



LETTER TO SHAREHOLDERS

MARCH 2023

The desirability of creative objects

In 2022, our house met with unprecedented success. All over the world, our customers both loyal and new showed their appreciation for our collections. In these uncertain times, they were no doubt seeking colour, fantasy and spirit. They no doubt felt the urge to surround themselves with beautiful materials, objects made with exceptional know-how, and new creations. In the complex economic, health and geopolitical context of 2022, Hermès was more than ever synonymous with confidence.

These results support our business model: Hermès is a house of creation offering objects for every day that are both durable and functional, objects of assertive style and uncompromising quality. Commended for its responsible approach, which places people at its heart, Hermès remains in tune with the times. We are pleased to have been able to continue to invest in our production capacities, creating jobs, mainly in France, to have maintained our work in training and passing on artisanal skills, and in the research and development of fine materials, and to have continued to support our long-standing partners.

Hermès is upholding and renewing its environmental and social commitments in order to maintain a virtuous circle of growth, for both its employees and its partners, and more broadly for all of its communities and ecosystems.

In 2022, the house launched *Hermès Plein Air*, its complexion line, and received two major watchmaking awards for *Arceau, Le temps voyageur*. We will also never forget the opening of the new Maison Hermès at 706 Madison Avenue in New York and the *Kelly en désordre* bag! But 2022 will also and above all remain the year of our first cohort of trainees at the École Hermès des savoir-faire, which awards the French certificate of professional aptitude in Leatherworking; the year the company was named in the list of SBF120 companies feminising their governing bodies; and the year in which Hermès employed nearly 20,000 people.

Our successes belong to the teams who work with enthusiasm and discernment every day to make Hermès a house full of life, a house of its time, with a rich history that encourages us to look further. I thank them for their confidence and entrepreneurial spirit.

Axel Dumas
Executive Chairman



SALES MOMENTUM AND PARTICULARLY ROBUST RESULTS

“In 2022, Hermès had an exceptional year thanks notably to the good performance of its international markets. This success reinforces our approach as an artisanal and highly integrated company, mainly in France: a design house that offers objects conceived to be functional, with an assertive style and uncompromising quality. The year underpins the relevance of our responsible and sustainable model.”

Axel Dumas, Executive Chairman of Hermès

Sales growth was remarkable in all geographic regions, with strong momentum in all business lines.

Recurring operating profitability reached the exceptional level of 40.5% of sales, compared with 39.3% in 2021.

The group has strengthened its financial structure, enabling it to maintain its independence and pursue its long-term strategy.

Hermès is strongly committed to its role as a responsible artisan and continues to support education and training, with the launch of the École des artisans de la vente and the rollout of the École Hermès des savoir-faire.

KEY FIGURES (IN M€)

	2022	2021
Revenue	11,602	8,982
Recurring operating income	4,697	3,530
As a % of revenue	40.5%	39.3%
Net profit – Group share	3,367	2,445
Operating cash flows	4,111	3,060
Investments (excluding financial investments)	518	532
Restated net cash position ⁽²⁾	9,742	7,070
Workforce (number of employees)	19,686	17,595

Revenue

€11.6 billion

+23% at constant exchange rates

Recurring operating income

€4.7 billion

+33% compared to 2021

Operational investments

€518 million

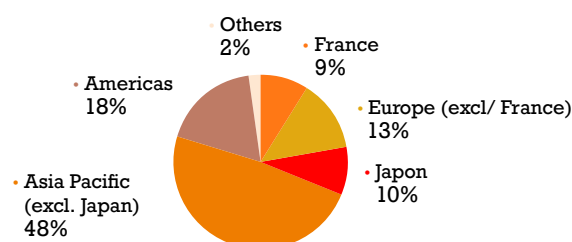
including c. 60% in France

Responsible employer

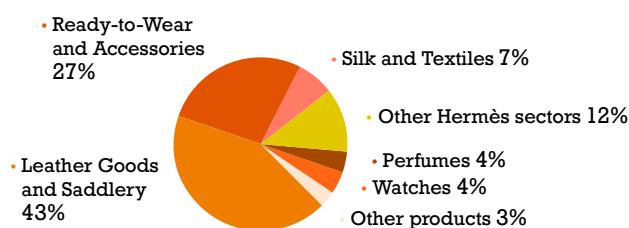
~ 2,100 recruitments

including +1,400 in France

REVENUE BY GEOGRAPHICAL AREA IN 2022



REVENUE BY SECTOR IN 2022



HERMÈS, AN ECONOMIC AND SOCIAL STAKEHOLDER

Hermès has increased its investments to expand production capacity for all métiers by establishing new sites and extending existing premises.

DEVELOPMENT OF REGIONAL HUBS FOR LEATHER GOODS

The second half of the year was devoted to progressing with building work at several production sites. The **Maroquinerie de Louviers** (Eure), the second site in the Normandy region, will open in April 2023. It will eventually house 250 artisans in an energy-positive building. Using brick and wood, designed for maximum bioclimatic and geothermal efficiency, it is equipped with photovoltaic panels and sits harmoniously within its landscape. The **Maroquinerie de la Sormonne** (Ardennes), which will open in May, has been conceived with particular consideration for the habitats of local protected species. The **glove and leather workshop in Saint-Junien** (Haute-Vienne) will open on the site of a former tawing works in June, after extension work. To support the strengthening of the house's regional hubs, each of these building projects also reflects a strategy to regenerate the regions, notably by creating jobs and regenerating the local services that accompany each new workshop. In this half-year period, the house has continued to prepare for the opening of several new sites: **Riom** (Puy-de-Dôme), **L'Isle-d'Espagnac** (Charente) and **Loupes** (Gironde), which will open respectively in 2024, 2025 and 2026.



The Pierre-Bénite site near Lyon has been extended and now houses two new silk printing lines.



Two new leather goods workshops will open their doors in 2023.

INCREASED INVESTMENT TO EXPAND CAPACITY FOR ALL MÉTIERS

Holding Textile Hermès's Passerelles project, launched in 2019, is also drawing to a close. This extension work illustrates the house's resolve to contribute to perpetuating local know-how. The Pierre-Bénite site, near Lyon, has also been expanded. A workshop has been created with the capacity for two new printing lines and an additional building for storage, notably for the printing screens, as well as a 4,300 m² logistics hub and a canteen. A support services block and a multi-level car park have also been constructed around courtyards and landscaped gardens, and lastly the Sport Soie building, where product quality control will be located, has been renovated. The opening is planned for July 2023.

Lastly, **J3L**, a company specialising in metal parts, and the **Vaudreuil** site dedicated to perfumes, whose warehouse will be expanded, have also increased their capacity.

CREATIVITY AND INNOVATION AT THE HEART OF THE HOUSE'S STRATEGY

The house's performance is underpinned by its ever-abundant creativity combined with exceptional know-how that elevates outstanding materials. An assertive style combining elegance with innovation.

MÉTIERS DRIVEN BY REMARKABLE CREATIVITY

Iconic leather models have been boldly updated, the *Kelly* bag in a version "en désordre" and the *Haut à courroies* bag in a rock style. The latter, inspired by the Perfecto jacket worn by bikers, is crafted in a smooth, supple leather and equipped with exterior zipped compartments, an anchor link chain and a leather-sheathed padlock.

The *Kelly en désordre* bag has an asymmetrical front and back structure with one side strap on each side, in a topsy-turvy composition that creates new balance. For travelling, the *R.M.S.* suitcase features marine animals. It is supplemented with a holdall in canvas and leather, the *R.M.S. 12h*, which can be attached to the suitcase's telescopic handle or folded flat inside.

Amongst the many textile creations, lightness guided the lines of the cheerful camouflage for the *En liberté!* 90 cm scarf inspired by the gardens of the Villa Borghese in Rome. The *Hermès Factory* double-sided 90 cm scarf has a pop-art vibe, and recounts in a short comic strip the creative adventure of the scarf, from the delivery of the draft illustrations to printing.

Men's fragrances were joined by a new expression of *Terre d'Hermès*, whose fundamental freshness was revealed by Christine Nagel with a combination of citron, juniper berry and Timut pepper. *Terre d'Hermès Eau Givrée* is presented in a frosted glass bottle, as if cut from ice.

In July, the new high jewellery collection *Les Jeux de l'ombre* was unveiled at the Gaité Lyrique in Paris (France) alongside an audio-visual performance. Working counter to light and radiance, Pierre Hardy materialised the intangible by giving shape to cast shadows. After being displayed at the 24, Faubourg Saint-Honoré store in Paris, the collection was featured at an event held at The Shed cultural centre in New York (United States).

The spring-summer 2023 ready-to-wear collections were presented to the public, firstly with the women's runway show held at the Paris Tennis Club on 1st October 2022, which presented silhouettes moving through a décor of shifting light. The men's runway show took place outdoors on 25th June 2022 at the Manufacture des Gobelins in Paris and reflected a desire for new horizons.

EVENTS CELEBRATING KNOW-HOW

The *Hermès in the Making* exhibition continued its travels from Singapore to Kyoto (Japan) via Austin (United States). At each stopover, the public had the opportunity to learn all about the house's different *métiers* through the presence of artisans and numerous activities. *HermèsFit* continued its tour, visiting Los Angeles (United States), Hong Kong (Greater China) and Sydney (Australia) to showcase its new twist on home accessories in a gym with a whimsical ambience. Kite enthusiasts shared some lighthearted moments in Jakarta (Indonesia), where they came together to see the motifs on Hermès scarves fluttering in the wind at the *Hermès Kite Festival*. In Dubai (United Arab Emirates), then Bangkok (Thailand), the public had the opportunity to admire creations by the *petit h* artisans, made from dormant materials reinvented for new uses. Lastly, the *Le Monde d'Hermès* Kiosk travelled successively to Tokyo (Japan), San Francisco (United States), London (Great Britain), Hong Kong and Chengdu (Greater China), Dubai (United Arab Emirates) and Toronto (Canada). Offering an impromptu programme in a public space, curious customers and passers-by were invited to discover the *Le Monde d'Hermès* magazine through discussions with designers, scientists and writers who work with the editorial team.



The *Haut à courroies* Rock bag is inspired by the Perfecto jackets worn by bikers.

A HOUSE OF ARTISANS WITH HUMAN VALUES

True to its values, Hermès attaches great importance to the women and men at the heart of its artisanal model. This is manifested by a strong commitment to both creating jobs and to responsible development.



The Manuterra programme run by the Fondation d'entreprise Hermès raises students' awareness of the richness of ecosystems.

PRESERVING THE ENVIRONMENT

Hermès continues to develop while being mindful of preserving ecological balance: a particularly demanding baseline for responsible construction has therefore been established and certified by an independent third party. Its application will help to significantly reduce the emissions of greenhouse gases generated by future manufacturing facilities such as the Louviers site, which has been designed as the first energy-positive leather goods workshop. With regard to protecting biodiversity, 75% of the leather goods workshops were assessed in 2022 according to five IPBES* factors; the objective is to have audited all industrial sites by the end of 2024.

WOMEN AND MEN

Hermès accelerated recruitment in 2022, creating 2,100 jobs including 1,400 in France. By year-end the group employed 19,700 people, of which 12,400 are based in France. In recognition of the commitment and contribution of every employee to the group's performance and success, in February 2023 the company paid an exceptional bonus of €4,000 to every employee worldwide, on top of the additional pay increases awarded in 2022.

Mindful of perpetuating the transmission of exceptional know-how, the company has continued to develop the *École Hermès des savoir-faire* (apprenticeship training centre), opening a new centre in Charleville-Mézières, at the Ardennes hub. Furthermore, after the French CAP professional qualification in leatherworking, the *École Hermès des savoir-faire* is now authorised to deliver French CQP vocational diplomas in cutting and stitching.

Committed to professional parity between men and women, the house was named in the list of SBF120 companies feminising their governing bodies, in the "Parité du Top 100" category. Hermès has almost achieved absolute gender parity, with 49% of women in senior management. The global index, weighted average, of gender parity in 2022 is 95/100 for the group's French entities.

COMMUNITIES

Committed to preserving biodiversity ever since it was founded, the Fondation d'entreprise Hermès has sought to become involved in raising young people's awareness of the diversity of our ecosystems. It has devised the *Manuterra* programme, based on the *Manufacto* model dedicated to promoting artisanal know-how. During school time, classes are invited to design and cultivate a plot of land under the guidance of a professional gardener. After a pilot year with the Besançon regional education department, the scheme was officially launched in autumn 2022 with three additional education departments: Bordeaux, Créteil and Paris. Over the course of 12 sessions, 280 primary – or secondary – age pupils are introduced to permaculture and gardening techniques and learn more about the living world in order to better protect it.

* Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

HERMÈS AROUND THE WORLD

Due to the geographical balance of its exclusive omnichannel distribution network, Hermès maintains a close relationship with loyal local customers, while reaching out to new audiences.

With the resumption of air travel, the second half of 2022 recorded strong growth in sales to travellers. The reopening of the Hong Kong International Airport store contributed to this dynamic with a larger sales area to better welcome customers from all horizons.

All over the world, the digital platform has delivered a solid performance, notably by enabling the house to expand its reach: 70% of e-commerce customers are new customers. Complementary omnichannel services also help to broaden their experience.



The new Maison Hermès at 706 Madison Avenue in New York opened its doors in October 2022.

NEW HERMÈS STORES

The network of stores has acquired a number of new addresses, starting with the opening of a Maison Hermès in **New York** (United States), which extends over almost 1,900 m² at 706 Madison Avenue. Featuring a hanging garden, this store has been designed to be a warm and spacious destination conducive to discovering the house's 16 *métiers*, and also comprises a repairs area. Hermès has opened a second store in the technological capital of **Pangyo** (Korea), within the Hyundai Department Store, which becomes the house's second largest sales outlet in the region. In addition to this, Continental China's 27th store opened in **Shanghai** – the megacity's fourth – in the Taikoo Li Qiantan mall, demonstrating Hermès' confidence in the Chinese market.

RENOVATED SPACES

In the same vein, Hermès opened a store in the Heartland 66 mall in **Wuhan** (China), which was inaugurated in 2021, replacing a previous store operational since 2012. Verticality was the guiding principle for its interior layout. The store in **Seoul** (Korea) also moved to a new location at the Hyundai Coex mall, with a decor blending nature and urbanism inspired by the mountains that surround the metropolis.

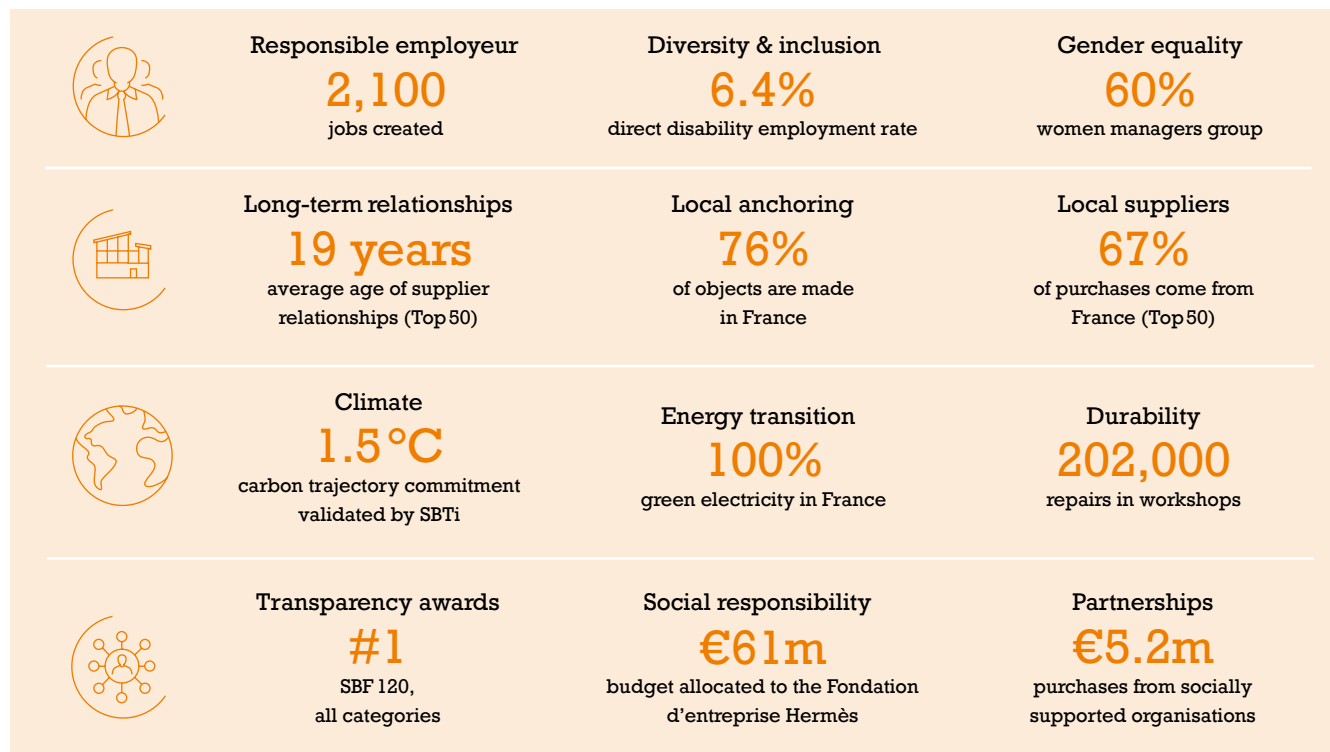
Elsewhere in Asia, the Hermès store at the JR Nagoya Takashimaya mall in **Nagoya** (Japan) also moved to gain extra floor space. The collections are now displayed in an environment in shades of green and pink evoking the roof of the nearby castle and cherry trees in blossom. Including the Hermès Beauté *métier* for the first time ever, the store in **Ho Chi Minh City** (Vietnam) reopened in a new location in the Union Square mall. Lastly the Greenbelt Mall store in **Manila** (Philippines) was extended and decorated with natural materials in cheerful, sunny colours.

On the other continents, the Hermès community in **Guadalajara** (Mexico) discovered an entirely redesigned space showcasing all the *métiers*. This point of sale, located in the El Palacio de Hierro Guadalajara department store in the Andares Mall, serves a rapidly expanding city.

In Europe, the store in **Barcelona** (Spain) has moved to a late 19th-century building in Paseo de Gracia avenue. Extending over two floors and decorated in graduated shades of blue evoking the Mediterranean, the store opens onto an elegant garden that celebrates the Catalan art of living. In **Strasbourg** (France), Hermès is now located on the site of the former horse market in Place Broglie. The house is not only establishing a presence in the beating heart of the European capital, but also highlighting a connection to its equestrian roots.

RESPONSIBLE AND SUSTAINABLE COMMITMENT

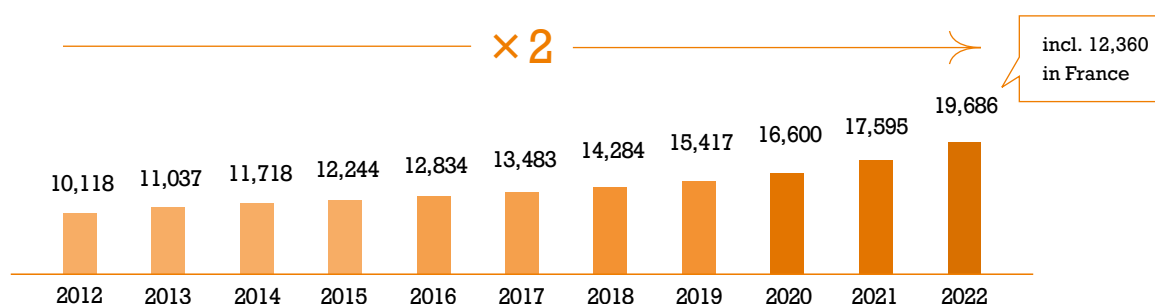
EXTRA-FINANCIAL PERFORMANCES



RECOGNITION OF THE EXCELLENCE OF THE ARTISANAL MODEL BY NON-FINANCIAL RATING AGENCIES



CHANGE IN THE GROUP'S GLOBAL WORKFORCE



THE HERMÈS SHARE

HERMÈS SHARE PRICE HISTORY IN 2022 (IN €)



SUMMARY OF STOCK MARKET INFORMATION IN 2022

Share price as of
31 December 2022

€1,445

Number of shares as
at 31 December 2022

105,569,412

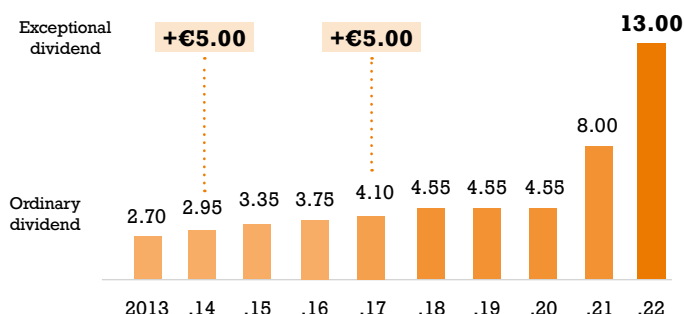
12-month average
share price

€1,264

Average daily volume
(Euronext)

77,527

EVOLUTION OF THE DIVIDEND (IN € PER SHARE)



PROPOSED DIVIDEND

At the General Meeting of 20th April 2023, an ordinary dividend proposal of €13.00 per share will be made. The €3.50 interim dividend paid on 22nd February 2023, will be deducted from the dividend approved by the General Meeting.

GENERAL MEETING OF SHAREHOLDERS – THURSDAY 20 APRIL 2023 AT 9.30 AM

Salle Pleyel, 252, rue du Faubourg-Saint-Honoré, 75008 Paris (reception and sign-in from 8:00 am)

This meeting is being called to approve the accounts for the year ended 31st December 2022.

Information on participating and voting in the Meeting is provided in the *Bulletin des Annonces Légales Obligatoires* published on 10th March 2023 and on <https://finance.hermes.com/en>.

The notice of meeting will be published in the *Bulletin des Annonces Légales Obligatoires* on 31st March 2023.

The other documents and information pertaining to this Meeting will be made available to shareholders and may be consulted online by visiting the Company's website at <https://finance.hermes.com/en>, in accordance with the applicable laws and regulations, by 31st March 2023 at the latest.

The General Meeting will be broadcast live and recorded on our website.

AGENDA

- 14 April 2023
2023 1st Quarter Revenue
- 20 April 2023
General Meeting of Shareholders
- 28 July 2023
2023 Half Year Results

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