

LETTER TO SHAREHOLDERS

SEPTEMBER 2022

Keeping a light heart despite uncertainties

We placed the year 2022 under the aegis of lightness. The annual theme, which is one of our traditions, provides a common thread for the development of our collections. It is never a constraint, rather a prism through which to revisit our foundational elements. It is the melody that sets a tempo. Chosen and approved two years in advance, it can sometimes clash with world events, and it is often in these moments that it inspires us the most.

Carried by this gentle current, our artistic directors, the métiers and store teams have demonstrated creativity, innovation and ingenuity, transmitted through the know-how of our artisans. We thank them all for the success our collections have enjoyed. To give just a few examples, following on from make-up, we are celebrating the success of the complexion balm, giving more space to the Maison universe, and delighting in the remarkable momentum of watches and jewellery.

Our customers, no doubt happy to treat themselves and reconnect with the abundance and energy of our faubourgs, have been with us. The loyalty and trust they have demonstrated in all markets explain our excellent results.

We are therefore proud of this first half-year, which inspires us to maintain our efforts with enthusiasm and diligence. We continue to invest in our production capacities, not just for leather goods but also other métiers, which are real growth drivers; and we are developing employment and training. We are maintaining and strengthening our commitments in the field of social and environmental responsibility so that the fruits of our growth benefit everyone and our model has a positive impact on ecosystems – a responsible approach that has been recognised by CSR certifications.

Our distribution network is being expanded and enhanced for improved proximity and service. Our stores, each a hub of experiences and each carefully integrated into its home city, highlight the house's creative abundance.

Among other things, we celebrated the opening of the stores in Austin and Costa Mesa in the United States, Doha in Qatar and Zhengzhou in China, and we are preparing to open our new flagship at 706 Madison Avenue, New York, at the end of September.

In this year of ongoing uncertainty, we are staying on course with the enlightened optimism that forges our resilience.

Axel Dumas
Executive
Chairman



DYNAMIC SALES AND EXCEPTIONAL RESULTS FOR THE FIRST HALF OF 2022

“The strong results in the first half of 2022 testify to the growth of our sixteen métiers and the high desirability of our objects, which are artisanally designed to be sustainable without compromising on quality. In a context of continued instability, we are moving forwards with confidence, staying true to our model as a responsible company, committed to our employees and partners.”

Axel Dumas, Executive Chairman of Hermès

The group's consolidated revenue for the first half of 2022 attained €5.5 billion (+29% at current exchange rates and +23% at constant exchange rates year on year).

Recurring operating income reached **€2.3 billion** (42% of sales) at the end of June. Net income attributable to owners of the parent was €1.6 billion, an increase of 40%.

ACTIVITY

All regions have posted a very strong performance, with Asia showing remarkable resilience despite the public health situation in China. Sales at the group's stores (+23%) have benefited from a strengthened exclusive omnichannel network and online sales. At the end of June 2022, all the métiers confirm their strong momentum, with notable growth in Silk, Clothing and Accessories, Watchmaking and other Hermès métiers (Jewellery and Home universe) showing the extraordinary appeal of the house.

Revenue at the end of June 2022

€5.5 bn

Current operating profitability
at the end of June 2022

42% of sales

Restated net cash

€7.7 bn

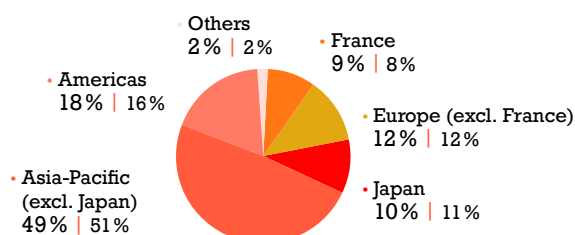
A responsible employer



Direct employment rate of people with disabilities

6.4%

BREAKDOWN OF REVENUE BY REGION 2022 / 2021



OUTLOOK

It is still difficult to assess the impact of the pandemic on the current year. Hermès' highly integrated artisanal model, its balanced distribution network, the creativity of its collections, and the loyalty of its customers allow us to look to the future with confidence.

In the medium term, despite the world's economic, geopolitical and monetary uncertainties, the group is asserting its ambitious objective for revenue growth at constant exchange rates.

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

The half-year report, press release and 2022 half-year results presentation are available on the group's website: <https://finance.hermes.com>

HERMÈS, AN ECONOMIC AND SOCIAL STAKEHOLDER

The house's results illustrate the extraordinary appeal of Hermès. The objects are artisanally designed to be sustainable without compromising on quality. This performance is underpinned by investments in our production capacity for all of our métiers, consolidating the house's local integration. The company is pursuing its operational investments with confidence.

2022 began with two new people joining Hermès' executive committee. On 1 March, **Sharon MacBeath**, Group Human Resources Director, and **Agnès de Villers**, CEO of Hermès Parfum et Beauté, joined the nine other members of Hermès' governing body, to which they will contribute their expertise as they support the group's growth.

LOCAL INVESTMENT AND JOB CREATION

In a context of sustained growth, Hermès is continuing to invest in new production sites. During the first half of 2022 work continued on the **Maroquinerie de Louviers** (Eure), the house's first energy-positive manufacture – the result of particularly ambitious environmental objectives – which is set to open in the next few months. Work continues on the sites at **Sormonne** (Ardennes) and **Riom** (Puy-de-Dôme), which are scheduled to open in 2023 and 2024 respectively. In March, Hermès announced the creation of two new leather goods workshops. The first, in **L'Isle-d'Espagnac** (Charente), will open in 2025, joining the South-West hub. The second, which is set to open in 2026, will be situated in the village of **Loupes** (Gironde). With the Manufacture de Guyenne, this 24th workshop will form the Gironde leather goods hub, the group's eighth. Ultimately these two sites will welcome some 500 artisans, strengthening the group's local integration. In preparing for the opening of these sites, Hermès is working with its local partners (the Nouvelle-Aquitaine development and innovation agency, the Grand Angoulême community of communities, the Pôle Emploi employment service, the Poitiers local education department, the Greta Poitou-Charentes agency of Angoulême, and Greta-CFA Aquitaine adult education services).

In **Pierre-Bénite** (Rhône), the transformation project for the textiles sector continues, with the Passerelles site now housing some support function staff.



"Once Upon a Bag", part four of the *Hermès Heritage* cycle.

EXPLORING THE ROOTS OF A UNIQUE ARTISANAL MODEL

To coincide with the opening of the new store in Doha, part four of the *Hermès Heritage* cycle was presented in the Qatari capital. From 26 May to 11 June 2022, the National Museum of Qatar hosted the "Once Upon a Bag" exhibition, offering an immersion into the saga of Hermès bags, from the first models ever created to the most exceptional contemporary pieces. The exhibition presents an overview of the bags and their uses, and of Hermès' leather goods expertise and innovations over the decades. From equestrian roots to sporty or dreamlike inspirations and designs that have become iconic, the bags that have marked the history of the house have continued to adapt to changing lifestyles, thanks to an unparalleled artisanal model.

CREATIVITY AND INNOVATION AT THE HEART OF THE STRATEGY

In the first half of 2022, a wave of lightheartedness washed over the métiers, injecting boldness into new creations and originality into events for the public through a theme conducive to creativity.

The house of Hermès chose lightheartedness as its annual theme for 2022, providing a source of inspiration that has imbued its new creations with a delicate, ethereal quality. Unveiling a whole imaginary world based on this theme, the first edition of **La Fabrique de la légèreté**, a poetic cinematographic event defying the laws of gravity, took place in Tokyo and drew a large audience.

Lightness was at the heart of the fourth chapter of Beauty, launched in March to considerable acclaim. **Hermès Plein Air** presented a complexion balm like a breath of fresh air for the skin, allowing it to breathe. Another new addition to Hermès Beauty, unveiled in the spring, was **Hermèsistible**, a collection of six oils infused with colour and scent to nourish, protect and revitalise lips. Lastly, Christine Nagel created **Terre d'Hermès Eau Givrée**, with which she explores a new territory of the iconic men's fragrance to express the intense freshness and vital force of earth covered in ice.

In leather goods, some striking new pieces were unveiled. Presenting a front pocket and a fun combination of colours, the **Kelly** and **Birkin** bags underwent a **Colormatic** transformation. The **Bolide Skate** bag revisits this original travel companion with a curved skateboard-like base that is a true technical feat of leather and aluminium assembly work.

As lightness naturally lends itself to silk, the theme can be found in the designs of new creations, from the highly imaginative waterpark of the 140 cm **Splash Park** shawl to the delicate floral motif and soft shades of the 65 cm **Jardin de Calypso** scarf.

The **Men's autumn-winter 2022 collection** runway show marked a return to the traditional format and took place on 22 January at Paris's Mobilier national. Cyril Teste oversaw the staging of this highlight in the house's calendar, implementing a system combining screens with tapestries conserved by the institution. For the **Men's spring-summer 2022 collection**, Véronique Nichanian introduced an air of lightness. Materials mix and techniques combine, while innovation and heritage intermingle.

Unveiled in March at the headquarters of the Garde républicaine in Paris, the **Women's autumn-winter 2022 collection** showcased a series of assertive and daring looks.

The **Women's spring-summer 2022 collection** designed by Nadège Vanhée-Cybulski presented garments in harmony with space and matter, where acid-bright shades flirt with the summer light. The light and radiant pieces from this colourful wardrobe were celebrated on 3 February in London (United Kingdom) at an event entitled **Gelato**. On 3 June, the women's universe was the star of a lively **Techno Équestre** evening event held in Tokyo (Japan), which brought together ready-to-wear, silk and high jewellery.

In late March, the new **Arceau Le temps voyageur** watch was very well received at the international Watch and Wonders fair in Geneva (Switzerland). The "travelling time" complication is a technical and aesthetic achievement in which a gravitational counter floats over cities, continents and time zones.

The **Kellymorphose** exhibition continued its world tour, its exceptional high jewellery pieces enthralling audiences in Singapore between 19 and 27 February and Sydney (Australia) from 29 April to 3 May.

In June, Hermès presented its new products for the home during the **Milan Furniture Fair** (Italy). In a true ode to lightness, structures made of wood and paper housed remarkable cashmere pieces that turned the spotlight on the house's textile expertise.

Lastly, the **Hermès in the Making** travelling exhibition dedicated to the house's know-how stopped off in Turin (Italy) from 19 to 29 May, then in Detroit (United States) from 9 to 15 June, presenting its exceptional crafts to a wide audience with the help of many artisans.



The Gelato event in London (United Kingdom).

A HOUSE OF ARTISANS WITH HUMAN VALUES

Hermès continues to pursue its commitments to inclusion, creating social value and passing on its know-how. Through its *Fondation*, it supports ambitious eco-responsible initiatives.

PRESERVING THE ENVIRONMENT

Our environmental ambitions are aligned with our commitment to the SBTi's (Science Based Targets initiative) **pathway of less than 1.5°C**, with multiple initiatives such as the use of renewable energy. **All of the electricity used in France is now from renewable sources.**

Since 2020, the Fondation d'entreprise Hermès has supported the Royal Saltworks at Arc-et-Senans (Doubs) in creating a circle of biodiversity to extend the site designed by architect Claude Nicolas Ledoux in the 18th century. The "Cercle Immense" project was launched on 26 June with a further five hectares encompassing a flower meadow, an edible walk, ten educational gardens and eleven ephemeral gardens. At the end of the school year, the Royal Saltworks also hosted the French and international press presentation of the pilot year of Manuterra, an environmental education project that aims to raise awareness among children of the living world that surrounds us.

WOMEN AND MEN

The group's second disability agreement came into effect in January. **The employment rate of people with disabilities has continued to grow, reaching 6.4% in 2021.** Thanks to the mobilisation of all, over 650 employees with disabilities are integrated into the teams.

The group has continued its recruitment drive and increased its workforce by more than 800 people in the first half-year. At the end of June 2022 the group employed 18,400 people, of which 11,500 are based in France. True to its duty as a **responsible employer**, in February 2022 Hermès paid an exceptional bonus of €3,000 to all group employees in recognition of their commitment in 2021, and granted a monthly salary increase of €100 gross to employees in France in addition to the usual January pay rises. In June, a second increase of €100 gross per month from July was announced for all employees in Europe.

Exceptional expertise and its transmission are priorities for the house. To support the growth of its activities, training programmes continue to be rolled out. Following the opening of **the École Hermès des Savoir-faire** in Fitialieu (Isère) in September 2021, a second training site has been opened at the Ardennes hub in Charleville-Mézières. This training, certified by a national diploma, takes place in



Children's workshop at the Royal Saltworks, Arc-et-Senans.

a climate of inclusion, respect for diversity, and equal opportunities. **The École des artisans de la vente** opened its doors in Paris in April. Created to provide sales associates with ongoing training, the school aims to encourage the uniqueness of each individual, to teach without indoctrinating, and to cultivate emotional intelligence while encouraging in-house bonding and skills sharing. Led by a team of more than fifty people, this new school will be accessible to the sales associates of stores in France. Lastly, the Group agreement signed on 25 November last year with three representative trade unions (CFDT, CFE-CGC and FO) concerning the renewal of social dialogue came into effect on 1 January 2022. A better understanding of our social partners, improved everyday interactions, more harmonious coordination of the mandate and business activity, and stakeholders' skills development are some of the measures identified by the signatories to foster and promote high-quality, effective and constructive social dialogue.

COMMUNITIES

Since 2010, **the Fondation d'entreprise Hermès** has invited artists to create works of art at the house's manufactures in conjunction with artisans and their exceptional know-how. Presented in South Korea, Japan and France at the start of 2022, the "Formes du transfert" exhibition allowed a wide audience to discover the leather, silver, silk and crystal pieces produced as part of this programme. Each work testifies to the close bond that was forged between artists and artisans at the workshops during this artistic and social endeavour.

CUSTOMERS AT THE CORE OF AN OMNICHANNEL NETWORK

Both online and in its network of stores, Hermès is committed to providing every customer with a unique experience while promoting the know-how of its artisans.

EXPANDING THE E-COMMERCE SITE

In the first half of 2022, the hermes.com website performed very well worldwide, in terms of both visits and purchases. The Hermès e-commerce platform is a gateway to the house, complementing in-person store visits. The group continues to offer new omnichannel services to its online community, which enjoys an increasingly wide choice of products.



The South Coast Plaza store in Costa Mesa, United States.

STRENGTHENING THE INTERNATIONAL NETWORK OF STORES

In Asia, a number of events allowed us to reconnect with our loyal clientèle and to reach a new audience. Hermès began the year with the reopening of its **Hong Kong** store in the Pacific Place mall, a location that has been close to the house's heart since it opened in 1991. The interior, bathed in light, reveals a palette of warm shades, making multiple references to Hong Kong's urban landscape. On the other side of the South China Sea, the store in One Central mall in **Macao** also reopened following renovation. Situated on the shores of the Nam Van Lake since 2009, this store stands out on the picturesque Avenida de Sagres thanks to its tall granite-clad façade with textured enamelled brick design on the upper floor.

The colours and noble materials of the interior echo the architectural diversity of this cosmopolitan city. On 30 March, Hermès opened its first store in **Zhengzhou**, the dynamic capital of Henan province (China). Located within the David Plaza mall, this new store with its broad façade boasting a 3D motif made from enamelled ceramic bricks, juxtaposes the house's architectural codes with the city's remarkable heritage.

In the United States, there were two main highlights for the house. In March, Hermès reopened its renovated store in South Coast Plaza – the largest shopping mall on the Californian coast – in the city of **Costa Mesa**. After 25 years at this site, the house wanted to extend the store and create an atmosphere that harmoniously combines the shades of the surrounding landscape with references to the original store on Faubourg Saint-Honoré in Paris. In Texas, Hermès opened its first store in **Austin**. Situated on South Congress Avenue, it subtly marries the urban style of the American South-West with the contemporary spirit of the city and the house's timeless elegance.

Lastly, on the Arabian Peninsula, the house opened a new store in **Doha** (Qatar), within the iconic Place Vendôme mall. Covering over 600 m², this vast retail space backing onto a private garden welcomes Hermès' sixteen métiers and showcases the region's noble materials with numerous references to local heritage.



The new store in Zhengzhou, China.

THE HERMÈS SHARE

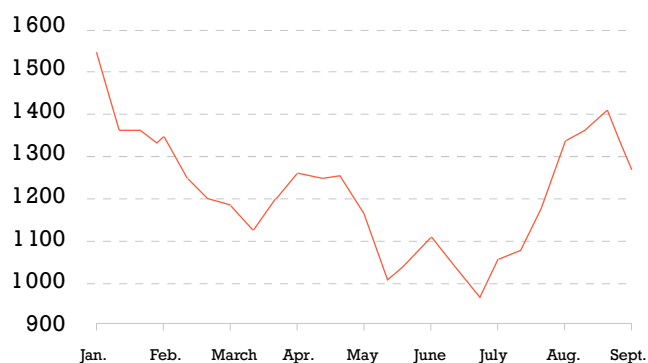
THE TRANSPARENCY AWARDS

In July, Hermès International received the Best Overall Transparency Award, coming top of all SBF 120 companies after ranking third last year, when it won the “CAC Large 60” award. The Transparency Awards are judged on the accessibility, accuracy, comparability, availability and clarity of information in the key public information sources of each company.

2022 YOUNG SHAREHOLDERS' AWARDS: HERMÈS RECEIVES THE COMMUNICATION AWARD

After winning the Performance award at the 2021 Palmes d'Or des Jeunes Actionnaires (young shareholders' awards) created by the EDHEC Business School and the Federation of individual investors and investment clubs (F2iC), the house was presented with the Communication award on 28 June 2022. This prize recognises the quality and authenticity of our communications to all audiences, in particular through a greatly enhanced digital presence for shareholders and financial markets.

HERMÈS SHARE PRICE HISTORY IN EUROS



KEY STOCK MARKET DATA IN THE 1ST HALF OF 2022

Number of shares
as at 30 June 2022
105,569,412

Highest price
€1,578.50
Lowest price
€970.20

GENERAL MEETING 2022

Following two years of remote meetings, shareholders were able to attend in person the General Meeting that took place on Wednesday 20 April 2022 at the Salle Pleyel in Paris, or watch the live stream of the meeting in its entirety on the company's website: <https://finance.hermes.com/fr/assemblees-generales>. The meeting is available to watch or watch again via this same link, in an e-accessible version. It was an opportunity for the house to review the major events of the year, and to reassert its values of creativity, know-how, strengthening the distribution network, and social and environmental responsibility. The shareholders were asked to vote on the reappointments of Supervisory Board members Estelle Brachlianoff, Julie Guerrand, Dominique Senequier and Charles-Éric Bauer for a period of three years. The detailed results of the votes show that the twenty resolutions, including four extraordinary resolutions, were approved by a very large majority. These results can be consulted on the website: <https://finance.hermes.com/fr/assemblees-generales>

AGENDA

20 October 2022
Publication of Q3 2022 revenue

17 February 2023
Publication of 2022 annual results

14 April 2023
Publication of Q1 2023 revenue

20 April 2023
General Meeting of shareholders

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