



KERING

letter
TO SHAREHOLDERS

OCTOBER 2021

**MESSAGE FROM THE
CHAIRMAN AND CEO**

"Kering delivered excellent performances in the first half and resumed its trajectory of strong, profitable growth"

**FIRST-HALF 2021
RESULTS**

€8,047m
in revenue
€2,237m
in recurring
operating income

GROUP NEWS

Sustainability
Kering Eyewear
Gucci
Balenciaga

**SHAREHOLDERS'
NOTEBOOK**

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MESSAGE FROM THE CHAIRMAN AND CEO



Dear Shareholders,

Kering delivered excellent performances in the first half and resumed its trajectory of strong, profitable growth.

All our Houses contributed to a rebound in total revenue, which comfortably exceeded its 2019 level, with a remarkable acceleration in the second quarter. While returning to substantial profitability and leveraging the desirability of our brands, we are stepping up the pace of our investments in our Houses and strategic initiatives, notably to enhance the exclusivity and control of our distribution.

Our teams are demonstrating their agility in this fast-moving environment, and we have the right assets, resources and strategy to successfully pursue our journey.

We would like to thank you, our shareholders, for your support and your trust.

François-Henri Pinault

FIRST-HALF 2021 RESULTS

Revenue
€8,047m
up 49.6% as reported
up 54.1% on a comparable basis

Recurring operating margin
27.8%

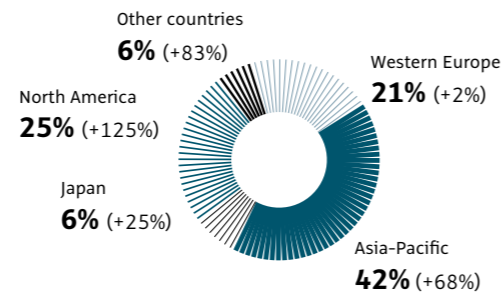
Net income attributable to the Group
€1,479m

Recurring operating income
€2,237m
up 134.9% on first-half 2020

Recurring net income attributable to the Group
€1,477m¹

1- Recurring net income attributable to the Group: net income from continuing operations attributable to the Group, excluding non-recurring items.

BREAKDOWN OF REVENUE BY REGION as a % of revenue (% comparable growth)



Consolidated revenue rebounded sharply in the first half of 2021 to **€8,047 million**, 8.4% higher than in the same period of 2019, on a comparable basis.

In the second quarter of 2021, comparable revenue growth continued to accelerate, up 95.0% year on year and up 11.2% versus the second quarter of 2019.

Recurring operating income was 2.3 times higher than in the first half of 2020, nearing the level achieved in the first half of 2019.

The recurring operating margin rose by more than 10 points to 27.8%, fueled by the performance recovery at all Group Houses.

In the first of half 2021, net income attributable to the Group totaled **€1,479 million**. Recurring net income attributable to the Group (net income from continuing operations excluding non-recurring items) amounted to **€1,477 million**.

Agenda

Tuesday October 19, 2021
3rd quarter 2021 revenue

GROUP NEWS

SUSTAINABILITY

Kering goes entirely fur free

Kering has taken the decision to stop using animal fur. Starting with Gucci in 2017, all the Group's Houses, notably Balenciaga, Bottega Veneta, Alexander McQueen, Brioni and Saint Laurent, have progressively decided to take this step, and as from the Fall 2022 collections, none of the Group's Houses will be using fur.

For more information:

<https://www.kering.com/en/news/kering-goes-entirely-fur-free>

Kering unveils its circularity ambition

In line with its efforts for more transparency, the Group published a report in July on its ambitious next steps towards a circular economy. The document also highlights the concrete actions taken by its Houses around circularity so far, in line with their climate and biodiversity strategies.

For more information:

<https://www.kering.com/en/sustainability/innovating-for-tomorrow/circularity-ambition/>

Kering and Conservation International announce the first grantees for the Regenerative Fund for Nature

Launched in January 2021, the Regenerative Fund for Nature aims to support the transition of 1 million hectares of land to regenerative practices in the luxury and fashion sectors' cotton, wool, cashmere and leather supply chains. The first Regenerative Fund for Nature recipients were chosen following a rigorous selection process of grant applications by the Fund's Technical Advisory Board's selection committee. The seven grantees chosen are based in South America, Central Asia, India, Europe and Africa.

For more information:

<https://www.kering.com/en/sustainability/safeguarding-the-planet/regenerative-fund-for-nature/>



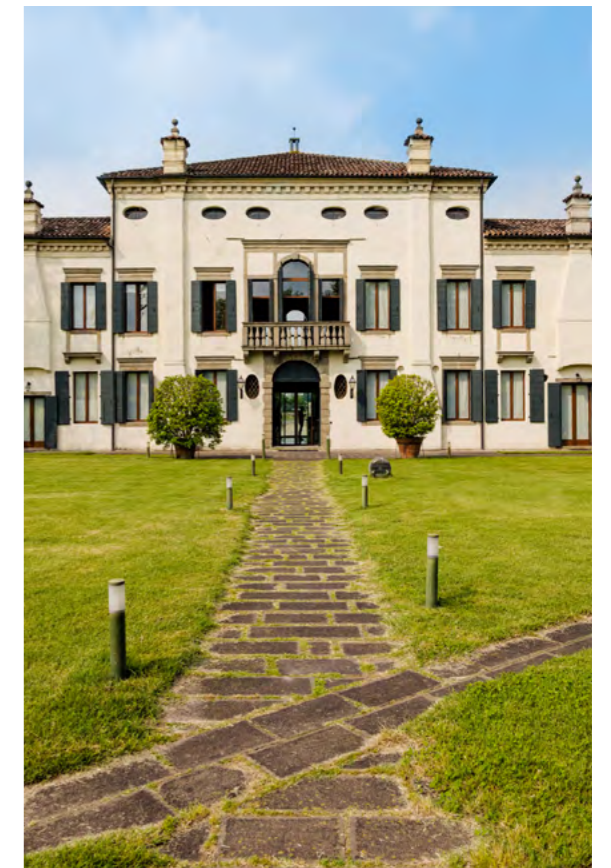
KERING EYEWEAR ACQUIRES LINDBERG

Last July, Kering Eyewear and the Lindberg family signed an agreement for Kering Eyewear to acquire 100% of the share capital of LINDBERG.

Founded in 1969 in Denmark by optician Poul-Jørn Lindberg and his wife as an optical store and turned into a multinational company by their son Henrik. LINDBERG is a high-end manufacturer of design-oriented, lightweight and customizable optical frames with a specialization in titanium. As a pioneer, LINDBERG holds a unique positioning in the luxury Eyewear industry, resulting in a powerful combination of a sizeable and very profitable company with strong growth potential.

This acquisition is an important milestone in the successful expansion of Kering Eyewear and perfectly fits with its development strategy. Since its start in 2014, Kering Eyewear has built an innovative business model that enabled the company to reach a critical size. This acquisition will further reinforce Kering Eyewear as the most relevant player in the luxury eyewear market segment, adding to its portfolio a complementary and proprietary brand with strong legitimacy, undisputed know-how and best-in-class customer service in optical frames.

The transaction was completed on September 30, 2021, following clearance by the competition authorities.





1- Look from *Aria* fashion show.
2- Gucci Archive, Palazzo Settimanni, Florence.
3- Jodie Turner-Smith in the new Hortus Deliciarum High Jewelry collection.



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GUCCI

A YEAR TO REMEMBER
GUCCI CELEBRATES ITS
100TH ANNIVERSARY
IN 2021



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To mark this major milestone in its history, Gucci unveiled a series of new initiatives over the first half of 2021. From a new collection to an immersive multimedia experience celebrating the House's creative vision, and from the House's debut in high watchmaking and its second high jewelry collection to the opening of the new home for its archive collection, Creative Director Alessandro Michele has taken advantage of the House's anniversary to show how Gucci's rich history provides a wonderful foundation for the House's continuing evolution – as the past never really goes away, but is simply the prologue of a new chapter.

Another chapter was opened in April with *Aria*, the House's latest collection. In a short film by Floria Sigismondi and Alessandro Michele, the House's Creative Director demonstrated how Gucci is deeply aligned with pop culture. To a soundtrack of songs with lyrics featuring Gucci, Alessandro Michele presented a collection that quoted from the House's history, and even from a fellow Kering brand, much as a music producer samples from other artists. *"I have plundered the nonconformist rigor of Demna Gvasalia and the sexual tension of Tom Ford,"* said Alessandro Michele. *"I have celebrated the equestrian world of Gucci [...]. I have sublimated Marilyn Monroe's silhouette and old Hollywood's glamour; I have sabotaged the discreet charm of the bourgeoisie and the codes of men's tailoring."*

The success of *Aria* – the film received over 200 million views globally – was soon followed by the debut of two Florentine initiatives celebrating the House's bonds with the city where everything started in 1921.



In May, Gucci opened an immersive multimedia exhibition entitled *"Gucci Garden Archetypes"* at the Gucci Garden space in the Palazzo della Mercanzia in Florence, exploring and commemorating campaigns from the past six years. Visitors are placed "within" each memorable campaign scenario as a way to experience the archetypal moments when Gucci visited, for example, May '68 in Paris, an '80s nightclub in Berlin, a contemporary Noah's ark or an LA subway carriage. Then in July, Gucci opened a new home for its archive in the 15th century Palazzo Settimanni. The Florentine building, which has been owned by Gucci since 1953 and has served as a workshop, factory and showroom, has been restored to its original character and now hosts the House's archives, a powerful symbol of how the brand continually conducts a dialogue between past and present.

Alongside these two initiatives, the first half of 2021 saw the launch of a new high jewelry collection. In April, Gucci also presented its first high watchmaking collection made up of four lines – the ultra-slim Gucci 25H, the G-Timeless, the Grip and high jewelry watches.

Lastly, the House showcased the Gucci Beloved Lines. In a campaign launched in April, the iconic **Beloved** handbags become protagonists, assuming with elegance and poise the leading role in a look, and a personal style. Comprising versions of the Dionysus bag, the Horsebit 1955 bag, the GG Marmont bag and the Jackie 1961 bag, Gucci Beloved Lines see motifs and styles that are distinctly emblematic of the House become renewed in pieces that are created to be worn again and again, transcending seasons and trends.



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4 et 5- Pictures from *Aria*, a film co-directed by Alessandro Michele and Floria Sigismondi.

BALENCIAGA MAKES ITS RETURN TO COUTURE

50TH COUTURE COLLECTION



BALENCIAGA

On July 7, 2021, Balenciaga presented Couture for the first time since 1967, when founder Cristóbal Balenciaga left the fashion industry.

Balenciaga Couture Winter 21 is officially the House's 50th Couture collection – and artistic director Demna Gvasalia's first.

The collection is a mix of men's and women's made-to-measure pieces meticulously crafted using today's most sophisticated techniques. Paying tribute to Balenciaga's mark on Couture history, garments architecturally transform the body and defer to the art of savoir-faire while taking an interest in modern dressing.

Contemporary and signature silhouettes are reinterpreted by way of expert construction and state-of-the-art technology, meeting the highest standards of craftsmanship, in collaboration with Couture's eminent ateliers and manufacturers. These include milliner Philip Treacy, embroidery houses Atelier Jean-Pierre Ollier, Maison Lesage, Maison Lemarié and Atelier Montex, and fabric houses Dormeuil, Jakob Schlaepfer, Taroni and Forster Rohner.

In homage, the initials C.B. are hand-embroidered on details that speak to Cristóbal Balenciaga's personal style, like silk ties, poplin shirts, and leather gloves. Tailoring in fresco, mohair, cashmere, and barathe wool is inspired by what he himself wore, made in collaboration with his preferred tailor, Huntsman.

Textiles range from fine vicuña, vintage wools, satins, and silks to utilitarian technical fabrics, developing an updated way to wear bespoke clothing.

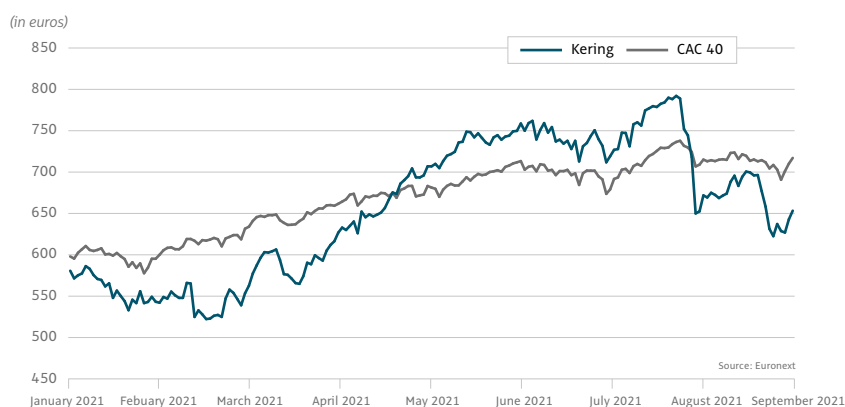
Themes of casual dressing are recontextualized in tailored tracksuits and hoodies that are lined with cashmere and built to sit away from the body via signature cocoon or swing-back seams. Several looks directly reference iconic Balenciaga Couture designs: a dress in twisted lace and tulle; opera gloves and parkas; a polka-dot pattern handprinted on silk chiffon spot for spot to match the original; and decorative embroidery in shantung silk guipure, metallic silk jacquard, beading, and laid sequins. A veiled bridal look – the traditional Couture finale – is a take on one of Cristóbal Balenciaga's last designs, presented 54 years ago but appearing to exist outside of time.



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Performance of the Kering share

compared to the CAC 40 index (rebased) from January 1 to September 23, 2021



During the first half of the year, the luxury industry was buoyed by rebounding economies in some countries (with an easing of the COVID-19 restrictions on business and movement), coupled with dynamic domestic consumer spending and high consumer confidence that, on average, were close to the levels recorded in early 2019. Growth was particularly strong in the Asia-Pacific region and North America during the period. As a result, the value of the Kering share increased by 27% between January 1 and July 31, 2021.

Since the beginning of August, concerns about the strength of the economic recovery and certain imbalances and risks have weighed on share prices in the sector – including the Kering share.

**HIGHEST
SHARE PRICE**
between January 1
and September 23, 2021

€792.10
(on August 12, 2021)

**LOWEST
SHARE PRICE**
between January 1
and September 23, 2021

€522.30
(on February 22, 2021)

**MARKET
CAPITALIZATION**
as of September 23, 2021

€81.67bn

Contact information

For all requests regarding the management of shares held in direct registered form*, CACEIS is your point of contact until November 22, 2021.

CACEIS Corporate Trust

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Fax: +33 (0)1 57 78 32 19
E-mail: ct-contact@caceis.com

For any other queries, please contact:

Kering's Investor Relations department

Kering – Financial Communications department
40 rue de Sèvres
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Tel.: +33 (0)1 45 64 65 64
E-mail: actionnaire@kering.com

NB: the trade order form is available for download at www.kering.com/en (Finance/Shareholders information section).

* If you own administered registered shares, the financial intermediary who manages your account remains your point of contact.

GENERAL DATA PROTECTION REGULATION

In accordance with France's data protection law (*Informatique et Libertés*) of January 6, 1978 (as amended) and the EU General Data Protection Regulation of April 27, 2016, you have the right to access, rectify and erase your personal data, and to restrict or object to the processing of that data, as well as the right to data portability, under the conditions set forth in the applicable legislation. To exercise your rights, please contact us at the following address: actionnaire@kering.com. For more information, please consult our Privacy Policy at <https://www.kering.com/en/legal/>. Should you no longer wish to receive Kering's Letter to Shareholders, please contact us by post or email (see "Contact information" details above).

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NEW FINANCIAL INTERMEDIARY FOR REGISTERED SHARES

Kering has decided to replace CACEIS by Société Générale Securities Services for the administrative management of its registered shares.

The shares will be transferred automatically from CACEIS to Société Générale Securities Services on November 22, 2021.

From November 5, 2021, Société Générale Securities Services will contact all direct registered shareholders with details on the arrangements relating to the transfer of their shares.

The key dates of the transfer and the impacts for registered shareholders are shown in the timeline on the reverse side.

Personal information – Verification and update

To ensure they receive all upcoming notifications from Société Générale Securities Services, as well as to facilitate the smooth execution of all operations (stock market orders, dividend payments, etc.), we invite all direct registered shareholders to log onto their CACEIS account on the OLIS-Actionnaire platform by October 29, 2021 and to check and, if necessary, update their personal information (mailing address, email address, bank details, etc.).

From November 5, 2021, direct registered shareholders will have to connect to Société Générale Securities Services' platform (Sharinbox) to update their personal information, using the login details that Société Générale Securities Services will provide by post from that date.

It is essential to check and update your personal information if you want to benefit from all the advantages of holding your shares in registered format (notably receiving the Letter to Shareholders, notice of the Annual General Meeting and all information about the Kering share, including dividend payments).

Contacts

Société Générale Securities Services (from November 5, 2021)

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Transfer of financial intermediary – Key dates

