

# LETTER TO SHAREHOLDERS

SEPTEMBER 2023

## *Maintaining balance in a changing world*

The results for the first half of 2023 once again demonstrate the relevance of our artisanal model. The collections by our sixteen métiers have seen worldwide success. We owe this success to the creativity of our artistic directors, to our artisans' exceptional mastery of know-how, to the dedication of our sales associates, and to the uncompromising commitment to quality demonstrated by all our teams. I thank them all warmly. The men and women who work together day after day and make our wonderful adventure possible are the living soul of Hermès.

Thus, in the first half year, we had the pleasure of welcoming a loyal and ever-growing clientele. With enthusiasm, we opened the new Hamburg store in Europe and the Aspen store in the US, and celebrated the expansion of the Beijing Peninsula store in China.

Our stores staged events centred around our collections and offered passers-by window displays full of surprise and joy. Our local, multicultural anchors create a uniqueness that we cherish.

## *With success comes obligation*

Remaining vigilant we work discerningly to strengthen and sustain our model. We are strengthening our investments in our production capacities for all métiers. We are particularly proud to have inaugurated the expansion of our long-established textiles site in Pierre-Bénite in July, and the Ganterie de Saint-Junien glove-making workshop and the Louviers and Sormonne manufactures in the spring – the latter two being the first E4C2-certified<sup>1</sup> industrial buildings in France.

We are pursuing our dynamic of job creation and training, in particular with the new professional qualification certificate (CQP) for cutting and stitching delivered by the École Hermès des savoir-faire, complementing the vocational diploma in leatherworking (CAP Maroquinier).

More than ever, we are renewing our commitments in the field of social and environmental responsibility. For Hermès, being of our time while remaining timeless is a constant quest that goes hand in hand with the sustainable, virtuous and accountable growth of ecosystems. As such, we are pleased to have received the Transparency Awards "CAC Large 60 prize" in recognition of the house's efforts to provide clarity, transparency and authenticity in its communication of regulatory information.

Confident in the future and certain of the solidity of our collective adventure, in June we announced the sixth free share allocation plan for all employees worldwide. This corporate shareholding plan is evidence of our responsibility as an employer dedicated to sharing the rewards of its growth and demonstrates our attachment to the house's human values.

It is therefore with confidence and consideration of the changing world that we focus firmly on the future.

Axel Dumas  
Executive Chairman

1 – The E+C- label assesses the performance of a new building according to two criteria: energy (E) and carbon (C). A grading of E4, the highest level, means that both workshops are positive energy buildings, i.e. they produce more energy than they consume. Equally, the C2 grading denotes the highest level of operational efficiency for carbon footprint reduction.

# OUTSTANDING PERFORMANCE IN SALES AND RESULTS IN THE FIRST HALF

Revenue increased by 25% at constant rates and by 22% at current rates. Recurring operating income reached €2,947 million (i.e. 44% of sales). Net income amounted to €2,226 million, an increase of 36%.

“The 2023 first-half results reflect the strength of the pillars of the artisanal model of the house: quality of materials, exceptional know-how and abundant creativity. To support this growth, we continue to invest in our production capacities and in the expansion of our network, while accelerating job creation and training in all of the group’s métiers.”

Axel Dumas, Executive Chairman of Hermès

2023 FIRST HALF KEY FIGURES (IN M€)	2023	2022
<b>Revenue</b>	<b>6,698</b>	<b>5,475</b>
<b>Recurring operating income</b>	<b>2,947</b>	<b>2,304</b>
As a % of revenue	44.0%	42.1%
<b>Net profit – Group share</b>	<b>2,226</b>	<b>1,641</b>
Operating cash flows	2,615	2,001
Investments (excluding financial investments)	249	190
Restated net cash position	9,848	7,685
Workforce (number of employees)	20,607	18,428

## ACTIVITY

All the regions posted strong growth of 20% or above, both in group stores (+25% at constant exchange rates) and in wholesale sales (+26%).

All the business lines confirmed their solid momentum, underlying the tremendous attractiveness of the house. Recurring operating profitability will reach 44% of sales, compared with 42% in 2022.

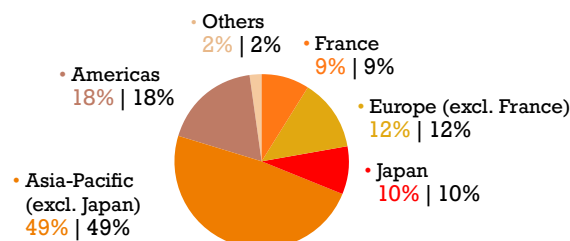
## OUTLOOK

The group continues the year 2023 with confidence, thanks to the highly integrated artisanal model, the balanced distribution network, the creativity of collections and the loyalty of clients.

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.

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 GEOGRAPHICAL AREA IN 2023/2022



### Revenue

**€6.7 billion**

+25% at constant exchange rates

### Operating income

**€2.9 billion**

+28% compared to 2022

### Net profit

**€2.2 billion**

+36% compared to 2022

### Responsible employer

**20,607 employees**

including 12,875 in France

Sharing value

**6<sup>th</sup>**

worldwide free  
share plan



# HERMÈS, AN ECONOMIC AND SOCIAL STAKEHOLDER

True to its growth model, the group has accelerated its investments in its production capacity and recruitment, reflecting strategic choices consistent with its human values derived from an artisan ethos.

## DEVELOPING PRODUCTION CAPACITY

In the first half of 2023, three new leather workshops opened in three regions of France. The first, the **Maroquinerie de Louviers** (Eure), opened on 7 April, marking a significant stage in the growth of the Leather Goods-Saddlery métier. This second site in the Normandy hub is distinctive for its unique architecture and environmental performance (*read page 5*). Equipped with a saddlery workshop to support the momentum of the equestrian métier, it will ultimately employ 260 artisans – of whom 170 have been working on site since January – trained at the École Hermès des savoir-faire in Louviers.

On 12 May, the Ardennes leather hub expanded with the opening of the **Maroquinerie de la Sormonne**, in Tournes-Cliron (Ardennes). This new building, nestled in 11 hectares of grounds, is designed like an artisans' village, carefully integrated into the surrounding natural environment and is, like Louviers, a powerful incarnation of the house's eco-responsible goals. At the end of their training at the École Hermès des savoir-faire in Charleville-Mézières, 260 artisans will join the workshops.



Hermès dedicates particular attention to the transmission of its exceptional know-how.



The new leather goods factory in Louviers (Eure), inaugurated on 7 April 2023.

Lastly, on 9 June, the **Ganterie Maroquinerie de Saint-Junien** glove-making and leather goods workshop opened in Haute-Vienne, a stone's throw from the previous workshops. Located on the banks of the river Vienne, this expansion accommodates the house's only glove-making operation. 220 artisans have already settled in, and their number will soon rise to 250. With this new site designed in harmony with its environment, Hermès reasserts its integration in the Limousin region.

Now with 22 leather workshops, this manufacturing network is set to expand further with four new projects in the pipeline: Riom (Puy-de-Dôme) in 2024, L'Isle-d'Espagnac (Charente) in 2025, Loupes (Gironde) in 2026 and Charleville-Mézières (Ardennes) in 2027.

## CREATING JOBS AND SHARING VALUE

The group has continued to recruit in line with these new site openings. At the end of June, Hermès employed 20,607 people, of which 12,875 are in France. Illustrating this acceleration in job creation, more than 900 employees joined Hermès during the first half year, including more than 500 in France. In addition to these recruitments, the house once again wanted to share the fruits of its growth with its teams and, announced a sixth free share plan for all employees worldwide.

# CREATIVITY AND INNOVATION AT THE HEART OF STRATEGY

The collections, inspired by this year's theme of astonishment, have been highly successful. Across the world, events imaginatively showcasing the new creations have proved very popular with the public.

## ASTONISHING COLLECTIONS

For the leather collection, the *Picnic* version of the *Birkin* bag features laces in Swift calfskin that complement the wicker and give vibrancy to the look. The *In the Loop* tote borrows the Chaîne d'ancre motif, a signature detail that embellishes the bottom of the leather version of the bag and converts effortlessly into handles. Lastly, the *Maximors* bag features a distinctive jewel handle that revisits the horse bit with a magical fusion of leather and metal.

For silk, the Greek illustrator Elias Kafouros, designer of the *Ferry Tales* scarf (100 cm, cashmere and silk), has set a humorous course for the Greek islands. Christine Nagel (Creative Director of Hermès Parfum) also drew inspiration from one of these islands with her latest creation, *Un Jardin à Cythère*, composing a citrusy *Eau de toilette* with the fragrance of sun-drenched grasses carried on a gentle breeze.

At the Watches and Wonders show in Geneva (Switzerland), Hermès unveiled a chronograph version of the *Hermès H08* watch. Its contrasting shapes and materials are highlighted by a few touches in a bright shade (yellow, green, blue or orange) that match the bracelet. At *Milan Design Week* (Italy), some 60,000 visitors discovered the home collections in a pure and graphic display. Like the *Ancelle* armchair, each creation offers pared-down, simple shapes enhanced by exceptional know-how.

In Paris (France), the autumn-winter 2023 ready-to-wear runway shows proved popular with the public, both for the men's wardrobe presented at UNESCO's headquarters on 21 January, and the women's collections presented at the headquarters of the Garde Républicaine on 4 March. The Hermès community in Tokyo (Japan) was invited to dive into the men's spring-summer 2023 collection at an aquatic-themed *Splash* event, a fusion of runway show, performance and party. In Shanghai (China), the women's universe was in the spotlight at *Jockey Jam*: a playful, lighthearted race celebrating ready-to-wear, *Clou d'H* jewellery and silk.

## ORIGINAL EVENTS THROUGHOUT THE WORLD

In addition to an array of fun activities for all ages, the 13<sup>th</sup> *Saut Hermès au Grand Palais Éphémère* in Paris (France) offered thousands of spectators the excitement of its CSI 5\* international competition. Victor Bettendorf and his horse Mr. Tac won the Grand Prix Hermès 2023 in style. It's just a hop, step and jump from the paddock to the beach, to which the *Hermès Kite Festival* brought imaginative flair by transforming silk scarves into kites. At each of its stops – in Dubai (United Arab Emirates), Buenos Aires (Argentina) then Busan (South Korea) – familiar motifs were unfurled in the sky in a lighthearted and creative ambience.

Making the home collections dance was the challenge accepted by choreographer Philippe Decouflé for the *Hermès Parade* evening event in Seoul (South Korea). More than 400 objects punctuated this joyful and quirky performance by 56 dancers. The live show *On the Wings of Hermès*, created by Jaco Van Dormael and choreographed by Michèle Anne De Mey, enchanted the public in Taipei (Taiwan) with its poetic staging of Hermès creations in the footsteps of Pegasus. The Japanese National Museum of Art in Osaka welcomed *petit h* in a detailed universe illustrated by artist Shinsuke Kawahara. Numerous displays revealed the unique creative process for the objects presented.

Lastly, there's nothing quite like *le Monde d'Hermès* to learn all about the Saddler's universe, and in the first half of 2023, the travelling kiosk dedicated to the house's magazine continued its programme of surprise events in public spaces in Barcelona (Spain), Kuwait, Jakarta (Indonesia), Haikou (China), Austin (United States) and Almaty (Kazakhstan).

The *Maximors*  
bag handle  
reinterprets  
the horse's bit.





# A HOUSE OF ARTISANS WITH HUMAN VALUES

Sustainable development, inclusion, equal opportunities and the transmission of know-how are societal issues that structure Hermès' development.

## PRESERVING THE ENVIRONMENT

The **Harmonie construction standard**, certified in 2022, guides the construction of the house's new production sites, stores and other premises according to exacting principles. This standard, which establishes the construction specifications for high environmental and social performance, is based on five equally-important criteria: using local operators and know-how for building, reducing greenhouse gas emissions, ensuring healthy indoor air, preserving and improving the quality of the environment, and lastly, ensuring the health of living things.

Designed by architect Lina Ghotmeh, the **Maroquinerie de Louviers**, opened in April, adheres to this standard. Set in a garden that fosters local biodiversity, the site was designed in line with bioclimatic precepts to contribute to the everyday well-being of its users. Equipped with more than 2,300 m<sup>2</sup> of solar panels and a ground-source heating system, this building produces more energy than it uses. It was the first industrial facility in France to receive **E4C2 certification**, followed by the **Manufacture de la Sormonne**, which was also built according to these standards.

Beyond buildings, Hermès actively protects ecosystems, including by measuring the group's impact on biodiversity along the value chain. **Energy efficiency** is also a major goal for the house, which has halved its energy intensity over ten years. With a 10% reduction in energy use at industrial facilities and 11% for stores and tertiary sites in France, Hermès has surpassed its goals for energy efficiency.

## WOMEN AND MEN

L'École Hermès des savoir-faire continues to **train** future artisans, with its hub in south-western France welcoming a new class of apprentices seeking to obtain the French CAP vocational qualification in leatherwork. Once qualified, these young artisans will have the opportunity to join one of the house's production sites.

Regarding recruitment, Hermès takes care to ensure that **diversity** is encouraged in its teams. The house has strengthened its connection with the Université Paris Dauphine-PSL, a public institution with a scientific, cultural and professional vocation, through a partnership agreement signed on 21 March to promote equal

opportunities. The objective is to prepare for the future by taking part in educational programmes to raise students' awareness of the house's métiers: 150 Dauphine alumni have already joined Hermès' teams.

Furthermore, the house continues its commitment to inclusion: employees with disabilities now account for 6.85% of the workforce in France. In line with this dynamic, certain teams have been inspired by the **Duodays** – during which employees welcome individuals with disabilities from outside the company and introduce them to the house's different métiers – and extended it through the year. Thus Hermès Perfume and Beauty has, for the last two years, run the programme three times a year. By encouraging dialogue and networking, the Duodays contributes to widening employees' perceptions of disability.



A new class of apprentices joined L'École Hermès des savoir-faire in Louviers' leather goods factory to prepare the CAP Maroquinier.

## COMMUNITIES

Denmark is the third country, after Great Britain and Italy, to host the Fondation d'Entreprise Hermès' **Manufacto** programme, which has been dedicated to raising young people's awareness of artisanal métiers since 2016.

In the first half of 2023, around twenty high school students from Copenhagen were introduced to carpentry, joining the 2,000 students already involved in the initiative in 14 partner education authorities in France, as well as in Milan, Rome and London.

# HERMÈS AROUND THE WORLD

The house's abundant collections continue to attract a loyal customer base and new audiences. In order to meet growing demand, Hermès continues to strengthen its distribution network online and across the world.



The Nanjing store in China has reopened on two levels connected by a spectacular staircase.

## STORE OPENINGS AND REOPENINGS AROUND THE WORLD

Firmly resolved to stay as close as possible to its customers, the house has continued to invest in a multi-local distribution network, in particular in Asia as well as America, where two stores were opened in the first half year, bringing the total number of sites in the United States to 41. Designed like a tropical pavilion with a warm and inviting atmosphere, the new **Naples** store – the fifth in Florida – is a harmonious addition to the Waterside Shops open air mall, which is known for its luxuriant décor. At the foot of the Rocky Mountains in Colorado, a wood and stone chalet accommodates the new **Aspen** store, where a panoramic view of the nearby peaks presents the collections in harmony with the surrounding natural environment.

On the other continents, Hermès has celebrated several reopenings after renovations. In China, which has 31 stores, the **Nanjing** store in Jiangsu province now welcomes customers in a new, much larger space over two levels connected by a spectacular staircase within the Deji Plaza mall. In **Beijing**, the house's first ever store in mainland China, which opened in the Peninsula Hotel in 1997, has been expanded. Now twice the size of the original store, this transformed home presents the house's sixteen métiers amid colours, shapes and textures that evoke the historic sites of this capital city, which has two further Hermès stores.

In Japan, the Hakata Hankyu store in **Fukuoka** on Kyushu Island reopened after extensive renovations.

The new layout at this highly cosmopolitan hub makes it easy to meet the needs of people travelling through Hakata station and looking for a fast purchase as well as customers wanting to browse at leisure through the collections presented in a setting that showcases local traditions.

In the Middle East, Hermès has boosted its presence in the United Arab Emirates by moving its **Abu Dhabi** store to the Galleria Mall. Between ocean and desert, this new, more expansive location provides a light-filled setting for the house's sixteen métiers.

Lastly, in Europe, the **Hamburg** store in Germany reopened at 43 Neuer Wall, a stone's throw from its initial location, in a decor of curves and wood inspired by the naval tradition of this port city. This new store, along with the 9 others in Germany, attests to the dynamism of the European market.

## SUCCESS OF THE ONLINE STORES

In the first half of 2023, e-commerce traffic and sales continued to show dynamic growth in all countries, reflecting the success of the collections with an ever-increasing number of connected clients. To support this development, the group has continued to pursue an online rollout strategy, which included the launch of a new digital platform in Brazil, Hermès' first e-commerce store in Latin America.



In the United States, Hermès has opened a new store at the foot of the Rockies in the city of Aspen (Colorado).



# HERMÈS RECEIVES THE 2023 TRANSPARENCY AWARD IN THE “CAC LARGE 60” CATEGORY

## HERMÈS SHARE PRICE HISTORY IN THE 1<sup>ST</sup> HALF OF 2023 (IN EUROS)



For this 14<sup>th</sup> edition, in a ranking with the top CAC 40 and Next 20 companies, Hermès International received on Wednesday, 28 June 2023 the “CAC Large 60” award, following on the heels of last year’s Overall Transparency award (the company could no longer compete in this category).

## THE HERMÈS SHARE KEY STOCK MARKET DATA IN THE 1<sup>ST</sup> HALF OF 2023

Number of shares as at 30 June 2023	Highest price <b>€2,023</b>
<b>105,569,412</b>	Lowest price <b>€1,473</b>

The Transparency Awards uses five criteria – accessibility, accuracy, comparability, availability and clarity – to assess the information contained in each company’s key documents (universal registration document, finance website, notice for the general assembly, etc.).

This award is also a testament to the excellent and authentic communications Hermès releases to its clients, its employees, journalists and its stakeholders, as it constantly reinvents itself in the interest of continuous improvement.

## GENERAL MEETING 2023

The combined general meeting of Hermès International was held on Thursday, 20 April 2023 at the Salle Pleyel with Éric de Seynes presiding and with the participation of Axel Dumas, Henri-Louis Bauer and Éric du Halgouët. The live stream of the meeting was broadcast in its entirety on the company’s website: <https://finance.hermes.com/en/general-meetings>. The replay is available at the same address, in an e-accessible format. This annual meeting is an opportunity to review the previous year’s achievements and highlight the Hermès values, in particular: the quality, thanks to the designers, the 7,000 plus artisans and the transmission of know-how, the ethics, growing the house without ever compromising on its values, the people, in particular through a dynamic social policy and numerous new hires. The General Assembly ended with these words from the President: *“We thank you once again for attending in such large numbers and we look forward to seeing you again next year, on 30 April 2024, in this same auditorium.”*

## UPCOMING EVENTS

- 24 October 2023**  
Q3 2023 revenue publication
- 9 February 2024**  
Publication of the 2023 annual results
- 25 April 2024**  
Q1 2024 revenue publication
- 30 April 2024**  
General meeting of shareholders

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