



LETTER TO SHAREHOLDERS

MARCH 2022

A wonderful human odyssey

2021 was marked by strong growth and exceptional results. In the face of the pandemic, Hermès' artisanal model has once again demonstrated its resilience and relevance.

We owe this success to the house's 17,600 employees who, with their talent, know-how and human values, adapted to a new paradigm without ever compromising their high standards or integrity. We rewarded this universal commitment by granting an exceptional bonus of €3,000 to every employee worldwide and a monthly pay increase of €100 for employees in France.

In the new dynamics of a world where the physical and the digital coexist, Hermès has consolidated its multi-local approach and successfully nurtured and renewed its bonds with customers in each country. In increasingly polarised markets, its rich collections and abundant creativity have enabled the house to offer sustainable objects adapted to individual desires. Innovation, whether in the development of new materials, in support functions, or in the agility of our services, has played a key role. Maintaining investments in production capacity and training – such as through the creation of the École Hermès des Savoir-Faire – is a sign of the house's deep attachment to the regions and local communities in which it operates, and of the need and willingness to act in a socially and economically accountable way. The group's commitments to managing its environmental impact and contributing to responsible growth have been welcomed by all stakeholders, as borne out by the high scores received from non-financial rating agencies.

It is therefore with pride and gratitude that we close 2021, a year that we announced as an odyssey – a journey that, despite the world's vicissitudes, reminds us of who we are.

Axel Dumas
Executive Chairman

RESULTS

An exceptional performance in 2021.

« Abundant creativity, unique know-how and the quality of materials have driven the growth of our sixteen métiers. Hermès is very dedicated to its role as a committed and responsible company and continues its commitments to job creation around the world and to regional regeneration in France, while reinforcing its ambitious environmental objectives. »

Axel Dumas, executive chairman of Hermès

The group's consolidated **revenue** amounted to **€9 billion**, up 42% compared to 2020 and 33% over two years at constant exchange rates. **Recurring operating income** was up 78% and reached **€3.5 billion**. Consolidated net profit amounted to €2.4 billion, up 77% compared to 2020.

A SUPPORTIVE AND RESPONSIBLE GROWTH

Sales in the group's stores increased by 44% at constant exchange rates compared to 2020. Hermès continued the qualitative development of its distribution network, and online strengthened worldwide. Asia and America recorded the strongest increase, both compared to 2020 and 2019, and Europe returned to growth during the second half compared to 2019. Thanks to local customers, all the business lines confirmed their sustained dynamic.

People are at the heart of Hermès's craftsman identity with the continuation of recruitments, particularly in France and the reaffirmation of its commitments to education and transmission. The number of employees has doubled in ten years. The sharp rise in the group's non-financial ratings reflects its commitments to CSR.



OUTLOOK

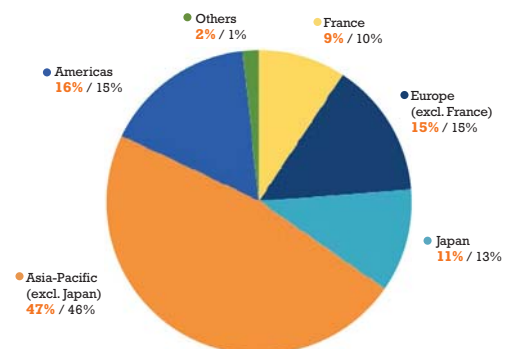
For 2022, the impacts of the Covid-19 pandemic are still difficult to assess. Hermès' highly integrated craftsmanship model, its balanced distribution network, the creativity of its collections and the loyalty of its customers allow the group to look to the future with confidence.

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

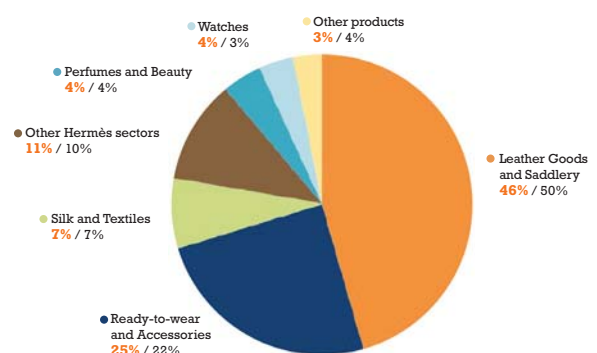
KEY FIGURES (IN M€)

	2021	2020
Revenue	8,982	6,389
Recurring operating income	3,530	1,981
As a % of revenue	39.3%	31.0%
Net profit – Group share	2,445	1,385
Operating cash flows	3,060	1,993
Investments	532	448
Restated net cash position	7,070	4,904
Workforce (number of employees)	17,595	16,600

REVENUE BY GEOGRAPHICAL AREA IN 2021 / 2020



REVENUE BY SECTOR IN 2021 / 2020



HERMÈS, AN ECONOMIC AND SOCIAL STAKEHOLDER

Hermès continues to be guided by its entrepreneurial spirit, with the second half of 2021 marked by the group's continued investment in its production capacities.

To support its growth, Hermès has embarked on establishing new manufactures in France, to which the group applies ambitious sustainable construction standards in line with its environmental impact reduction commitments. These new premises also contribute to regional revitalisation not only by creating jobs, but also by maintaining the viability of services, shops and schools, which is a real challenge for the rural areas in which Hermès is building its production sites.

On 10 September, Hermès inaugurated the **Maroquinerie de Guyenne**, in Saint-Vincent-de-Paul, in Gironde. Combining wood and concrete, this 140-metre-long building aligns with the group's sustainable development ambitions. The site has 2,250 m² of solar panels that meet 40% of the site's energy requirements, along with full LED lighting. Recovered rainwater is redirected to the sanitary facilities and to water the outdoor spaces: more than a hundred trees have been planted to re-green the site and create a garden for employees. Ultimately, 260 jobs will be created: a prospect conducive to the revitalisation of this rural community of a thousand inhabitants. In order to provide training, mentoring and support for employees, nearly one-third of team members come from other group sites or other métiers within the house. Hermès is also implementing a recruitment strategy in collaboration with the Pôle Emploi employment service, the Greta adult education service, and the Charles Péguy high school in Eysines. With the inauguration of this leather goods workshop, the nineteenth in France, Hermès is confirming its role as a socially responsible company that creates high-quality jobs.



The Maroquinerie de Guyenne (Gironde), inaugurated in 2021.

This ambition is also at work at the **Maroquinerie de la Sormonne**, the foundation stone of which was laid on 24 September. This future establishment, located between Tournes and Cliron in the Ardennes and scheduled to open in 2023, will be the house's twenty-first leather goods workshop and the second in Hermès' Ardennes hub. Passing on the know-how and culture of the saddlery-leatherworking métier will be facilitated by the proximity of the Maroquinerie des Ardennes. Hermès is also strengthening its local anchors through a partnership with Pôle Emploi for the recruitment of artisans, and with the Greta and the Charles de Gonzague high school in Charleville-Mézières for their training.

Finally, on 30 November 2021, Hermès inaugurated the new **Tanneries du Puy** building. The delivery of this renovated space marks the completion of the first phase of this major rehabilitation project.

At the same time, work on the future **Maroquinerie de Louviers**, in the Eure region, and the **Maroquinerie de Tournes**, in the Ardennes region, and the renovation of the **former tobacco factory in Riom** (Puy-de-Dôme) continued throughout the half-year, as did the work on extending the Pierre-Bénite textile site near Lyon.

Two further sites, located in L'Isle-d'Espagnac (Charente) and Loupes (Gironde), will be the house's 23rd and 24th leather goods workshops, scheduled for 2025 and 2026 respectively.

Hermès, an employer of exceptional artisans, creates approximately 250 jobs in each new leather goods workshop.



CREATIVITY AND INNOVATION AT THE HEART OF STRATEGY

Hermès continued its creative odyssey with new objects presented during the second half of the year, punctuated by key events around the collections. These reunions were appreciated by the Hermès community around the world.

On 15 October, Hermès Beauty opened a new chapter with **Les Mains Hermès**, a collection of twenty-four nail enamels accompanied by a repairing and protective hand care cream.



Les Mains Hermès,
the third chapter of Hermès Beauty.

In the leather goods collections, the perfectly symmetrical **Hermès Geta** bag stands out for its elongated H clasp. The **Boucle Sellier** bag features another notable clasp, inspired by a 1950s bracelet and extended with a chain embossed on the leather. In a different format, the travel universe welcomed the **RMS**, a suitcase with reinforced corners and numerous innovations, including wheels borrowed from the world of skateboarding. The history of the house's bags was at the heart of the **Please Check-In** event that took place in Hong Kong in October 2021 and Dubai in November. This veritable odyssey introduced visitors to the creations through the medium of an immersive experience.

On 26 June, Véronique Nichanian, artistic director of the men's universe, collaborated with director Cyril Teste for the third time to present the **men's autumn-winter 2022 collection**. Surrounded by vast screens, this runway show took place in public and in the open air in the courtyard of the Mobilier national in Paris. On 2 October, Hermès presented the **spring-summer 2022 women's collection** at Le Bourget airport (France) with a show in a circular space resembling an infinite landscape of warm colours. On 10 November, fifteen looks from this collection were staged at a **Grand Soir** in Los Angeles orchestrated by Nadège Vanhée-Cybulski, artistic director of women's ready-to-wear, in collaboration with artist and filmmaker Miranda July.

In silk, the double-sided innovation continued to result in new creations, including the **Hermès Dress Code** 90 scarf, designed by Daniel Clowes, which presents an imaginary gallery of portraits printed on one side in bright colours and in black and white on the other, in a nod to photographic studios. Silk creations and accessories were playfully staged in a travelling gym entitled **HermèsFit**. This sporting odyssey was presented in Tokyo, then in New York in November, before taking over the Beaux-Arts in Paris and finally landing in Taiwan in December. The event staged fun and original fitness sessions with reinvented accessories.

Reinvention was also in evidence in Hermès jewellery, which presented a true **Kellymorphose**, its pieces inspired by details from the iconic bag. With the **Kelly Gavroche**, the bag's side straps become rings or necklaces in white gold, while its clasp is extended with a rose gold chain to form the **Kelly Chaîne** bracelet.

The 59th **Milan Design Week** took place from 5 to 10 September. Nearly twenty thousand people came to La Pelota to discover Hermès' collections for the home, presented in five cubic spaces. Particularly noteworthy pieces included the armchair and tables designed by Studio Mumbai, the new collection of enamelled copper table centrepieces, and the white cashmere throws.

Exceptional know-how, the cornerstone of these creations, was the subject of the travelling **Hermès in the Making** event, which took place from 15 to 24 October in Copenhagen. In staging inspired by an artisan's workbench, four of the house's core themes were addressed: the preservation and transmission of know-how, respect for exceptional materials, the importance of a long-term approach, and regional anchoring. The whole event, punctuated by interactive experiences, highlighted the sustainable and responsible model applied by the artisanal house.



The Home universe was unveiled
during Milan Design Week in September 2021.

A HOUSE OF ARTISANS WITH HUMAN VALUES

Human and artisan values continue to guide the group. In particular, Hermès ensures respect for resources and people in the context of sustainable and responsible development.

ENVIRONMENTAL PROTECTION

To raise awareness among younger generations of the importance of preserving our biodiversity, the Fondation d'entreprise Hermès designed the **Manuterra** programme for schools, in partnership with the Besançon education district, the Compagnons du Devoir et du Tour de France, and the Royal Saltworks at Arc-et-Senans. Since the start of the 2021 academic year, this scheme has been rolled out to six pilot classes of students aged 8 to 15, who are invited to create and maintain an edible garden using permaculture techniques. During school time, a gardening expert shares his know-how with the class, who learn to work the land and (re)discover the riches of the living world. In addition, as part of its Biodiversity & Ecosystems programme, the Foundation now supports the Federation of Catalan Natural Reserves, which manages the **Massane beech forest** (Pyrénées-Orientales). The exceptional natural heritage of this forest has been evolving freely for over 150 years and has become an open-air laboratory for studying biodiversity.



The Fondation d'entreprise Hermès has launched the Manuterra programme for school students aged 8 to 15.

PEOPLE

Signed in July 2020, the second **Group Disability Agreement** came into force on 1 January 2021 for a period of three years. Hermès is thus intensifying the rollout of its inclusivity initiative for people with disabilities with the support of a network of one hundred volunteer employees who have become Disability Ambassadors. Last November, as part of the **Duoday** operation, over 90 people with disabilities from

outside the company were welcomed by employees who introduced them to the house's various métiers. A fulfilling professional immersion for some and a unique experience-sharing opportunity for others.

Hermès is particularly dedicated to passing on its exceptional know-how, and also to its continuous development. On 6 September, the very first cohort of students were welcomed to the **École Hermès des Savoir-Faire** to begin their apprenticeship. Within its **CFA** (Apprentice Training Centre), the school provides vocational training lasting 18 months culminating in a French CAP (Certificate of Professional Aptitude) diploma in leatherwork, recognised by the French Ministry of Education. The Hermès artisan-trainers are responsible for training and preparing the students in the know-how required for the CAP, and for holding the final exam.

COMMUNITIES

The **Skills Academy** has been rolled out abroad – in Japan – for the first time since its creation by the Fondation d'entreprise Hermès in 2014. This first edition is dedicated to wood, a material omnipresent in the Japanese archipelago and therefore the subject of significant artisanal tradition. Developed in a specific format, this Japanese Academy builds on a book, *The Wood* (published by Kodansha Sensho Metier ahead of the programme), an adaptation of the book *Savoir & Faire: Le Bois*, co-edited by Actes Sud and the Fondation d'entreprise Hermès.



The **École Hermès des Savoir-Faire**: creation of an apprenticeship training centre dispensing a State diploma in leatherwork (CAP maroquinerie).

CUSTOMERS AT THE CORE OF AN OMNICHANNEL NETWORK

Throughout the second half of 2021, customers have been (re)discovering new or transformed stores, each one cultivating its own unique identity according to its location, by combining local characteristics with references to 24 Faubourg Saint-Honoré.

Following the reopening of the rue de Sèvres store in **Paris** in March 2021, in the early autumn petit h unveiled its new permanent home, which is an extension of the collections but with its own showcase inside the store. In this workshop-like space dedicated to the reinvention of materials and know-how, the objects resulting from re-creation are ingeniously presented thanks to a modular hanging displays.

Meanwhile, in **Milan**, Italy, where the history of Hermès began on the peninsula in 1987, is the newly transformed emblematic address on via Montenapoleone, 12. This store in the *quadrilatero della moda* now gives pride of place to curves and stands out for its careful balance of French spirit and Italian style.

In **Luxembourg**, a new interior architecture flooded with light showcases the house's métiers within a renovated store decorated with the collaboration of local artisans.

In Turkey, at the heart of the Istinye Park Mall in **Istanbul**, the sense of immersion in the world of Hermès is intensified by the store's extended size and its façade that evokes the sea shimmering in the sunlight.

Several new stores have been opened in Asia, particularly in China, which now has twenty-five addresses in nineteen cities. In September, Hermès moved into the **Shenzhen** Bay MixC Mall, where it occupies a strategic corner. The collections are presented in a decor inspired by the urban landscape, embellished with motifs and elements that are emblematic of the house. In the heart of the lively Nanshan district, this space is the second Hermès store in the megacity. In **Shanghai**, the renovated store in the prestigious Plaza 66 Mall now embraces flowing lines over a vast area conducive to wandering among the creations. Transformation also came to the **Suzhou** store, located in the Suzhou Matro Shopping Mall. Reconfigured over two floors, it combines ancient craftsmanship and contemporary innovation, in the image of this constantly evolving city of heritage. In the north-eastern province of Zhejiang, the public can finally discover the new version of the

Ningbo Hankyu store, whose interior layout is inspired by the city's characteristic verticality and geometry. This opening, in December, completed Hermès' 2021 odyssey in China, where the house succeeded in maintaining a steady pace of development despite the uncertain context.

In Japan, the Isetan Mall store in **Tokyo** reopened its doors to the public with an expanded space inspired as much by the bustle of the urban district of Shinjuku as by the serenity of the nearby imperial garden. This balance gives the store a particular harmony in its elegant combination of tradition and creativity.

In the Americas, a fourth store was opened in **Miami**, in the Aventura Mall, Florida's largest shopping centre. Embracing curves and waves that echo the nearby ocean while borrowing certain architectural codes from the Faubourg Saint-Honoré store, this new address strengthens Hermès' presence in the Sunshine State.

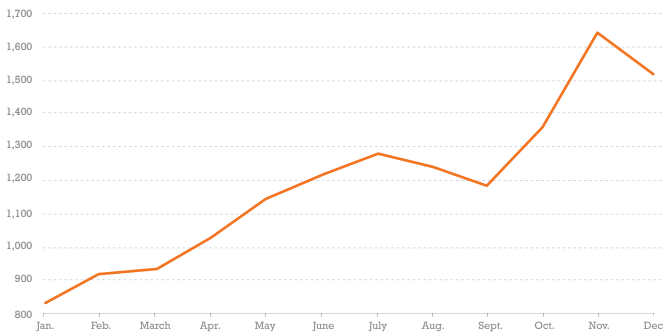
The new Hermès store in the Shenzhen Bay MixC Mall in China.



THE HERMÈS SHARE

The strength of the vertically integrated craftsmanship model is reflected in Hermès' inclusion in the Euro Stoxx 50 in December 2021.

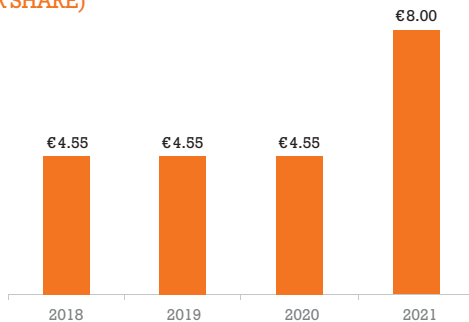
HERMÈS SHARE PRICE HISTORY IN 2021 (MONTH END PRICE IN €)



SUMMARY OF STOCK MARKET INFORMATION IN 2021

Share price as at 31 December	12-month average share price
€ 1,536	€ 1,191
Number of shares as at 31 December	Average daily volume (Euronext)
105,569,412	€ 55,257

EVOLUTION OF THE DIVIDEND (IN € PER SHARE)



PROPOSED DIVIDEND

At the General Meeting of 20 April 2022, an ordinary dividend proposal of €8.00 per share will be made. The €2.50 interim dividend paid on 23 February 2022, will be deducted from the dividend approved by the General Meeting.

GENERAL MEETING OF 20 APRIL 2022 AT 9.30 AM

Salle Pleyel, 252 rue du Faubourg Saint-Honoré, 75008 Paris
(Reception and sign-in between 8.00 and 10.00 am)

Information on participation and voting in the Meeting is provided in the *Bulletin des Annonces Légales* (BALO) published on 11 March 2022 and on <https://finance.hermes.com> ("General Meetings" section). People wishing to attend the General Meeting in person must comply with the barrier procedures, health and safety instructions and more generally with all regulation in force on the day of the Meeting. We encourage you to regularly consult the "General Meetings" section of our website (<https://finance.hermes.com/en/general-meetings>) which will be updated on any regulatory changes and/or recommendations of the Financial Markets Authority (AMF) that may occur prior to the General Meeting.

Furthermore, we inform you that the General Meeting will be broadcast live and recorded on our website (<https://finance.hermes.com/en/general-meetings>). Finally, we remind you that you can now send your written questions by email to ag2022@hermes.com or by registered letter.

AGENDA

- 14 April 2022
2022 1st Quarter Revenue
- 20 April 2022
General Meeting of Shareholders
- 29 July 2022
2022 Half Year Results

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