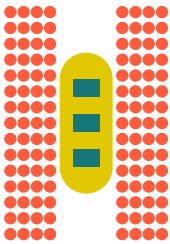


LETTER TO SHAREHOLDERS

MARCH 2021



Hermès, a refuge, a beacon and a prescriber

2020 was a pivotal year. We are proud of the robustness and solidarity that the house displayed, and grateful to all of its teams.

The resilience and courage demonstrated by its 16,600 employees have allowed Hermès to sustain its entrepreneurial spirit and strengthen the bonds it has cultivated with local customers. We can look to the future with confidence.

Throughout the year, in the face of this unprecedented crisis, we sought to make Hermès a place of refuge, true to our human values, by maintaining salaries worldwide without recourse to state subsidies, donating 20 million euros to the Paris hospitals in France among many other local initiatives, producing and donating face masks and hand sanitiser, and paying an exceptional bonus of 1250 euros to all employees in 2021.

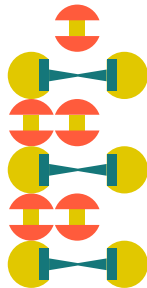
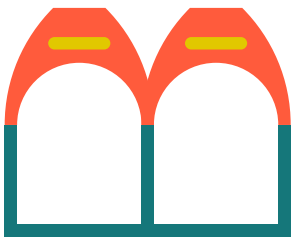
The solid results that we are pleased to share reflect the pertinence of our artisanal model and our rigorous financial management. Hermès, contemporary artisan of durable objects, is adept at accompanying changing habits – digital transformation in particular – and growing in a reasoned way, with respect for natural ecosystems. In these troubled times, the house has played its role as a beacon of light.

But make no mistake, our identity is also bound up in the conviction that creativity is at the heart of all development. The success of our collections, the originality of our designs, the innovative nature of our materials, and the ways in which our objects are used all reflect the vitality of our house and our ability to be a style prescriber.

We emerge from this year of change with enthusiasm for our métier of artisan, attentive to the perennity of our know-how, and alert to the changes in the world that demand constant agility.

2021 holds the promise of a wonderful odyssey that we can we embark upon serenely.

Axel Dumas
Executive Chairman



SOLID FULL YEAR RESULTS AND STRONG SALES MOMENTUM IN THE 4th QUARTER

In 2020, the group's consolidated revenue reached €6,389 million, a decrease limited to 6% at constant exchange rates and 7% at current exchange rates.

The revenue generated in 2020 in the group's stores (-2%) reveals a good resistance after an excellent 4th quarter (+21%), and a remarkable performance in Asia and in Japan.

The reduction in tourist flows was partly offset by the loyalty of local customers and by the strong increase in online sales.

Recurring operating income amounted to €1,981 million at 31% of sales, and net income group share was €1,385 million, a decrease limited to 9% compared to 2019.

"The solidity of our results reflects both the desirability of our collections and the agility of our craftsmanship model. I am proud of the work accomplished by all Hermès employees, who have shown courage, solidarity and commitment, and I thank our customers for their loyalty all over the world."

Axel Dumas, gérant

Revenue 2020	Investments
€6.4 billion	€448 million
Restated net cash position	
€4.9 billion	

KEY FIGURES (IN MILLIONS OF EUROS)

	2020	2019
Revenue	6,389	6,883
Recurring operating income ⁽¹⁾	1,981	2,339
As a % of revenue	31.0 %	34.0 %
Net profit – Group share	1,385	1,528
Operating cash flows	1,993	2,063
Investments (excluding financial investments)	448	478
Restated net cash position ⁽²⁾	4,904	4,562
Workforce (number of employees)	16,600	15,417

OUTLOOK

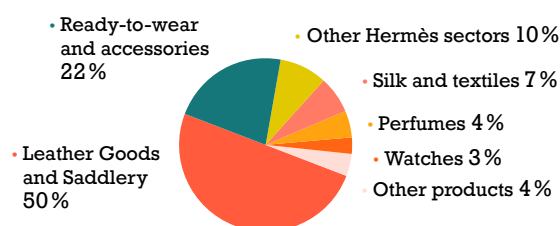
For 2021, the impacts of the Covid-19 epidemic are currently difficult to assess, as the scale, duration and geographic extent of the crisis evolve every day. Our highly integrated craftsmanship model and balanced distribution network, as well as the creativity of our collections and our customers' loyalty give us confidence in the future. The group remains highly committed and active, and gradually adapts measures to those taken by health and public authorities.

In the medium-term, despite the economic, geopolitical and monetary uncertainties around the world, the group confirms an ambitious goal for revenue growth at constant exchange rates.

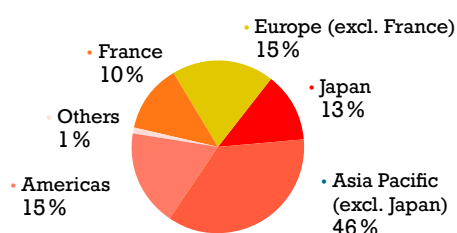
2021 will be marked by the *Odyssey*, we continue our journey remaining confident in the future, facing the uncertainties of the world whilst remaining true to who we are.

Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, maintaining control over know-how and singular communication.

REVENUE BY SECTOR IN 2020



REVENUE BY GEOGRAPHICAL AREA IN 2020



¹ Recurring operating income is one of the main performance indicators monitored by the group's General Management. It corresponds to the operating income excluding non-recurring items having a significant impact likely to affect the understanding of the group's economic performance.

² The restated net cash position corresponds to the net cash position, plus cash investments that do not meet IFRS criteria for cash equivalents as a result of their original maturity of more than three months, minus borrowings and financial liabilities.

AN ENTREPRENEURIAL SPIRIT

In the face of uncertainty, Hermès has acted responsibly towards its employees and suppliers, and shown solidarity with local communities. The company is pursuing its operational investments with confidence.

HERMÈS, UNITED AND COMMITTED

Driven by its humanistic culture, and true to its commitments as a responsible employer, Hermès naturally took action in the context of an unprecedented public health and economic crisis. The company has firstly protected the health of its staff. All jobs have been preserved, and the salaries of all employees throughout the world have been maintained without recourse to state subsidies. Furthermore, the directors have decided to forego the increase in their variable compensation payable in 2020 for 2019.

Hermès has supported its partners and suppliers. Best practices were shared in the workplace so that operations could continue in the best possible conditions and in compliance with safety measures.

In this context, the company also demonstrated its solidarity by donating 20 million euros to the Paris hospitals association, AP-HP (Assistance Publique – Hôpitaux de Paris). Furthermore, 145,000 masks and other supplies, and 45,000 litres of hand sanitiser produced by Hermès Parfums were donated to healthcare workers. Subsidiaries throughout the world took action to assist local communities, with more than 80 supportive initiatives identified.



Workshop at the Maroquinerie de l'Allan (Franche-Comté)

HERMÈS, RESPONSIBLE IN ITS BUSINESS ACTIVITY

In 2020 Hermès maintained its recruitment strategy, and 1,183 new employees joined the house to support the group's operations, almost half coming from the J3L group following its acquisition.

In the second half of 2020, Hermès Cuir Précieux integrated the Mégisserie Jullien, a partner of the house since 1920, located in Chabris (Indre). With this acquisition, Hermès is protecting its supply chain while at the same time preserving the exceptional know-how of this goatskin supplier. Another long-standing partner, J3L, located in Champigny-sur-Marne and specialised in manufacturing metal parts, has become a wholly-owned subsidiary of the group.

Thanks to the soundness of its artisanal model, Hermès envisions the future with confidence despite current circumstances, and is continuing with operational investments in its production facilities. The second half of 2020 was marked by the start of building work at the Maroquinerie de Louviers with a view to opening in 2022. Building work at the Guyenne (Gironde) and Montereau (Seine-et-Marne) sites continues in preparation for their inauguration in 2021. Guided by its entrepreneurial spirit, Hermès has announced the opening of two new leather workshops, one in the Ardennes in 2023 and the second in Auvergne in 2025. Ultimately, these two new facilities will lead to the creation of a total of 500 new jobs in these regions.



The team at the new Harbour City shopping centre store in Hong Kong.

CREATIVITY AT OUR CORE

The second half-year was punctuated by new objects inspired the annual theme of *Innovation in the Making*. In an uncertain climate, all the artistic department and métier teams have successfully combined creativity with freedom and responsiveness.

Launched in the first half-year with a collection of lipsticks, **Hermès Beauty** has achieved success. Hermès fragrances were joined by *L'Ombre des merveilles*, a new olfactory variation of *Eau des merveilles* by Christine Nagel.

CONSTANTLY RENEWED CREATIVITY

Designed by Nadège Vanhée-Cybulski, the autumn-winter 2020 women's ready-to-wear collection reinvented the suit, brought comfort and practicality to outdoor clothing, and drew inspiration from the Scottish wardrobe. For men, Véronique Nichanian designed pure lines and oversized looks with enveloping shapes in a chiaroscuro colour palette to light up the winter.

In early October, the Paris Tennis Club hosted the runway show for the spring-summer 2021 women's ready-to-wear collection in an organic setting furnished with columns, mirrors and wallpaper. Held in front of a limited live audience, substantial filming arrangements made it possible to broadcast the event widely. The spring-summer 2021 men's ready-to-wear collection was unveiled at a performance held on the house's premises orchestrated by French director Cyril Teste. Entitled *Hors-Champ*, the film was shot live in a single take. This innovative, hybrid method was a creative response to the constraints imposed by the Covid crisis.

The leather goods collections embraced new designs. The skilfully crafted clasp of the **Hermès Della Cavalleria** bag evokes the house's equestrian roots. Inspired by watchmaking expertise, the remarkable mechanism of the **Hermès Minuit au Faubourg** bag's decorative clasp brings the finishing touch to this elegant small bag in exceptional materials. Another evening bag, the **Sac à Malice Space**, combines different areas of know-how to depict a fun space odyssey. For men, the **Haut à courroies 40 Western** bag is embellished with slip-stitch embroidery.

INNOVATION AND KNOW-HOW

The innovative double-sided scarf has moved to a new level of technical prowess with a different design printed on each side of the same scarf.

The 90 cm **Formule chic** scarf by Dimitri Rybaltchenko, for example, features a vintage car on the front and a Formula 1 car on the back. In the women's collections, the double-sided 90 cm **Couvertures et tenues de jour** scarf presents the classic version on one side, and a bandana version on the other.

Lignes sensibles, the sixth high jewellery collection by Pierre Hardy, stands out for the beauty of its gemstones and for the way in which it harnesses light, as if it were a material in its own right. This highly sensual collection was unveiled at the Gaité Lyrique in Paris in September, then in Shanghai (China) in December.

The Hermès watchmaking family has been joined by new versions of the **Arceau L'heure de la lune** watch, with exceptional dials cut from rare meteorites such as stones from the moon or Mars.

The **Apple Watch Hermès Series 6**, featuring an entirely customisable *Hermès Circulaire* dial and numerous complications, was presented in September. This new model, named **Hermès Attelage**, stands out for its subtly proportioned strap connectors.

Lastly, **petit h** took up residence at 24, Faubourg during the transformation of the Sèvres store, its home port. Itinerant by nature, petit h stopped off at the Bellavita store in Taiwan in October. In a highly successful first, "re-creation" time came to hermes.com with a time-limited sale of petit h objects.



Hermès Della Cavalleria bag

WE ARE ALL ARTISANS

Hermès continues to develop responsibly and sustainably. These values guide its governance within the company itself, alongside its stakeholders and in its undertakings to protect our planet.

MEN AND WOMEN

Hermès now employs 16,600 people across the world, including 10,383 in France, of whom 5,617 are artisans.

For a long time, the house has taken care to ensure professional parity between men and women, the diversity of its people and talents, and in particular the recruitment and continued employment of disabled workers. A second group disability agreement, signed on 22 July 2020, came into effect on 1 January 2021 for a three-year period. The objectives of the first agreement having been surpassed, Hermès intends to recruit above and beyond the legal minimum of 6% of disabled workers. The house also aims to increase its use of the assisted employment sector by 20% each year.

Hermès ranked fifth in the Diversity Leaders table published by the British newspaper the *Financial Times*, and first in its sector. This independent survey, conducted in 16 European countries amongst 100,000 employees of 15,000 companies, assesses staff perception of the promotion of diversity and inclusion in their professional environment. Hermès also came top of *Capital* magazine's list of the 500 best employers in France.

COMMUNITIES

The **2020 Artists' Residencies** supported by the Fondation d'entreprise Hermès within Hermès manufactures drew to a close with a presentation of the works produced in situ. Alongside Hermès artisans, Bérengère Hénin at the Maroquinerie de l'Allan, Enzo Mianes at the Ateliers de Challes and Chloé Quenum at the Cristallerie Saint-Louis had the opportunity to explore know-how in leather, horsehair and crystal respectively, and create some unique pieces. Despite the context, the **Manufacto, the skills factory** programme resumed in the autumn in schools from nine regional educational authorities, while the **Manufact'Home** tutorials made available online during the first lockdown are still accessible to everyone on the Foundation's YouTube channel.

PRESERVING THE ENVIRONMENT

To produce high quality, sustainable and environmentally responsible objects, Hermès pays particular attention to **monitoring and securing its supply chains** and reasserting its requirements of suppliers by sharing best practices, providing guidance for partners and implementing a strict audit policy.

In 2020, Hermès increased its action in biodiversity preservation. In October, the house renewed its commitment to the **Act4Nature International** project for five more years. This project records corporate commitments in this field, and is part of the global **Business for Nature** initiative. The house offsets its carbon footprint through the **Livelihoods** fund, which aims to improve the living conditions of underprivileged communities for the long term by developing large-scale initiatives to combat climate change. Hermès has been a shareholder since 2012, and this year has supported a third Livelihoods fund.

Lastly, Hermès has taken action to reduce its greenhouse gas emissions for the period 2018-2030 by 50% in absolute value for scopes 1 and 2, and 50% in intensity for scope 3. The house's trajectory is in line with this objective, with a total reduction over 2 years of 18% in absolute value, and 24% in relative value across scope 3.



Manufacto session with Quentin Rolland, cabinetmaker, with a class of 10-year-olds, Faubourg Saint-Denis primary school, Paris, 2020

HERMÈS AROUND THE WORLD

In the second half-year, Hermès sought to maintain and develop its customer relationships, firstly by developing its online presence, and secondly through its international network of stores, which are hubs of activity for their communities.

BUOYANT E-COMMERCE

Building on a well-established omnichannel strategy, Hermès has successfully followed the acceleration of digitalisation, while continuing to maintain a special connection with local customers worldwide.

Hermès' now essential e-commerce operations saw very strong growth in 2020, doubling their digital footfall compared to the previous year, while the deployment of the hermes.com online store was extended in Asia and the Middle East. Thirty countries are now open to e-commerce.

This digital strategy has increased the recruitment of new customers to 75% of clientele. As both a showcase and sales platform, hermes.com reaches an unprecedented audience. Innovations in service – such as the product locator and e-Reservation option – give those who are joining the Hermès community a smoother experience.

A STRENGTHENED NETWORK OF STORES

The second half of 2020 was very dynamic, particularly in Asia.

Firstly, Japan opened a fourth store in **Osaka**, in the Daimaru mall in the lively Shinsaibashi district. In 2020, the house also transformed two key sites in the Japanese archipelago, firstly in **Tokyo**, with the renovation of Japan's first Hermès store, which opened in 1979, and secondly the **Sendai** store, located inside the Fujisaki mall.

Korea inaugurated a larger sales space within the Shinsegae store in **Daegu**, strengthening the house's presence in the capital of Gyeongsangbuk-do province.

In **Dalian**, China, where the house has been present since 2004, the Hermès community will soon discover a new arrangement on two levels in the Times Square mall.

Lastly, the house has demonstrated its attachment to **Hong Kong**, where it has been established since 1975, by opening a large store in the Harbour City shopping mall.

In Europe, two new stores have opened: one in **Madrid**, the other in **Stockholm**.

Hermès has reaffirmed its strong and enduring ties with Spain by establishing a presence in the capital's beating heart, in a listed building emblematic of Madrid's neoclassical architecture.

In Sweden, Hermès' collections can now be found on the ground floor of the Nordiska Kompaniet department store, in a listed building of Art Nouveau architecture.

In Germany, the store situated in **Berlin's** Kaufhaus des Westens now benefits from a new site in Europe's largest shopping mall.

The Russian market continues to develop with the opening of a new store in **Moscow** – the third in 20 years – in the Vremena Goda shopping mall in the historic Kutuzovsky Prospekt district.

Lastly, the second quarter was marked by three store re-openings in the United States: in the Cherry Creek mall in **Denver**, Colorado, on the upper floors of Wynn Plaza Shops in **Las Vegas**, and in the **Short Hills** mall in New Jersey.

In highly constrained circumstances, in the face of a drastic reduction in international travel, the house's special connection with its customers has been strengthened through attentive communication, offering exclusive services, private appointments and other little attentions to enable the Hermès community to enjoy inspirational experiences with the house.

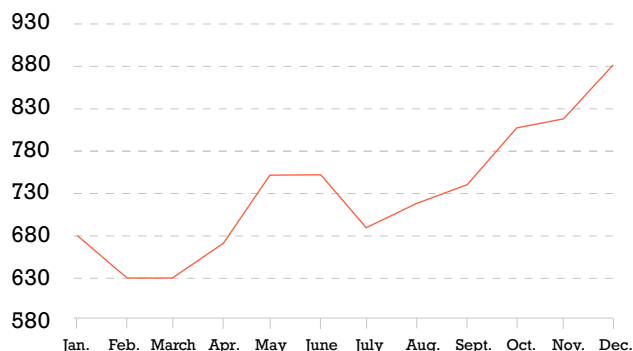
New Hermès store in Moscow, Russia



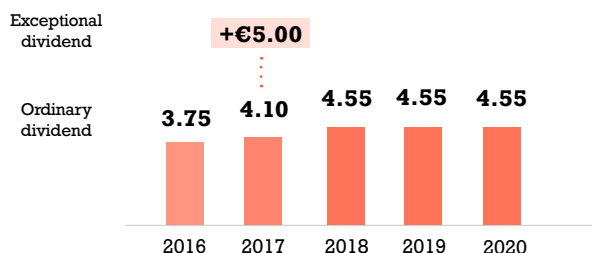
THE HERMÈS SHARE

2020 was marked by an unprecedented health and economic crisis. Hermès demonstrated its ability to adapt, the agility and strength of its craftsmanship business model. Everywhere in the world, the reduction in tourist flows was offset by the loyalty of local customers and the network has flexibly adapted to the global context changes by offering omnichannel solutions to its customers.

HERMÈS SHARE PRICE HISTORY IN 2020



EVOLUTION OF THE DIVIDEND (IN € PER SHARE)



KEY STOCK MARKET DATA IN 2020

Number of share as
at 31 december 2020
105,569,412

Share price as of 31st
december 2020
€880

12-month average
share price
€729

Average daily volume
(Euronext)
66,151

PROPOSED DIVIDEND

At the General Meeting of 4th May 2021, a dividend proposal of €4.55 per share will be made. The €1.50 interim dividend paid on 4th March 2021 will be deducted from the dividend approved by the General Meeting.

GENERAL MEETING OF 4 MAY 2021

Due to the exceptional situation related to the coronavirus and in order to protect everyone's health, in accordance with the government's measures and in application of the Decree No. 2021-255 of 9 March 2021, the Executive Management decided to hold the Hermès International Combined General Meeting of 4 May 2021 in closed session at the Company's offices in Pantin. You can find all the useful information under the "General Meetings" webpage (<https://finance.hermes.com/en/general-meetings>), as well as in the Notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* (BALO) of March 17, 2021. The General Meeting will be broadcast on video, live and in full on the Company's website <https://finance.hermes.com> on May 4, 2021 at 9.30 am (Paris time). It will also be available on the aforementioned website in replay. Under these conditions, we invite you to vote by mail or to give proxy to the Chairman or to a person of your choice. We remind you that you may send your written questions in advance by e-mail at ag2021@hermes.com.

DIARY

22 April 2021
1st Quarter Revenue

4 May 2021
General Meeting of Shareholders

30 July 2021
2021 Half Year Results

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