



LETTER TO SHAREHOLDERS

SEPTEMBER 2021

An extraordinary odyssey

“An odyssey”, the theme of the year chosen more than two years ago by Pierre-Alexis Dumas, artistic director of Hermès, could not be more fitting. Because facing this unprecedented crisis together, maintaining our activity in an uncertain context, and asserting the strength and relevance of our artisanal model is far from ordinary.

Our excellent results attest above all to the remarkable commitment of all the house’s employees, whom I thank warmly. Everyone has shown courage and creativity: our artistic directors and the various métier teams, who have presented collections that exalt our know-how and the excellence of our materials as well as offering colour and imagination; the sales teams, who have reinvented their profession despite the store closures, using distance selling and technological means to preserve and nurture their bonds with local customers; and, of course, the artisans who have maintained their activity in France in challenging circumstances.

These past few months have highlighted the importance of our human values and our commitment to viewing our company as a collective adventure through which everyone can carry out their work, thereby contributing to the success of all.

Strengthened by this conviction, and aware of our responsibilities as a social stakeholder, we are pursuing our investments in production capacity and our omnichannel sales network, we are continuing to develop employment and training, and we are reasserting our creative uniqueness.

By its nature, our artisanal approach leaves a measured footprint on our environments, but we continue to work diligently to reduce carbon emissions and renew our commitments to preserving biodiversity and regenerating natural ecosystems.

Finally, it is important to highlight the role of the Fondation d’entreprise Hermès, which has maintained and renewed its programmes with the artistic scene, the French Department for Education and various partner organisations, the WWF in particular.

So yes, ours is above all a human adventure, an odyssey. Like Odysseus, we remain true to ourselves, confident in our model and our values, and able to seize opportunities, fully aware of the uncertainties we will have to face.

Axel Dumas
Executive Chairman

THE EXCEPTIONAL FIRST HALF RESULTS RELY ON OUR SUSTAINABLE AND RESPONSIBLE MODEL

Revenue up 77 % compared to 2020 and 33 % compared to 2019 at constant exchange rates.
The recurring operating margin reached 41 % of sales.
The net income amounted to €1,174 million.

The group's consolidated revenue amounted to €4,235 million in the first half of 2021, up 77 % at constant exchange rates and 70 % at current exchange rates compared to 2020. This increase is up 33 % at constant exchange rates compared to 2019, both in the first and second quarters. Recurring operating income amounted to €1,722 million (41 % of sales) at the end of June. Net income group share reached €1,174 million (28 % of sales).

The sales increase in the second quarter (+127 % at constant exchange rates and +119 % at current exchange rates) reflected the strong sales momentum, in the continuity of the first quarter.

"The results for the first half of the year have been exceptional in nature. But this performance also reflects the momentum and resilience of our model, which puts people, the source of creativity and innovation, as well as the requirement for absolute quality, at its core. These are the key factors of our artisanal approach and the desirability of our objects. We are equipped to cope with uncertainties while remaining faithful to our values."

Axel Dumas, Executive Chairman of Hermès

All the geographical areas confirmed their strong growth with a strong dynamic in Asia, an acceleration in America and a recovery in Europe. Sales in the group's stores increased by 81 % at constant exchange rates compared to last year, and by 41 % compared to 2019.

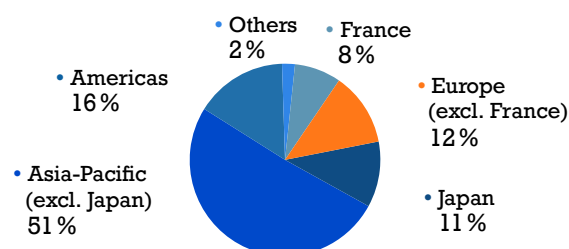
All the business lines confirmed their growth, with a remarkable increase in the Ready-to-Wear and Accessories division, Watches and other Hermès Business Lines (Jewellery and Homeware).

FIRST HALF 2021 KEY FIGURES

(IN MILLIONS OF EUROS)

	H1 2021	FY 2020	H1 2020	H1 2019
Revenue	4,235	6,389	2,488	3,284
Recurring operating income	1,722	1,981	535	1,144
Operating income	1,722	2,073	535	1,144
Net profit – Group share	1,174	1,385	335	754
Investments (excluding financial investments)	214	448	162	170
Restated net cash position	5,521	4,904	3,922	3,740
Workforce (total number of employees)	16,966	16,600	15,698	14,751
Workforce (France)	10,607	10,383	9,773	9,096

REVENUE BY GEOGRAPHICAL AREA



OUTLOOK

For 2021, the impacts of the COVID-19 pandemic are still difficult to assess. 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.

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 is 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.

HERMÈS, AN ECONOMIC AND SOCIAL STAKEHOLDER

The group continued to invest during the first half of 2021, notably in France, reflecting Hermès' confidence in its integrated, local and artisanal production model.

In a context that remains uncertain, the house is pursuing its operational investments in production sites in France, thereby continuing to contribute to the country's economic and social development in the long term. The aim is to perpetuate the singularity of Hermès' artisanal model, producing 80 % of its objects in France and more than 60 % internally. The group continues to open new workshops in France according to its sustainable construction model that also contributes to regional regeneration.

RESPONSIBLE AND SUSTAINABLE DEVELOPMENT

The first half of 2021 began in January with the operational inauguration of the Maroquinerie de **Montereau** (Seine-et-Marne), producing exceptional bags on a site adjoining the tannery belonging to Hermès. This project seals the rapprochement between Hermès Maroquinerie-Sellerie and Hermès Cuirs Précieux, initiated with the aim of creating skill hubs of more than 150 artisans. The new Maroquinerie de Montereau was officially opened on 11th June 2021.

The new leather goods factory in Guyenne (Gironde), inaugurated on 10th September 2021



Hermès, an employer of craftsmen of excellence

In **Pierre-Bénite** (Rhône), a new printing line was brought into operation on 17th May after eight months of assembly in Ateliers AS's new premises. This versatile and innovative line can print silk scarves in both of the main formats, 90×90 and 140×140 cm, and offers new technical capabilities in terms of precision and colour control.

Lastly, during the first half-year, work at the Maroquinerie de **Guyenne** (Gironde) was completed and the site opened in September. Construction work is ongoing at other sites, with openings planned in **Louviers** (Eure) in 2022, **Tournes** (Ardennes) – the first workshop designed with a positive energy objective – in 2023, and **Riom** (Puy-de-Dôme) in 2024. The latter project involves the renovation of the former tobacco factory, taking an architecturally understated and environmentally-friendly approach in keeping with the site. This facility near the Maroquinerie de **Sayat** (Auvergne-Rhône-Alpes) will ultimately be part of the future 'manufactures d'Auvergne' hub.

CREATIVITY AND INNOVATION AT THE HEART OF THE STRATEGY

The first half of 2021 was marked by the launch of the annual theme of ‘Hermès: an odyssey’. This shared adventure has guided the house’s creative teams in designing new objects.

Hermès Beauty opened a new chapter with the launch of **Rose Hermès**: a refillable and sustainable collection of *Rose Hermès Silky Blush* blushers, rosy lip enhancers, and dedicated accessories, including a leather case designed in collaboration with the leather goods métier. The latter’s other new creations include the **Birkin trois en un** bag, composed of a bag and a pouch offering three different uses, and the **Mors de bride** bag, equipped with an equestrian-inspired clasp. For men, the **Galop Hermès** bag is reimaged in merino wool tweed, and the **Sac à dépêches Messenger** is reinterpreted in a compact version. Leather craftsmanship was in the limelight at the **Once Upon a Bag** exhibition, the fourth instalment of the ‘Hermès Heritage’ cycle, which opened at Seoul Museum (Korea) on 20 May 2021.

INNOVATIVE FORMATS FOR THE PRESENTATION OF READY-TO-WEAR COLLECTIONS

The eagerly-awaited ready-to-wear runway shows adopted new formats to go ahead in accordance with restrictions.

The women’s autumn–winter 2021 collection, designed by Nadège Vanhée-Cybulski, was presented in the form of a trilogy played out on three continents on 6th March. Broadcasted live, this performance – part choreography, part runway show – took place simultaneously in New York, Paris and Shanghai.

The men’s collection for autumn–winter 2021, developed by Véronique Nichanian, was presented on 23 January at the Mobilier national in Paris, in the form of a live performance filmed by director Cyril Teste. Meanwhile, on 24th to 28th March, the **Hors-Champ** event showcased the men’s spring–summer 2021 collection featuring timeless casual, streamlined silhouettes.

THE MÉTIERS: CREATIVE ABUNDANCE

For the first time, a scarf design – **La Danse des chevaux** by Jean-Louis Sauvat – was presented in the men’s and women’s silk collections simultaneously. The **Space Derby** scarf by Ugo Bienvenu also made an impression with its space odyssey. The latest silk creations were unveiled

in January 2021 at the **Hermès Carré Club** stopover in Dubai. From 19th to 23rd May, the first edition of **Hermès Fit** helped to expand the Hermès community in Chengdu (China) through this fun, sporting event devised to present the house’s accessories in a different light.

The year began with the presentation of the new high jewellery collection, **Lignes sensibles**, at the Faubourg Saint-Honoré store in Paris from 21st January to 13th February, before being revealed to the public in Hong Kong in March. In June, the spotlight shone on the **Kellymorphose** jewellery collection by Pierre Hardy, who reinterpreted and reinvented the heritage forms of the *Kelly bag*, transforming its lines and functional elements into precious objects.

The graphic, equestrian motifs of the new **Hippomobile** tea service designed by Gianpaolo Pagni enliven the table. Inspired by the world of sport, the men’s **Hermès H08** watch, presented at the international Watches and Wonders show in Geneva (Switzerland) on 8 April, is a finely-balanced object. Men also have a lively, sensual and bright new fragrance, **H24**.

The light and compact **Ash Wood bike**, designed by the Hermès Horizons teams, was named Best New Bike by the leading English-language lifestyle magazine, *Monocle*. Lastly, Hermès and Apple have continued their creative odyssey with the **Apple Air Tag Hermès** smart devices, which make locating everyday objects easy.



Hermès Fit, the latest fun sporting event of Hermès

A HOUSE OF ARTISANS WITH HUMAN VALUES

Hermès' commitment to responsible and sustainable development is a collective odyssey: transmission, training and education structure the group's actions, and complement its environmentally responsible approach.

PRESERVING THE ENVIRONMENT

Thanks to its local, integrated, artisanal business model, Hermès is one of the CAC 40's lowest emitters of greenhouse gases. The group confirms its objectives of reducing carbon emissions from its industrial sites by 50 % by 2023.

Conscious of its environmental responsibility, Hermès is working on the evolution of the group's biodiversity footprint with the GBS (Global Biodiversity Score) tool in partnership with WWF France and CDC Biodiversité. The mapping obtained will make it possible to identify the group's main impacts on its entire value chain for its principal métiers, allowing Hermès to direct its biodiversity strategy, set objectives and determine priority initiatives.

Lastly, Hermès is pursuing its research and development into exceptional new materials to expand its offering with a focus on ever-greater sustainability. The security and traceability of its supply chains are crucial to this drive for excellence. In March, the house presented **Sylvania**, a hybrid material of natural and biotechnological origin. Developed from Fine Mycelium produced in a Californian laboratory, this material is then processed in France by the house's tanners to give it strength and durability.

PEOPLE

Hermès has been acclaimed on several occasions as a high-quality employer. The company was awarded the 2020 Grand Prix Humpact Emploi France, which recognises job-creating businesses in France.

The **second Group Disability Agreement** came into effect on 1 January 2021 for a three-year period. Negotiated with union and management representatives, it encourages the continued mobilisation of the house's stakeholders in favour of inclusivity, keeping disabled workers in employment, and raising awareness of all employees about these issues.

Transmission and education remain core commitments for Hermès. The development of Hermès' apprentice training centre, *l'École Hermès des savoir-faire*, has continued in 2021 in partnership with the French Department for

Education in order to transmit leather-crafting know-how. This training will be recognised by a national diploma in leatherworking, the *CAP Maroquinerie*.

Raising awareness of artisan métiers in young people continues through the **Manufacto** programme, run by the Fondation d'entreprise Hermès, which has been implemented both, in Italy and the United Kingdom, in its first ever overseas rollout.



L'École Hermès des savoir-faire offers training that is recognised by a French national diploma.

COMMUNITIES

As a socially responsible employer, Hermès fosters inclusivity while strengthening its local anchors, and with this in mind, Holding Textile Hermès joined the **L'Entreprise des Possibles** collective in May 2021. This initiative allows staff to donate their paid holidays or get involved in volunteer work with homeless or vulnerable people.

Furthermore, the Fondation d'entreprise Hermès launched a new call for applications for the **Artistes dans la Cité scholarships** for students enrolled in higher education courses in dance, theatre or circus skills who face financial difficulty.

CUSTOMERS AT THE CORE OF AN OMNICHANNEL NETWORK

In the first half of 2021, the expansion of the e-commerce platform continued alongside the growth of the store network in a two-fold approach that fosters the house's proximity with its customers across the world.

After 2020, a year of heightened importance for e-commerce, the house has continued to develop its omnichannel network, paying particular attention to supporting the digitalisation trend. The opening of an e-commerce website in **Thailand** on 2 June 2021 is the latest addition to this digital rollout.

At the same time, Hermès has continued to invest in opening new stores and expanding existing ones. Teams throughout the distribution network have shown high levels of engagement and reinvented themselves to maintain and nourish their bonds with local customers. Great care has been taken to offer each customer a high-quality experience. Distance selling has been developed to meet the expectations of sections of the public in very restricted circumstances.

NEW STORES TO DISCOVER

The network has been expanded to include a new site in **Troy**, in Detroit (United States), the first Hermès store in Michigan. Located in the Somerset Collection mall, this store presents the Hermès métiers in a mineral and plant inspired environment characteristic of the Great Lakes region.

The house also continues its Japanese odyssey with two new stores. Firstly in **Tokyo**, a remarkable building on Omotesando Avenue now welcomes the public to a retail space covering 488 m². This new store is the first in Japan to be located outside a mall since the Maison Hermès opened in Ginza in 2001. Secondly in **Osaka**, Hermès has opened its first store devoted entirely to shoes, within the Hankyu Umeda department store.

Lastly, a fourth store in **Macao** was unveiled, in the Galaxy Macau resort, its decor combining the Portuguese and Chinese cultures that are part of the region's history.

AND TRANSFORMED STORES TO REDISCOVER

Hermès has transformed its retail space in **Beijing**, which now occupies two floors of the China World Trade Center at the heart of the Chinese capital's business district. The **Brisbane** store in Australia has been expanded and renovated to reflect the exceptional natural environment of Queensland, the Sunshine State.

In France, the house has reopened its store in rue de Sèvres in **Paris**. Colours and materials offer a fresh, light evocation of the memory of this former swimming pool. The **Chaîne d'encre** bookshop and café have been brought together in a single space overlooking the former pool area. The store in **Lyon** has been enlarged and renovated to echo the region's textile tradition, in particular its know-how in silk perpetuated by Hermès in its manufactures.

Elsewhere in Europe, the store in **Zurich** (Switzerland), located in a listed building on Paradeplatz, reopened its doors. In **London** (United Kingdom), a new space entirely devoted to the women's universe was added to the three existing Hermès zones in the prestigious Harrods department store.

The store on the rue de Sèvres in Paris reopened in March 2021.



RESPONSIBLE AND SUSTAINABLE COMMITMENT

The first half of 2021 has been marked by the advancement of several strategic areas in terms of corporate social responsibility. First, supporting job creation. At the end of June 2021, Hermès employed 16,966 people worldwide, including 10,607 in France. The group has continued to recruit and added nearly 400 people to its workforce in the first half of the year, which will accelerate in the second half to support the house development. With 51 production sites set up in 9 regions in France, the group is a local actor committed towards the creation of jobs, revitalization of territories and protection of natural ecosystems.

Hermès has reasserted its commitment to reduce carbon emissions with:

- the formalising of trajectories for the reduction of industrial site emissions in line with the 2030 targets, reduction of emission by 50 %
- the renewal of its commitment with the third Livelihoods Carbon Fund into projects at strong positive impact to fight climate change, notably through large reforestation projects. Hermès has committed alongside Livelihoods since its creation in 2012. 130 million trees have been planted to the benefit of over 1 million people in the past nine years.
- Hermès offset, since 2019, over 100 % of its emissions linked to its own activities (scopes 1 and 2). Today, more than 80 % of the electricity of the group comes from decarbonized sources.

THE HERMÈS SHARE

KEY STOCK MARKET DATA IN THE 1ST HALF OF 2021 (EURONEXT INTRADAY)

Number of shares
as at 30 June 2021
105,569,412

Highest price
€1,237.50
Lowest price
€839.40

HERMÈS SHARE PRICE HISTORY IN 2021 (IN €)



GENERAL MEETING

Due to the Covid-19 epidemic, the Hermès International Combined General Meeting was once again held on Friday 24 April 2020 in closed session. Shareholders were encouraged to vote by mail and a dedicated e-mail address has also been set up in advance of the General Meeting to make it easier for them to send their written questions. It was the occasion to present a general review for 2020, outlining the highlights of the year; during which Hermès maintained its operating investments. Shareholders had the opportunity to follow this General Meeting in its entirety via a live webcast on Hermès International's financial information website: <https://finance.hermes.com>. The replay of the webcast of the General Meeting is available at the same address, in an e-accessible version.

UPCOMING EVENTS

21 October 2021
Q3 2021 revenue publication

18 February 2022
Publication of the 2021 annual results

20 April 2022
General meeting of shareholders

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