post-employment benefits net of related plan assets was 7 million euros (18 million euros as of December 31, 2021 and 24 million euros as of December 31, 2020).

Note 34. Subsequent events

No significant subsequent events occurred between December 31, 2022 and January 26, 2023, the date at which the financial statements were approved for publication by the Board of Directors.

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