

LETTER TO SHAREHOLDERS

MARCH 2024

Continuing to be astonished as a foundation for tomorrow's successes

What a pleasure it is, having achieved some historic results, to be able to celebrate once again the success of the house's creations and innovations, the fruit of hard work by our teams all over the world. We would like to thank and congratulate them on their continued ability to surprise and amaze us, in keeping with the 2023 theme of *Astonishment*.

Because, yes, this success could almost be seen as a challenge issued to the uncertain economic and geopolitical context, and to the high tensions and profound transformations that some regions are currently experiencing.

And yet, is it really surprising to want to treat oneself, to seek out companion objects designed to last and gain a patina, to want to dream and escape the grave times for a few moments?

Today, Hermès is a refuge. In our house of creations and new ideas, where quality is never compromised and the finest materials are always sought, we strive to remain true to our high standards as artisans and merchants.

Being astonished by the world

In 2023, we continued to expand and enhance our network of stores to receive our customers in the best possible surroundings. Our stores in Bordeaux (France), Chicago (USA), Vienna (Austria) and Zhengzhou (China) reflect the aesthetics of local materials, colours and designs. It is hardly surprising, then, to find stained-glass windows in Vienna, even if they were created by a designer more accustomed to working on silk scarves and tableware. Are you familiar with shades of *bleu Encre* and *rouge Casaque*? Whether it's with the mascaras and eyeshadows of *Le Regard* or the women's and men's ready-to-wear collections, colour has been a major theme of our product launches.

With the new Louviers and La Sormonne workshops, and the extension of the textiles site at Pierre-Bénite, we are maintaining our ambition to establish strong regional roots and centres of excellence for our crafts. Beautiful things are made in beautiful places, and everything is even more beautiful when our buildings are E4C2 certified. Being anchored in a place also means strengthening relationships with our long-term partners and making an active contribution to the expansion of these sectors.

To secure our supply chains and support the growth of all our métiers, we have continued to invest in increasing capacity and have accelerated our vertical integration projects, particularly in jewellery and shoes.

Confident in the relevance of our business model, we are maintaining and strengthening our commitment to environmental and social responsibility.



As the source of our exceptional materials, nature is at the heart of our business model, and preserving it plays a central role in our CSR actions. Global warming and its impact on biodiversity, as well as the industrialisation of raw materials, are areas of concern that we are addressing through our climate strategy, our concrete initiatives in terms of responsible supply chains, and our policies for preserving natural resources.

In order to establish scientific objectives for the preservation of biodiversity, the Group has committed the SBTN (Science Based Targets for Nature) initiative and is one of 120 companies worldwide to have done so.

Ranked 4th among SBF120 companies for the proportion of women in its management bodies, the house's social model is acclaimed. The École Hermès des savoir-faire, with its eight schools, is now able to award a certificate of professional qualification (CQP) in cutting and stitching in addition to the CAP vocational qualification in leatherwork. Transmission, training, development and job creation – more than 2,400 new employees were recruited in 2023 – are the watchwords of our approach to corporate citizenship and the expression of our human values. For the third time, the house was awarded the Grand Prix Emploi France by the Humpact rating agency.

Making a serious effort not to take ourselves too seriously

2023 was a busy year for events and opportunities to get together. In keeping with our tradition, we welcomed more than 52,000 visitors to the *Hermès in the Making* exhibition in Lille (France), Chicago (United States) and Bangkok (Thailand), and more than 35,000 visitors to the immersive *La Fabrique de la légèreté* exhibition in Taiwan, Los Angeles (United States), Hong Kong and Shanghai (China).

We come to the end of 2023 happy and proud of the work we have done, and with a promise to continue astonishing ourselves in 2024.

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 score of E4, the highest level, certifies both workshops as positive energy buildings, meaning that they produce more energy than they consume. Equally, the C2 grading denotes the highest level of operational efficiency for carbon footprint reduction.

OUTSTANDING SALES AND RESULTS IN 2023

“In 2023 once again, Hermès has cultivated its singularity and achieved an outstanding performance in all métiers and across all regions, against a high base. These solid results reflect the strong desirability of our collections and the commitment and talent of the house’s women and men. I thank them all warmly.”

Axel Dumas, *Executive Chairman of Hermès*

2023 was an exceptional year for the house, despite the unstable global environment. All regions delivered a solid performance with around 20% growth, and all métiers displayed continued momentum.

Growth in results was particularly strong in 2023, with current operating profitability reaching 42.1% of sales, an all-time high.

This performance reflects the robustness of our artisanal business model, which is based on vertical integration, a strong regional presence, abundant creativity and unique know-how.

Hermès is maintaining its commitment to the fight against climate change and the preservation of natural resources.

Revenue

€13.4 billion

+21% at constant exchange rates

Recurring operating income

€5.7 billion

+20% at constant exchange rates

Net income

4.3 billion

+28% at constant exchange rates

Vertical integration

55% manufactured in its in-house and exclusive workshops

Local anchoring

74% of objects are made in France

Operating investments

€859 million

including c. 60% in France

Direct disability employment rate

6.85% in France

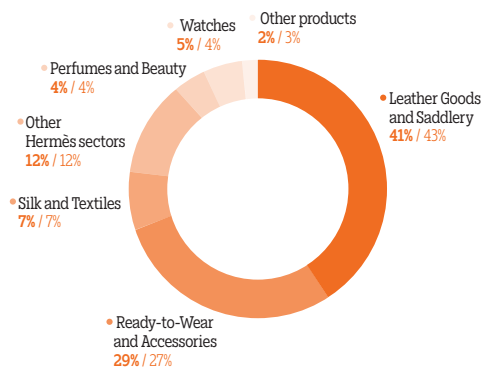
Responsible employer

22,000 employees (+2,400) including **13,700** in France (+1,400)

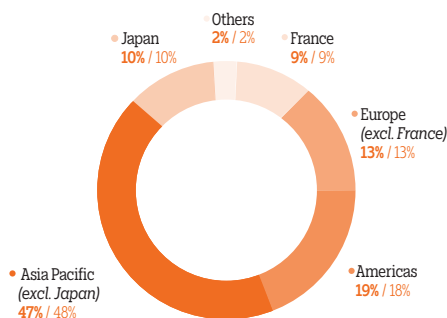
Rating agencies

CDP **“A list”**
MSCi **AA**
Humpact 2023
Grand Prix Emploi

REVENUE BY SECTOR IN 2023 / 2022



REVENUE BY GEOGRAPHICAL AREA IN 2023 / 2022



KEY CONSOLIDATED DATA (€M)

	2023	2022
Revenue	13,427	11,602
Current operating income (1)	5,650	4,697
as a % of revenue	42.1%	40.5%
Net income attributable to owners of the parent	4,311	3,367
Operating cash flows	5,123	4,111
Operating investments	859	518
Restated net cash (2)	11,164	9,742
Number of employees	22,037	19,686

HERMÈS, AN ECONOMIC AND SOCIAL STAKEHOLDER

Driven by its strong performance, Hermès continues to invest in its production facilities. This dynamic translates into greater regional integration and the creation of numerous jobs.

DEVELOPING PRODUCTION CAPACITY FOR ALL MÉTIERS

To support its growth, and strengthened by the success of its collections, Hermès has continued to increase production capacity. An important milestone was reached in the first half of 2023 with the opening of the Maroquinerie de Louviers (Eure) and the Maroquinerie de la Sormonne (Ardennes), as well as the expansion of the Saint-Junien (Haute-Vienne) facility. These three leather workshops meet exacting standards in terms of social and environmental responsibility, and their local presence seeks to revitalise the regions in which they are established, notably through job creation.

Four more sites are also in the pipeline, to be constructed over the next four years. Hermès is actively preparing for the opening of the Maroquinerie de Riom (Puy-de-Dôme) leather workshop, scheduled for 2024. Located near the Maroquinerie de Sayat, on the industrial site of the former Manufacture des tabacs, it will strengthen Hermès Maroquinerie-Sellerie's Auvergne hub. In 2025, the hub in south-western France will be joined by a fourth leather workshop, the Maroquinerie de L'Isle-d'Espagnac (Charente), while the opening of the Maroquinerie de Loupes (Gironde), scheduled for 2026, will make the Guyenne site the eighth leatherworking hub in France. Lastly, the Maroquinerie de Charleville-Mézières (Ardennes) is due to open in 2027.

In addition to leather goods, other métiers have also benefited from investments to increase production capacity. In the textile sector, for example, the opening of the Passerelles project on 13 July 2023, attended by more than 1,200 employees, has transformed the historic Pierre-Bénite (Rhône) site. Its production areas have been expanded to house a new, 150-metre screen printing line.



Opening of the Maroquinerie de la Sormonne (Ardennes) on 12 May 2023.

The development of this textile know-how, emblematic of the region, is continuing with the addition of a second printing line in 2024. Holding the “Bâtiment biosourcé” (bio-based building) certification, an example of which is the use of ecologically certified materials, the Pierre-Bénite production facility is clearly attentive to quality of life in the workplace.

Following its acquisition by Hermès in 2020, the J3L group, a longstanding partner specialising in developing and manufacturing the metal components essential for Hermès objects (bags, small leather goods, etc.) became **Hermès Manufacture de Métaux (HMM)** in 2023. This new identity, applied to its eight industrial sites in France and Portugal, contributes to securing the supply chain and to preserving the know-how needed to make metal components.

Lastly, as part of its strategy for **developing the Perfume and Beauty métiers**, Hermès has acquired a brownfield site in Pitres (Eure), near the Vaudreuil facility. This site will ultimately house a new facility, strengthening the Hermès Parfum subsidiary's regional presence.

HIGH ENVIRONMENTAL AND SOCIAL PERFORMANCE FOR BUILDINGS

Hermès has created its own standard named **Harmonie** based on exacting criteria, which lays the foundations of sustainable real estate. Certified in November 2022 by Bureau Veritas, it establishes guidelines for the construction of new production facilities, stores and other sites for the house, and seeks to reduce the carbon emissions of existing sites. This standard, which sets out construction specifications for high environmental and social performance, is based on five criteria: the use of local operators and know-how for building, the reduction of greenhouse gas emissions, guaranteeing healthy indoor air, preserving and improving the quality of the environment, and lastly, ensuring the health of living things. With this standard, Hermès is pursuing its commitment to providing sustainable and responsible real estate.

View the Harmonie guidelines at:
<https://finance.hermes.com/fr/guide-referentiel-immobilier-harmonie>

CREATIVITY AND INNOVATION AT THE HEART OF STRATEGY

Hermès' ever-abundant creativity continues to surprise the customer community through events that highlight the house's trademark imagination, know-how and creative flair.

MÉTIERS DRIVEN BY GREAT CREATIVITY

Le Regard Hermès, the fifth chapter of Hermès Beauty, was unveiled at an international launch in October. It pays tribute to colour, light and their mysterious harmonies. This new line of eye make-up combines technical know-how with expertise in shades, textures and gestures. It comprises six refillable eye shadow palettes, six shades of mascara and a set of make-up brushes.

New models have been added to leather goods, such as the equestrian-inspired *Arçon* bag, which borrows the rounded shape of a saddle flap and transforms the *Étrivière* buckle into a shoulder strap. The *Haut à courroies* bag is revisited with a *multipockets* version, the additional pockets creating the illusion of three superimposed bags. The *Is This a Love Story?* scarf, featuring a playful flirtation between two horses, is another sidestep, this time in the silk universe. Other scarves gave rise to an immersive experience in Brussels (Belgium) entitled *Par un beau soir de carrés*, which invited the public to take an in-depth look at a selection of original motifs and designs. The *Brides de Galaxy* event in London (United Kingdom) took guests on a cosmic adventure celebrating a new version of the emblematic *Brides de gala* scarf.

In September, the women's spring-summer 2024 ready-to-wear collections were presented in a bucolic setting at the headquarters of the Garde Républicaine in Paris (France). This runway show in the form of a country walk presented sleek silhouettes exploring the multiple uses of leather and silk twill.

In Beijing (China), the *Jockey Jam* event also focused on the women's universe, highlighting ready-to-wear, jewellery and silk, with equestrian-inspired staging. In New York (United States), the men's autumn-winter 2023 ready-to-wear collections were presented at *Walking on Air*, a repeat show, against a backdrop of the Manhattan skyline, in an arts and crafts ambience in harmony with this new wardrobe.

Lastly, the *Saut Hermès* porcelain breakfast tableware echoes the international equestrian competition that takes place every year at the Grand Palais in Paris.

ORIGINAL EVENTS ACROSS THE WORLD

The house's exceptional know-how, integral to these creations, is showcased in the *Hermès in the Making* travelling exhibition. At every stopover, Hermès invites the public to meet its artisans with a behind-the-scenes look at its creative practices. In the second half of 2023, after a first stopover in Lille (France), *Hermès in the Making* moved on to Chicago (United States), then to Bangkok (Thailand).

Another travelling event opened up the house's dreamlike universe to visitors in the form of a show created by Jaco Van Dormael and choreographed by Michèle Anne De Mey, entitled *On the Wings of Hermès*. Performed in Los Angeles (United States), Hong Kong and Shanghai (China), this show also gave rise to a film that audiences in Shanghai were the first to discover. Still in China, *petit h* visited the China World Mall store in Beijing in September, where its unique creations inspired by local culture were displayed against a backdrop of reeds and terracotta.

Hermès' creative flair also took centre stage at quirky dinners celebrating the *Pony Dance* in a setting of straw bales. This playful concept drew guests onto the dance floor in Athens (Greece), Ho Chi Minh City (Vietnam) and Manila (Philippines).

Lastly, the magazine *Le Monde d'Hermès* set off to introduce itself to a wide audience with its travelling kiosk. Accompanied by a programme packed with surprises, the little orange booth visited Strasbourg (France), Lake Louise (Canada), Lisbon (Portugal), London (United Kingdom), Hanoi (Vietnam), Hong Kong and Istanbul (Turkey).



The new *Arçon* bag in *Barénia Faubourg* calfskin is equipped with an external pocket and a snap hook.

A HOUSE OF ARTISANS WITH HUMAN VALUES

The house's human values are reflected through diversity, inclusion and passing on know-how, an approach that is also demonstrated in job creation and value sharing.

THE WOMEN AND MEN OF HERMÈS

Recruitment accelerated in 2023: on 31 December, the group employed 22,040 people worldwide, including 13,700 in France. Over the last three years, Hermès has created more than 5,400 jobs, of which 3,300 are in France.

On 5 December, for the third year running, the house was awarded the **Grand Prix Emploi** by the non-financial rating agency Humpact, which focuses on social issues. This win underscores Hermès' capacity for creating jobs in France and the quality of its internal staff policies. On 29 November, the group's Human Resources department signed a **third group disability agreement** with the representative trade unions. Effective for a three-year period from 1 January 2024, this agreement reasserts the house's ambitions regarding workers with disabilities. This initiative has borne fruit since 2017, resulting in an employment rate of people with disabilities of over 6.85% in France.

In addition to the **sixth free share plan** announced in June 2023, Hermès paid a €4,000 bonus to all employees worldwide in recognition of each person's commitment and contribution to the group's success.

PRESERVING KNOW-HOW...

In 2023, Hermès increased its commitment to supporting education and the transmission of skills with the rollout of the **École Hermès des savoir-faire**, which has extended its diploma training courses in leatherwork, cutting and stitching across its eight schools in France.

... AND THE ENVIRONMENT

Hermès' initiatives and commitments have given rise to new advances in non-financial performance. Included since 2022 on the CDP's A-list of 330 businesses worldwide assessed to be performing the best in environmental matters, the group has also progressed in **Standard and Poor's (S&P) ESG ratings**. It has also continued to consolidate its position as one of the highest-performing companies in the Luxury Products and Cosmetics sector in the **MSCI ESG, Moody's ESG, and Sustainalytics ratings**.

In accordance with its undertakings to combat global warming, the Hermès group is continuing its efforts to meet objectives for reducing emissions, approved by the Science Based Targets initiative (SBTi), by 50.4% in absolute value (scopes 1 and 2), along with a 58.1% reduction in carbon intensity (scope 3) for the period 2018 to 2030.

Based on its commitments to quality and the development of sustainable materials for its sixteen métiers, the house has widened the certification process for its 54 sectors with 2030 as its objective.

In 2023, the group committed to the SBTN (Science Based Targets for Nature) initiative with a view to establishing scientific objectives to protect nature, in particular for biodiversity, fresh water, forests and soil. Hermès is one of 120 companies worldwide to undertake this process.



The 2023-24 cohort of apprentices at the École Hermès des savoir-faire in Montereau (Seine-et-Marne).

COMMUNITIES

Promoting professional equality also involves building networks and communities. In 2021, thirteen Hermès employees founded **Hécate**, a women's network that aims to create a safe space for dialogue, giving everyone the means to express themselves, grow, bond and develop. Hécate has already brought over a hundred women together at a range of events where inspirational women from outside the house and from a wide variety of backgrounds come to talk to participants about their careers.

This progress in non-financial matters reflects the house's responsible commitments and its increased transparency. In 2023 Hermès published several documents, including its **Climate Transition Plan**, devoted to reducing greenhouse gases, and its **Forest Policy**, focusing on reducing the group's impact on natural ecosystems, particularly forests, and the communities that depend on them.

Find the publications on the Hermès Finance website:
<https://finance.hermes.com/en>

HERMÈS AROUND THE WORLD

Hermès interacts with its customer community worldwide by expanding its network of stores and adapting its sales spaces for new uses by an ever-wider public.

OPENING NEW STORES...

In the second half of 2023, two new stores opened in mainland China. Continuing its expansion in the country, the house unveiled its new retail space in the MixC mall in **Tianjin**, featuring a glazed ceramic façade in vibrant graduated shades. The thirty-third Hermès store in the country opened in **Chengdu**. This new location strengthens the house's presence in Sichuan's capital. Spread over two floors, the vast collection spaces are decorated with natural materials – woven wicker, wooden panels, fabric and plaster – which serve to highlight the skills and sustainability so dear to the house.

In the United States, Hermès opened its forty-second American store in the Westfield Topanga shopping mall in **Los Angeles**. The atmosphere in this store – the sixth in California – is directly inspired by the nearby natural environment of Topanga State Park, whose colours and motifs surround the collections.

... AND REDISCOVERING TRANSFORMED STORES

Numerous stores have been renovated and expanded to offer the house's customers a unique experience and to attract new audiences. In Japan, the **Sapporo** store – the only Hermès store on the island of Hokkaido – located within the Daimaru department store, was reopened after major renovation work during the second half of 2023.



The house's long-established store in Chicago (United States), located on the corner of Oak Street, reopened after expansion.



At the heart of the Hermès store in Vienna (Austria), the stained glass designed by interior decorator Pierre Marie was inspired by the house's archives and the Vienna Secession.

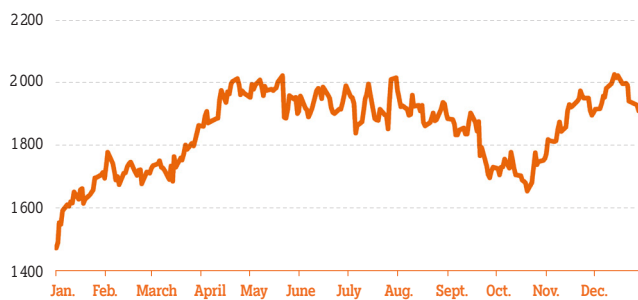
This new space allows the house to present seasonal collections in line with the expectations of local customers. The long-standing **Kyoto** store located in the Takashimaya department store has been expanded, creating interactions between the house's objects and the city's history, its rural roots and urban environment. Elsewhere in Asia, the house's first Korean store, located since 1997 in the legendary Shilla Hotel in **Seoul**, reopened to customers. Occupying two floors, the collections are now displayed in a space decorated in warm shades which combines noble Korean traditions with contemporary lines.

In Europe, Hermès has reopened its store in **Vienna** – its second in Austria – located in an eighteenth-century building on the famous Graben Square. The collections are enhanced by an architectural language inspired by the Vienna Secession featuring subtle combinations of colours, materials and geometric patterns. In France, the renovated store in **Bordeaux** on Place Gambetta is embellished with aquatic and mineral tones that echo the Gironde area's estuary and landscapes. Hermès also reopened its expanded seasonal store at the **Crans-Montana** ski resort in Switzerland.

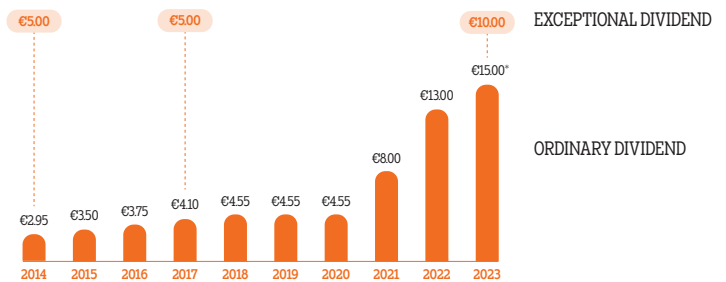
Lastly, in the United States, renovation of the store in the Bellagio Resort on the **Las Vegas Strip** was guided by an Italian influence. The long-established store in **Chicago** also reopened after expansion. One of the forty-two stores in the United States, this is an emblematic space for the Hermès community in the Midwest.

THE HERMÈS SHARE

THE HERMÈS SHARE PRICE IN 2023



DIVIDEND PER SHARE (IN € PER SHARE)



* The €3.50 interim dividend that will be paid on 15 February 2024 will be deducted from the dividend approved by the General Meeting.

SUMMARY OF STOCK MARKET INFORMATION IN 2023

Share price as of 31 December	12-month average share price
€1,919	€1,847
Number of shares as at 31 December	Average daily volume (Euronext)
105,569,412	57,338

PROPOSED DIVIDEND

A proposal will be submitted to the General Meeting on 30 April 2024 to set the dividend at €15.00 per share. The interim dividend of €3.50, paid on 15 February 2024, will be deducted from the dividend to be approved by the General Meeting. Moreover, the payment of an exceptional dividend of €10.00 per share will be proposed at the General Meeting.

GENERAL MEETING 2024

Salle Pleyel, 252, rue du Faubourg Saint-Honoré, 75008 Paris (welcome and sign-in from 8.30am).

This general meeting is called to approve the accounts for the financial year ending 31 December 2023.

The procedure for participating in the general meeting is specified in the notice of public meeting published in the BALO (France's gazette of public notices) on 22 March 2024 and on <https://finance.hermes.com>.

The notice to attend the meeting will be published in the *Bulletin des Annonces Légales Obligatoires* on 10 April 2024.

Other documents and information relating to this general meeting will be available for viewing by shareholders on <https://finance.hermes.com>, in compliance with regulatory and legal requirements, at the latest on 9 April 2024.

The General Meeting will be broadcast live and on replay on the company's website.

DIARY

25 April 2024

Publication of Q1 2024 revenue

30 April 2024

General Meeting of shareholders

25 July 2024 (after market)

Publication of 2024 half-year results

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