KERING

2022

First-Half Report

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This is a free translation into English of the 2022 First-Half Report issued in French.

CHAPTER 1
Kering in the first half of 2022 - Key figures

Group consolidated key figures

(in € millions)	First half 2022	First half 2021	Reported change
Revenue	**9,930**	**8,047**	**+23%**
EBITDA	**3,617**	**2,951**	**+23%**
EBITDA margin (% of revenue)	*36.4%*	*36.7%*	*-0.3 pts*
Recurring operating income	**2,820**	**2,237**	**+26%**
Recurring operating margin (% of revenue)	*28.4%*	*27.8%*	*+0.6 pts*
Net income attributable to the Group	**1,988**	**1,479**	**+34%**
o/w continuing operations excluding non-recurring items	**1,977**	**1,477**	**+34%**
Gross operating investments(1)	**361**	**345**	**+5%**
Free cash flow from operations(2)	**2,049**	**2,354**	**-13%**
Net debt(3)	**942**	**619**	**+52%**

(1) Acquisitions of property, plant and equipment and intangible assets
(2) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets.
(3) Net debt is defined on page 32.

Per share data

(in €)	First half 2022	First half 2021	Reported change
Earnings per share attributable to the Group	**€16.09**	**€11.85**	**+36%**
o/w continuing operations excluding non-recurring items	**€15.99**	**€11.84**	**+35%**

Revenue

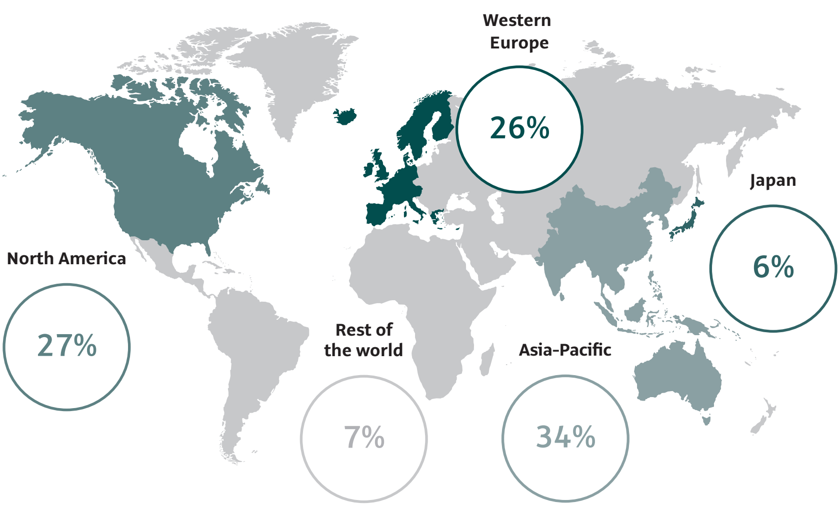
Breakdown of revenue by segment

(in € millions)	First half 2022	First half 2021	Reported change	Comparable change[3]
Gucci	5,173	4,479	+15%	+8%
Yves Saint Laurent	1,481	1,046	+42%	+34%
Bottega Veneta	834	708	+18%	+13%
Other Houses	1,955	1,485	+32%	+29%
Kering Eyewear and Corporate[1]	591	396	+49%	+26%
Eliminations[2]	(104)	(67)	N/A	N/A
GROUP	9,930	8,047	+23%	+16%

(1) The "Corporate and other" segment has been renamed "Kering Eyewear and Corporate".
(2) Intragroup eliminations are now reported on a separate line.
(3) On a comparable scope and exchange rate basis. Comparable growth is defined on page 32.

Breakdown of revenue by region

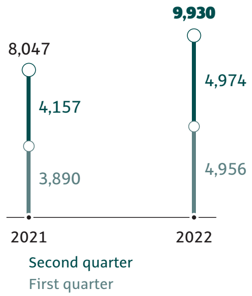
(as a % of consolidated revenue) [1]



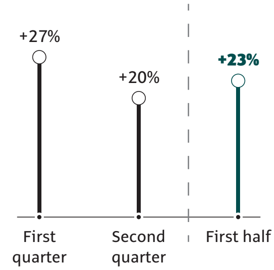
(1) Throughout the document, mature markets include North America, Western Europe and Japan. Emerging markets include Asia-Pacific and the Rest of the World.

Revenue by quarter

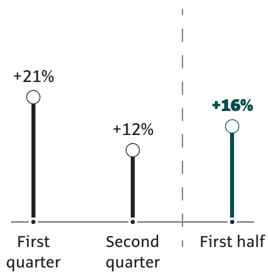
In € millions



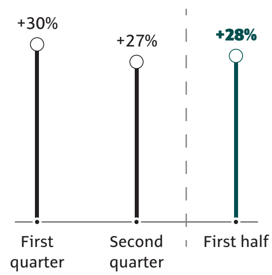
2022/2021 change in revenue by quarter, on a reported basis



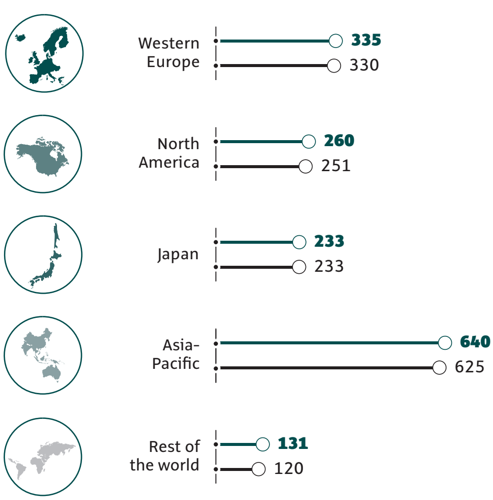
2022/2021 change in revenue by quarter, on a comparable basis



2022/2019 change in revenue by quarter, on a comparable basis



Number of directly operated stores by region



1,599
Total June 30, 2022

1,559
Total December 31, 2021

Recurring operating income

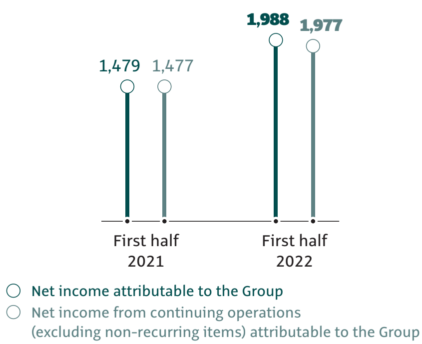
Breakdown of recurring operating income by segment

(in € millions)	First half 2022	First half 2021	Change
Gucci	1,886	1,694	+11%
Yves Saint Laurent	438	275	+59%
Bottega Veneta	168	130	+29%
Other Houses	337	197	+71%
Kering Eyewear and Corporate(1)	(7)	(63)	+90%
Eliminations(2)	(2)	4	N/A
GROUP	2,820	2,237	+26%
Recurring operating margin (% of revenue)	*28.4%*	*27.8%*	*+0.6 pts*

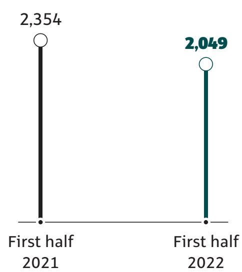
(1) The "Corporate and other" segment has been renamed "Kering Eyewear and Corporate".
(2) The "Eliminations" item relates to consolidation adjustments that are not allocated by segment, mainly in connection with intragroup transactions.

Other financial indicators

Net income attributable to the Group
(in € millions)

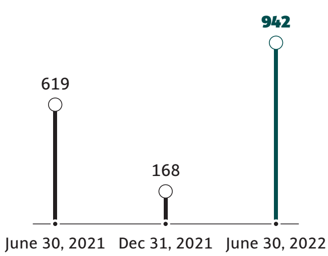


Free cash flow from operations(1)
(in € millions)



(1) Net cash flow from operating activities less net acquisitions of property, plant and equipment and intangible assets.

Net debt(2)
(in € millions)



(2) Net debt is defined on page 32.

CHAPTER 2
Activity report

1 - INTRODUCTION – IMPACTS OF THE COVID-19 PANDEMIC AND THE RUSSIA-UKRAINE CRISIS ON THE GROUP'S BUSINESS AND ITS INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

Consequences of the COVID-19 pandemic: situations varying between regions

In the first half of 2022, the COVID-19 situation improved considerably in North America and Western Europe, leading to the gradual lifting of most restrictive public health measures, although case numbers rose again slightly at the end of the period. As a result, the Group's operations in these two regions were not significantly affected by the pandemic in the first six months of the year.

In Japan and other Asia-Pacific countries such as South Korea and Australia, the gradual easing of measures to control the pandemic gave a major boost to consumers' confidence and propensity to spend.

However, China maintained a strict zero-COVID policy at a time when case numbers were multiplying in some of its large cities, and this badly affected business levels in the Luxury industry. The introduction of new restrictions in China hit both in-store footfall and e-commerce sales from March 2022 onward and at least into April and May.

Overall, the impact of COVID-19 seems to have been very limited in the first half of 2022, although it varied between regions and is difficult to measure accurately:

- The global economic environment deteriorated but the weaker growth outlook in the various economies had multiple causes, and most of them were not related either directly or indirectly to the COVID-19 crisis.
- On average, 2% of stores were closed in the first quarter and 5% in the second quarter. However, that figure reached just over 30% in Mainland China at the peak of that country's restrictions. As a result, China was indisputably the region worst affected by the pandemic in the first half of 2022.
- The COVID situation also meant that spending by Chinese consumers mainly took place in China. The absence of Chinese tourists affected the performance of the travel retail segment and of certain markets in Europe and Asia compared to 2019, which was a record year in terms of tourist store footfall. However, starting in spring 2022, business levels in Western Europe benefited from an upturn in sales to tourists of other nationalities, particularly American.
- The impact of the pandemic must be assessed from a multi-year perspective, since the speed of the recovery from the economic shock of the first half of 2020 has varied between regions. In Western Europe, consumer spending collapsed in the second quarter of 2020, while some lockdown measures remained in place in the first half of 2021. In North America, the year-on-year comparison reflects the very strong rebound in 2021, driven by large-scale economic support measures. Meanwhile, in Asia-Pacific and particularly in China, economies returned to growth more quickly after the pandemic peaked in 2020, and so the base for comparison is higher than in other regions.

Impact of the situation in Ukraine and Russia

In response to the escalation in the Russia-Ukraine crisis, which became an armed conflict on February 23, 2022, Kering announced on March 4, 2022 that it would temporarily close the stores operated by the Group's Houses in Russia. Kering's Houses do not directly operate any stores in Ukraine.

Given the severity of the situation, Kering and its Houses have lent their support to humanitarian efforts and to Ukrainian refugees by making several donations, mainly to the UN Refugee Agency UNHCR.

Kering's direct exposure to the crisis currently remains limited as its combined sales in Ukraine and Russia amounted to around 1% of its annual revenue in 2021. The net value of its assets in those countries is not material (around 0.1% of total assets) and mainly consists of lease right-of-use assets under IFRS 16 and property, plant and equipment. Developments in the geopolitical situation and the Group's strategy in the region could cause the residual value of these assets to be written down in the second half of 2022. The only impact on the financial statements for the six months ended June 30, 2022 consisted of operating losses and impairment of inventories.

In addition, in view of international sanctions, the Group has reorganized its procurement of diamonds and has ceased sourcing diamonds either directly or indirectly from Russia. It should be noted, however, that its diamond purchases from Russia were not material.

The ongoing conflict is obviously having a negative impact on the global economic outlook. Depending on its duration and extent, the conflict could affect global economic growth and therefore the Luxury market over a longer period. However, the indirect nature of those effects would make them hard to quantify precisely.

2 - SIGNIFICANT EVENTS IN THE FIRST HALF OF 2022

Sale of Girard-Perregaux and Ulysse Nardin to their management

On January 24, 2022, Kering announced the signature of an agreement to sell its entire stake (100%) in Sowind Group SA, which owns the Swiss watch manufacturers Girard-Perregaux and Ulysse Nardin, to its current management. The transaction was completed on May 31, 2022 according to the agreed terms.

The Group has supported the two Houses in their development, strengthened their positioning and ensured they have adequate resources to finance their growth. The Group is confident that their existing management will be able to continue their work successfully.

This transaction is in line with Kering's strategy, giving priority to Houses that have the potential to become sizable assets within the Group and to which it can provide decisive support over time.

Signature of an agreement for Kering Eyewear to acquire eyewear brand Maui Jim

On March 14, 2022, Kering Eyewear announced the signature of an agreement to acquire US eyewear brand Maui Jim, Inc.

Founded in 1987, Maui Jim is the world's largest independently owned high-end eyewear brand with a leading position in North America. Recognized for its outstanding technicity, Maui Jim offers a broad spectrum of high-quality sun and optical frames sold in more than 100 countries and has developed the revolutionary lens technology known as PolarizedPlus2®.

Since its inception in 2014, Kering Eyewear has built an innovative business model that enabled the company to reach more than €700m external revenues in FY2021. The acquisition of Maui Jim represents a major milestone in the successful expansion strategy of Kering Eyewear. Only a few months after the acquisition of LINDBERG, Kering Eyewear will own a second proprietary brand, reinforce its status on the high-end eyewear segment and broaden its offer to cover the full scope from functional to timeless and fashion luxury products.

Their complementary distribution networks and product offerings will contribute to amplify the growth potential through the expansion of Maui Jim's geographical footprint and the ability to gain new customers, more focused on innovation and functionalities. Through this combination, Kering Eyewear reaches new levels, with revenues materially ahead of the billion-euro mark on a full-year basis and profit margins further improving.

The transaction is subject to the clearance by the relevant competition authorities and is expected to be completed in the second half of 2022.

Gianfilippo Testa appointed CEO of Alexander McQueen

On March 21, 2022, Kering announced the appointment of Gianfilippo Testa as CEO of Alexander McQueen, effective May 2022. He reports to François-Henri Pinault.

He succeeds Emmanuel Gintzburger, who decided to leave the Group to pursue new professional challenges outside Kering.

Gianfilippo Testa is an Italian national with an outstanding track record in the luxury industry in Europe and Asia. He started his career at TAG Heuer in 2002 and went on to hold a range of roles at LVMH, specifically at Fendi in Italy, Japan and Hong Kong. He joined Kering in 2016 as Gucci President Greater China and since 2019 has been President of EMEA and VP Global Retail at Gucci.

As CEO of Alexander McQueen, Gianfilippo Testa's mission will be to accelerate the expansion of the British luxury House in order to tap its full potential.

Changes in the membership of the Board of Directors

In the first half of 2022 and following approval of resolutions by the Group's shareholders in the Annual General Meeting of April 28, 2022, Kering's Board of Directors, in coordination with the Appointments and Governance Committee, confirmed the following changes in its membership:

- Resignation of Ms. Sophie L'Hélias as independent Director, due to her recent appointment as Chair of the Board of Directors of another group;
- Appointment of Ms. Véronique Weill, Ms. Yonca Dervisoglu and Mr. Serge Weinberg as independent Directors;
- Appointment of Ms. Véronique Weill as Lead Independent Director;
- Appointment of Mr. Jean-Pierre Denis as Climate Change Lead;
- Renewal of Ms. Daniela Riccardi's term of office as independent Director;
- Non-renewal of Ms. Yseulys Costes' term of office as independent Director;
- Reconfiguration of the Board of Directors' Committees.

Dual-tranche bond issue for a total amount of €1.5 billion

On April 28, 2022, Kering issued €1.5 billion of bonds consisting of:

- a €750 million tranche with a 3-year maturity and a 1.25% coupon,
- and a €750 million tranche with an 8-year maturity and a 1.875% coupon.

This issue, which forms part of the Group's active liquidity management, enhances its funding flexibility by enabling it to refinance existing debt and, in part, finance the Maui Jim acquisition.

The issue saw strong demand from bond investors, confirming the market's confidence in the Group's credit quality. Kering's long-term debt is rated "A" with a "stable" outlook by Standard & Poor's.

Launch of an employee share ownership plan

On May 4, 2022, Kering announced the launch of its first employee share ownership plan. It took place in France, Italy, the United Kingdom, the United States, Mainland China, Hong Kong SAR, Japan and South Korea.

Entitled KeringForYou, the program gave eligible employees the opportunity to become Kering shareholders with preferential terms. By investing in their company this way, employees have a direct interest in its development and future performance.

The price for subscribing shares under the program was set at €394, corresponding to Kering's average opening share price on Euronext Paris during the 20 trading sessions from April 19 to May 16, 2022, less a 20% discount and rounded up to the nearest cent.

At the end of the subscription period, which took place from May 19 to June 9, 2022, 102,862 shares had been subscribed (including employer contributions). The shares were settled and delivered on July 7, 2022 through a capital increase involving the issue of new ordinary shares.

Stock Repurchase Program: implementation of the second and third tranches

Pursuant to the Stock Repurchase Program announced on August 25, 2021, covering up to 2.0% of its share capital over a 24-month period, Kering implemented the second and third tranches in the first half of 2022:

- The second tranche related to 650,000 shares (around 0.5% of the share capital) and was completed on April 6, 2022. 325,000 of the shares repurchased in that tranche will be canceled by the end of 2022.
- The third tranche, relating to up to 650,000 shares (around 0.5% of the share capital), began on May 18 and is due to be completed by July 19, 2022 at the latest, and was still ongoing at June 30, 2022.

A detailed table showing the various tranches is provided in Note 2 to the condensed consolidated interim financial statements.

3 - FIRST-HALF 2022 BUSINESS REVIEW

3.1 Key figures

Condensed consolidated income statement

(in € millions)	First half 2022	First half 2021	Change
Revenue	9,930	8,047	+23%
Recurring operating income	2,820	2,237	+26%
as a % of revenue	*28.4%*	*27.8%*	*+0.6 pts*
EBITDA	3,617	2,951	+23%
as a % of revenue	*36.4%*	*36.7%*	*-0.3 pts*
Other non-recurring operating income and expenses	(13)	(17)	+24%
Financial result	(19)	(126)	+85%
Income tax expense	(747)	(595)	-26%
Share in earnings (losses) of equity-accounted companies	2	1	+100%
Net income from continuing operations	2,043	1,500	+36%
o/w attributable to the Group	*1,987*	*1,462*	*+36%*
o/w attributable to minority interests	*56*	*38*	*+47%*
Net income (loss) from discontinued operations	1	17	-94%
Net income attributable to the Group	1,988	1,479	+34%
Net income from continuing operations (excluding non-recurring items) attributable to the Group	1,977	1,477	+34%

Earnings per share

(in €)	First half 2022	First half 2021	Change
Basic earnings per share	16.09	11.85	+36%
Basic earnings per share from continuing operations excluding non-recurring items	15.99	11.84	+35%

Free cash flow from operations

(in € millions)	First half 2022	First half 2021	Change
Free cash flow from operations	2,049	2,354	-13%

3.2 The global Luxury market in the first half of 2022

Business levels remained very strong in the Luxury industry in the first few months of 2022. This followed a significant upturn in 2021, when revenue was 33% higher than in 2020 and 7% higher than in 2019 at constant exchange rates according to the Bain & Company/Altagamma June 2022 study, which is the reference for the figures set out below unless otherwise stated. Growth in the first quarter of 2022 was + 13-15% at constant exchange rates compared to the year-earlier period.

Despite a high base for comparison, momentum remained firm in the second quarter across the world's major Luxury markets apart from Mainland China, which was affected by store closures arising from the deterioration in the COVID-19 situation. However, the geopolitical and macroeconomic environment worsened during the first-half period and the outlook for the rest of the year remains uncertain.

Several factors are impacting consumer spending and confidence, and therefore the Luxury market indirectly. They can be summarized as follows:

- The outbreak of armed conflict between Russia and Ukraine in February 2022 had a limited direct impact on major Luxury brands. However, combined with other geopolitical tensions, it is increasing the pressure on supply chains and creating concern about the economic outlook among both consumers and the financial markets;
- At the end of the first quarter and throughout the second, China's strict zero-COVID policy led to lockdowns and semi-lockdowns in the country's major cities. This severely restricted economic activity in the country and official figures show that Chinese GDP was almost flat (+0.4%) in the second quarter. Chinese consumer spending recovered gradually: retail sales rose in June but store footfall remained below previous levels, affected in particular by Chinese consumers' reluctance to travel. In the last few days of June, therefore, the number of people taking domestic flights in China was around half the level seen in the same period of 2021.
- More generally, expectations regarding global economic growth were downgraded. According to Oxford Economics, the world economy could grow by 3.1% in 2022. Western economies and Japan are likely to see growth of only 2-3%. Chinese GDP growth, meanwhile, is expected to plateau at around 4.0%. The only economies seeing really strong performance in 2022 will be those in the Gulf (6.3%) and Southeast Asia (5.5%);
- Inflation is very high and could reach 7.5% in 2022 as a whole (Oxford Economics). In particular, rising prices are affecting consumers' unavoidable expenditure and reducing their real incomes, especially since measures to support consumer spending in major economies mainly took place in 2020 and 2021;
- Rising interest rates, falling financial markets – with US stockmarket indices down 20-30% in the first half of 2022 – and to a lesser extent the collapse in the value of cryptocurrencies also adversely affected sentiment among consumers and their propensity to spend. However, the excess savings that households have built up recently (6-11% of GNP in Western economies since the start of 2020 according to Société Générale) could cushion any cyclical decline in consumer spending to some extent.

In the circumstances, it is very difficult to anticipate the Luxury industry's growth profile in the second half of the year, and the range of projections is very broad.

As regards the first half of 2022, the major trends in the Luxury market were as follows:

- Performances varied from one region to another.
  - Sales rebounded strongly in Western Europe from a low base caused by the negative impact of COVID-19 restrictions in early 2021. Domestic consumer spending was very strong, while sales to European and American tourists rose sharply.
  - In North America, revenue growth slowed in the second quarter compared to the year-earlier period, when industry business levels hit a new record. In the first half as a whole, performance was still very solid and the three-year trend (relative to 2019) is excellent.
  - In Japan, like in Europe where the recovery was more gradual than in other major markets, industry sales rose sharply, moving back to or above 2019 levels.
  - In Asia-Pacific, the situation in China from March onward affected the region's overall performance. However, sales rebounded strongly in Southeast Asia due to firm economic growth in that region's countries, including ongoing robust growth in South Korea.
  - Finally, other regions of the world saw outstanding growth in business levels, particularly the Middle East, with only Eastern Europe seeing a decline due to Russia's status as the main market in that region.
- Compared to the first half of 2021, all product categories posted fairly similar revenue growth rates, with the ready-to-wear category remaining the least dynamic.
- The impact of secular changes in the Luxury industry in recent years, amplified by the COVID-19 crisis, now appears to be normalized:
  - E-commerce sales once again saw very robust growth in the first half of 2022, but their rate of increase is starting to normalize and their contribution to total sector sales is also stabilizing.
  - Given the travel restrictions affecting most regions until recently, demand for Luxury goods has remained largely domestic. Tourism has gradually resumed in Europe, although it remains below pre-pandemic levels. Due to movements in the euro/dollar exchange rate, the second quarter brought a sharp upturn in the number of American tourists traveling abroad, which was partially detrimental to performance in North America. It also drove an improvement in travel retail sales, although that distribution network continues to show the worst performance by comparison with 2019.
  - In the short and medium term, demand from Generations Y and Z remains one of the principal growth drivers for the global luxury market. This customer segment is continuing to account for a growing proportion of sales, but the rate of increase is slowing since its penetration was already high at the end of 2021 (more than 60% of revenue).

3.3 Revenue

The Group's revenue amounted to €9,930 million in the first six months of 2022. Compared to the same period of 2021, revenue rose 23% as reported and 16% on a comparable scope and exchange rate basis[1].

Currency movements had a very positive impact on first-half 2022 performance, boosting sales growth by almost 7 points or €471 million in absolute terms. Due to the euro weakening against other major currencies, the positive exchange-rate effect arose mainly from sales denominated in US dollars (€199 million) and Chinese yuan (€188 million).

Changes in scope had a smaller, but still positive, effect on Group revenue. They included a positive contribution from LINDBERG (consolidated from October 1, 2021), and the negative impact from the deconsolidation of watch brands Girard-Perregaux and Ulysse Nardin from January 1, 2022.

All Houses and Kering Eyewear achieved year-on-year sales growth in the first half of 2022.

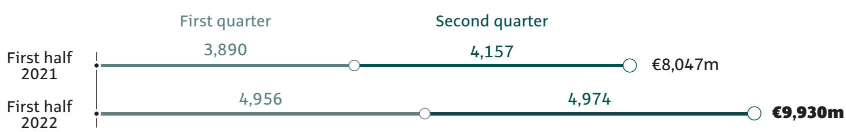
The increase in business levels relative to 2019 was impressive, with comparable growth of 28%.

Group revenue by segment

(in € millions)	**First half 2022**	**% of total revenue**	**First half 2021**	**% of total revenue**	**Change**	**Comparable change[3]**
Gucci	5,173	52%	4,479	56%	+15%	+8%
Yves Saint Laurent	1,481	15%	1,046	13%	+42%	+34%
Bottega Veneta	834	8%	708	9%	+18%	+13%
Other Houses	1,955	20%	1,485	18%	+32%	+29%
Kering Eyewear and Corporate[1]	591	6%	396	5%	+49%	+26%
Eliminations[2]	*(104)*	*-1%*	*(67)*	*-1%*	*N/A*	*N/A*
Revenue	**9,930**	**100%**	**8,047**	**100%**	**+23%**	**+16%**

(1) The "Corporate and other" segment has been renamed "Kering Eyewear and Corporate".
(2) Intragroup eliminations are now reported on a separate line.
(3) On a comparable scope and exchange rate basis. Comparable growth is defined on page 32.

Group revenue by quarter



Compared to 2021, growth was naturally very strong in the first quarter (21% on a comparable basis) due to the favorable base for comparison, mainly in Europe.

Second-quarter performance (comparable growth of 12%) was affected by the sudden deceleration in Asia-Pacific caused by the Chinese market, as well as the high base for comparison in North America.

Relative to 2019, revenue growth was fairly consistent across the period, respectively at +30% and +27% in the first quarter and in the second.

(1) Comparable growth is defined on page 32.

Quarterly revenue by segment

(in € millions)	First quarter 2022	Second quarter 2022	First half 2022
Gucci	2,591	2,582	5,173
Yves Saint Laurent	739	742	1,481
Bottega Veneta	396	438	834
Other Houses	973	982	1,955
Kering Eyewear and Corporate	308	283	591
Eliminations	*(51)*	*(53)*	*(104)*
Revenue	**4,956**	**4,974**	**9,930**

(in € millions)	First quarter 2021	Second quarter 2021	First half 2021
Gucci	2,168	2,312	4,479
Yves Saint Laurent	517	529	1,046
Bottega Veneta	328	379	708
Other Houses	719	766	1,485
Kering Eyewear and Corporate	192	204	396
Eliminations	*(34)*	*(33)*	*(67)*
Revenue	**3,890**	**4,157**	**8,047**

(comparable change(1))	Q1 2022/2021 change	Q2 2022/2021 change	H1 2022/2021 change
Gucci	+13%	+4%	+8%
Yves Saint Laurent	+37%	+31%	+34%
Bottega Veneta	+16%	+10%	+13%
Other Houses	+35%	+24%	+29%
Kering Eyewear and Corporate	+35%	+17%	+26%
Eliminations	*N/A*	*N/A*	*N/A*
Revenue	**+21%**	**+12%**	**+16%**

(1) On a comparable scope and exchange rate basis. Comparable growth is defined on page 32.

Group revenue by region

(in € millions)	First half 2022	% of total revenue	First half 2021	% of total revenue	Change	Comparable change(1)
Asia-Pacific (excluding Japan)	3,339	34%	3,377	42%	-1%	-8%
Western Europe	2,606	26%	1,699	21%	+53%	+51%
North America	2,705	27%	1,980	25%	+37%	+24%
Japan	577	6%	459	6%	+26%	+31%
Rest of the world	703	7%	532	6%	+32%	+26%
Revenue	**9,930**	**100%**	**8,047**	**100%**	**+23%**	**+16%**

(1) On a comparable scope and exchange rate basis. Comparable growth is defined on page 32.
Revenue generated outside the eurozone represented 81% of the consolidated total in the first half of 2022.

Revenue in mature markets increased 35% overall on a comparable basis versus 2021, and exceeded the 2019 level by 33%.

Sales in Western Europe rose 51% on a comparable basis relative to 2021, with an acceleration in the second quarter. This growth was partly the result of a low base for comparison, since part of the region's store network was closed in the first half of 2021. However, it was mainly driven by extremely robust growth in revenue from local customers, continuing the trend set in 2021. The European market also benefited from higher tourist numbers, particularly in the second quarter. Despite the ongoing absence of Chinese tourists, first-half sales in Europe were well above first-half 2019 levels.

In Japan, revenue was up 31% on a comparable basis relative to 2021, taking it almost back to its 2019 level.

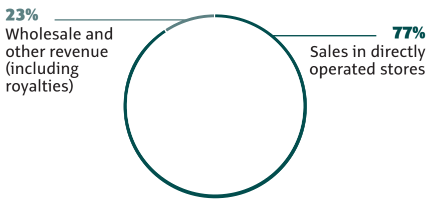
Revenue in North America rose by 24% on a comparable basis year-on-year. This was despite a high base for comparison resulting from exceptional sales growth in this region in the second half of 2020 and in 2021. In particular, in the first half of 2021, the North American market was buoyed by large-scale measures to support consumer spending, such as relief payments made directly to households depending on their incomes. In addition, in the second quarter of this year, part of the luxury goods purchases made by Americans took place in Western Europe. Sales therefore grew by 13% year-on-year in the second quarter but by 87% compared to the second quarter of 2019, very similar to the 83% growth seen in the first quarter.

Total revenue in emerging-market countries was down 4% year-on-year on a comparable basis, but significantly higher than in the first half of 2019.

In the Asia-Pacific region – which accounts for the majority of the Group's emerging-market sales – revenue fell by 8% compared to the first half of 2021. The decline was solely due to China, where sales were adversely affected by the country's zero-COVID policy in the second quarter. In all other markets in the Asia-Pacific region, the Group's sales increased. Growth rates in Southeast Asia were particularly high, while business levels rebounded in Australia. Revenue continued to rise in South Korea, which is now one of the Group's largest markets.

In other emerging-market countries outside Eastern Europe, the Group posted excellent performance compared to both 2021 and 2019.

Group revenue by distribution channel



% weight based on Revenue before eliminations

Sales from directly operated stores and e-commerce sites came in at €7,701 million in the first six months of 2022, up 17% relative to the first half of 2021. The previous comments regarding quarterly performance also apply to the growth trajectory of retail sales.

Revenue from the store network suffered from closures arising from COVID-related measures, which included lockdowns in 2021 in Western Europe and in 2022 in China. Nevertheless, store footfall rebounded overall relative to the first half of 2021. The e-commerce business continued to grow, with revenue up 28% compared to 2021. E-commerce sites directly operated by the Group's Houses represented almost 16% of the retail channel's revenue, as opposed to 14% in the first half of 2021 and 6% in the first half of 2019.

Revenue from stores and e-commerce sites directly operated by the Group accounted for around 77% of total sales (before Eliminations) in the first half of 2022 compared to 76% in the first half of 2021. This increase stems from the long-term strategy implemented by all Houses, which is aimed at controlling their distribution more effectively, including e-commerce, and making them more exclusive. However, Kering Eyewear, which has a wholesale-only distribution model, posted one of the Group's strongest growth rates, driven both by the development of existing licenses and the integration of LINDBERG.

Wholesale revenue rose 14% year-on-year in the first half of 2022 on a comparable basis (before Eliminations). These figures only partly reflect the reorganization of the wholesale distribution network that is currently underway, through which the Group is focusing more on using the highest-quality distributors. Although these streamlining efforts are almost complete at Gucci – where the base for comparison has reverted to a more normal level – they are continuing in the Group's other Couture and Leather Goods Houses.

Royalty revenue from licenses and other revenue rose by 34% on a comparable basis in the first half of 2022. Royalties received in the Eyewear category rose sharply, continuing the strong momentum seen in 2021. Royalties in the Fragances and Cosmetics category rebounded from a lower prior-year base.

3.4 Recurring operating income

(in € millions)	First half 2022	First half 2021	Change
Gucci	1,886	1,694	+11%
Yves Saint Laurent	438	275	+59%
Bottega Veneta	168	130	+29%
Other Houses	337	197	+71%
Kering Eyewear and Corporate	(7)	(63)	+90%
Eliminations	*(2)*	*4*	*N/A*
Recurring operating income[1]	**2,820**	**2,237**	**+26%**

(1) Recurring operating income is defined on page 32.

The Group's recurring operating income amounted to €2,820 million in the first half of 2022, up €583 million or 26% on the same period of 2021. All brands contributed to the increase in operating income in absolute terms.

Recurring operating margin rose 0.6 points to 28.4%, driven in particular by an improvement in gross margin, which increased by 24% to €7,378 million. As a proportion of revenue, gross margin was 74.3%, up 0.5 points relative to the first half of 2021. The positive impact of price increases and the growing proportion of sales from directly operated stores more than offset the negative impact of inflation, changes in the country mix and the combined effect of exchange-rate movements and currency hedging results.

Operating expenses rose by 23%. Excluding currency effects, this increase arose from investments made by the Group's brands and Kering Eyewear to support their development and expansion, notably by increasing budgets for store expenses, creation, development, communications and information systems in line with the industry's accelerating digital transformation. These efforts, which were necessary in view of the competitive environment and the upturn in business since the second half of 2020, affected the brands' profitability to varying extents. The vast majority of the Group's Houses benefited from a favorable operating leverage effect due to revenue growth. Continuing the trend seen in the second half of 2021, Gucci considerably increased its communications expenditure, taking it to a more normal level by comparison with the industry average, and this had an impact on its profitability compared to the first half of 2021.

3.5 EBITDA

(in € millions)	First half 2022	First half 2021	Change
Recurring operating income	**2,820**	**2,237**	**+26%**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	797	714	+12%
o/w depreciation of lease right-of-use assets	451	401	+12%
EBITDA[1]	**3,617**	**2,951**	**+23%**

(1) EBITDA is defined on page 32.

(in € millions)	First half 2022	First half 2021	Change
Gucci	2,213	1,994	+11%
Yves Saint Laurent	545	361	+51%
Bottega Veneta	251	213	+18%
Other Houses	498	334	+49%
Kering Eyewear and Corporate	112	45	+153%
Eliminations	*(2)*	*4*	*N/A*
EBITDA	**3,617**	**2,951**	**+23%**

EBITDA for the first half of 2022 amounted to €3,617 million versus €2,951 million in the same period of 2021. EBITDA margin was historically high at 36.4%, although slightly lower than the first-half 2021 figure of 36.7%.

3.6 Other non-recurring operating income and expenses

(in € millions)	First half 2022	First half 2021	Change
Impairment of goodwill, brands and other non-current assets	(14)	(4)	-250%
Other	1	(13)	+108%
Other non-recurring operating income and expenses	**(13)**	**(17)**	**+24%**

(See Note 5 – Other non-recurring operating income and expenses, to the condensed consolidated interim financial statements).

3.7 Financial result

(in € millions)	First half 2022	First half 2021	Change
Cost of net debt[(1)]	(18)	(22)	+18%
Other financial income and expenses	57	(44)	+230%
Total financial result (excluding leases)	**39**	**(66)**	**+159%**
Interest expense on lease liabilities	(58)	(60)	+3%
Financial result	**(19)**	**(126)**	**+85%**

(1) Net debt is defined on page 32.

The Group's cost of net debt was €18 million in the first half of 2022 (€22 million in the first half of 2021). This €4 million decrease mainly reflects the Group's greater use of debt instruments issued at negative interest rates, particularly in the form of commercial paper, in the first half of 2022.

Other financial income and expenses represented net income of €57 million in the first half of 2022, as opposed to an expense of €44 million in the first half of 2021.

This €101 million variation was mainly due to the €106 million positive impact from revaluing the option component of the bonds exchangeable for PUMA shares at fair value through the income statement.

(See Note 6 – Financial result, to the condensed consolidated interim financial statements).

3.8 Income tax

As of June 30, 2022, the Group estimates that its full-year tax rate (in accordance with IAS 34) will be 26.8%.

(in € millions)	First half 2022	First half 2021
Income before tax	2,788	2,094
Income tax expense	(747)	(595)
Effective tax rate	**26.8%**	**28.4%**
Other non-recurring operating income and expenses	(13)	(17)
Recurring income before tax	2,801	2,111
Income tax on other non-recurring operating income and expenses	23	2
Tax expense on recurring income	(770)	(597)
Effective tax rate on recurring income[(1)]	**27.5%**	**28.2%**

(1) The effective tax rate on recurring income is defined on page 32.

(See Note 7 – Income taxes, to the condensed consolidated interim financial statements).

4 – OPERATING PERFORMANCE BY SEGMENT

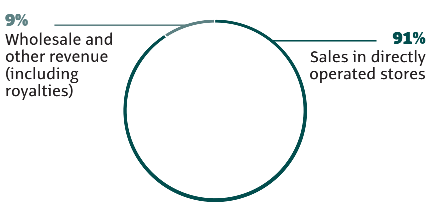
4.1 Gucci

(in € millions)	First half 2022	First half 2021	Change
Revenue	**5,173**	**4,479**	**+15%**
Recurring operating income	**1,886**	**1,694**	**+11%**
as a % of revenue	***36.5%***	***37.8%***	***-1.3 pts***
EBITDA	2,213	1,994	+11%
as a % of revenue	*42.8%*	*44.5%*	*-1.7 pts*
Acquisitions of property, plant and equipment and intangible assets	154	125	+24%
Average FTE headcount	20,272	18,459	+10%

Revenue

Gucci posted €5,173 million in revenue for the first half of 2022, up 15% year-on-year as reported or up 8% at comparable exchange rates. The House's sales rose well above their 2019 level both in absolute terms and on a comparable basis.

Revenue by distribution channel



The reorganization of the brand's distribution over the last two years is now almost complete. It has led to a very substantial reduction in the proportion of revenue coming from the wholesale business. This meant that sales from directly operated stores made up 91% of Gucci's total sales in the first half of 2022.

As a result, business levels in Gucci's exclusive distribution network are probably the best measure of the House's intrinsic performance.

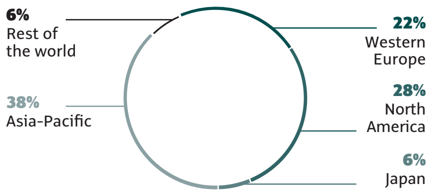
Sales from stores and e-commerce sites controlled by the House were up 8% on a comparable basis in the first half. Growth was 15% in the first quarter and 2% in the second. The COVID-19 situation in China affected Gucci's overall performance in the second quarter.

Despite store closures in China and Russia, store footfall continued to recover, while the main performance indicators in the retail business remained very positive.

After several years of rapidly rising sales, e-commerce growth moved to a more normal level of 15% on a comparable basis in the first half. In the second quarter, the Chinese e-commerce business was affected by restrictions that prevented logistics and deliveries from operating as normal. E-commerce sales accounted for some 17% of total retail revenue in the first half of 2022.

Since the streamlining of Gucci's wholesale distribution operations was almost complete by the end of 2021, wholesale revenue was expected to be flat or show only slight growth in 2022. In the first half, wholesale revenue rose by 9% year-on-year on a comparable basis, and was 35% lower on a comparable basis than in 2019.

Revenue by region



In view of the proportion of Gucci's sales generated by directly operated stores, the following revenue analysis by region only concerns retail and e-commerce sales.

In mature markets, revenue increased by 30% in the first half of 2022.

Revenue in Western Europe rose by 79%, driven by a low base for comparison in the first quarter and faster growth in the second as tourist numbers recovered. The sales trend among local customers remained excellent, resulting from the House's investments aimed at increasing market share in the main European markets.

In Japan, sales rose by 25% on a comparable basis in the first half, continuing the trend seen in the fourth quarter of 2021, which brought a significant improvement in the consumer environment.

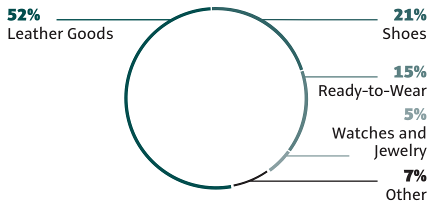
In North America, Gucci's revenue was up 11% on a comparable basis. This was achieved despite a very high base for comparison and developments in global tourist flows, which particularly affected business levels in the second quarter. Although sales fell slightly in the second quarter, revenue remained strong compared to 2019, rising 79% on a comparable basis in the first half as a whole and 82% in the second quarter. In addition, there was a significant increase in sales to American tourists in Western Europe.

In emerging markets – which contributed almost half of Gucci's sales in the first half of 2022 – revenue fell 9% at constant exchange rates relative to 2021, although it remained higher than in the first half of 2019.

Revenue fell 14% in Asia-Pacific on a comparable basis. This decline was directly attributable to the Chinese market, where tough measures to stop the spread of COVID-19 had a major adverse impact on business levels from March onward and especially in April and May. In all of the region's other countries, Gucci achieved sales growth. The increase was particularly robust in Southeast Asia, despite low tourist numbers.

In the world's other regions except Eastern Europe, revenue growth was very firm relative to the first half of 2021.

Revenue by product category



In the first half of 2022, all Gucci's main product categories posted very robust increases in sales from directly operated stores compared to the first six months of 2021. The increase in average selling prices, resulting both from changes in the product mix and price increases made a very large contribution to that growth.

Efforts to enhance Gucci's offering and pricing structure went hand-in-hand with the almost-completed streamlining of its distribution and subtle changes in the brand's creative and aesthetic proposition. The aim is to elevate the brand and make it more exclusive. In this way, the House can leverage its unique heritage while remaining resolutely contemporary and modern. The brand's creative and merchandising teams are working ceaselessly to achieve this balance, with an ongoing focus on maximizing the growth potential of each product category by honing the overall offering to engage with the widest possible range of clients, and optimizing the mix between carryovers and new products.

In the first half of 2022, sales growth was broadly consistent between categories.

Leather goods sales were buoyed by successful product launches and investments in improving the range of luggage and travel bags. The deterioration in the Chinese market in the second quarter partly depressed handbag sales, although they remained solid in other regions.

The brand's other product categories saw very robust sales growth compared to 2021.

Royalties were up sharply year-on-year. The Eyewear category, managed by Kering Eyewear, continued to see rising sales, while royalties from the license granted to Coty for the Fragances and Cosmetics category saw an improvement, from a fairly favorable base for comparison.

Recurring operating income

Gucci's recurring operating income amounted to €1,886 million in the first half of 2022, up 11% on the same period of 2021.

Recurring operating margin was 36.5%, down 1.3 points.

Given Gucci's geographical exposure, the combination of currency effects and the result of currency hedging had a slight negative impact of around 0.2 points on recurring operating margin.

In addition, Gucci continued to allocate greater resources to communications and marketing efforts in the first half of 2022. This followed efforts made in the second half of 2021, when its communications expenditure moved broadly into line with normative industry levels. This additional expenditure pushed recurring operating margin down by around 1 point.

However, good cost management allowed Gucci to offset inflation-driven increases in payroll expenses.

In the first half of 2022, Gucci's EBITDA amounted to €2,213 million (EBITDA margin of 42.8%), up 11% relative to the first half of 2021.

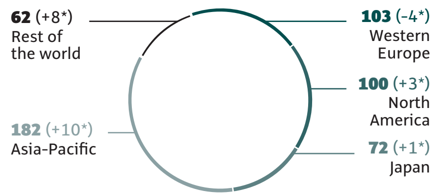
Store network and operating investments

As of June 30, 2022, Gucci operated 519 stores directly, including 275 in mature markets. During the first-half period, Gucci opened or took over the operation of 18 stores (net of closures), all in emerging-market countries. These new stores are located in the Middle East and Greater China, where Gucci's growth potential is obviously not diminished by the second-quarter downturn in sales.

Nevertheless, Gucci continued to prioritize organic growth by maximizing the productivity of the existing store network, while maintaining efforts to identify opportunities that will enable it to enhance its distribution in certain regions or sales channels.

The House's operating investments totaled €154 million in the first half of 2022, up 24% on the first six months of 2021. They remained fairly stable as a proportion of revenue (3.0% in the first half of 2022 versus 2.8% in the first half of 2021). Seasonal variations in Gucci's operating investments between the first and second halves of the year should be fairly similar to those seen in 2021.

Breakdown of directly operated stores by region

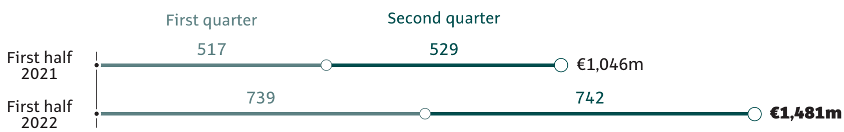


** Net store openings/closures between December 31, 2021 and June 30, 2022.*

4.2 Yves Saint Laurent

(in € millions)	First half 2022	First half 2021	Change
Revenue	**1,481**	**1,046**	**+42%**
Recurring operating income	**438**	**275**	**+59%**
as a % of revenue	***29.6%***	***26.3%***	***+3.3 pts***
EBITDA	545	361	+51%
as a % of revenue	*36.8%*	*34.5%*	*+2.3 pts*
Acquisitions of property, plant and equipment and intangible assets	25	24	+2%
Average FTE headcount	4,401	3,887	+13%

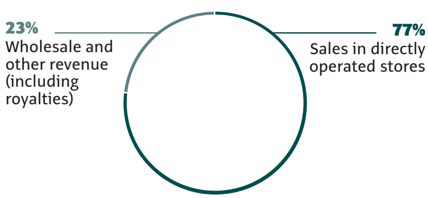
Revenue



Yves Saint Laurent's sales amounted to €1,481 million in the first half of 2022, up 34% at constant exchange rates compared to the first half of 2021. Growth slowed slightly from 37% in the first quarter to 31% in the second. The slowdown resulted from lower business levels in China, although the brand is less exposed to that market than the Group's other brands.

It was another six-month period of rapid growth for the House, supporting its short-and medium-term revenue targets.

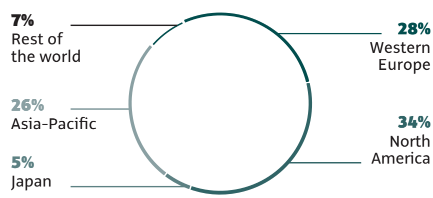
Revenue by distribution channel



Revenue from stores and e-commerce sites directly operated by the House accounted for 77% of the total and rose 41% year-on-year on a comparable basis. Same-store growth accounted for most of this figure, with the vast majority of retail performance indicators showing an improvement. Growth was also driven by a sharp increase in e-commerce sales, despite the high base for comparison.

Wholesale revenue was up 10% at constant exchange rates relative to the first half of 2021 and was slightly higher than in the same period of 2019. The wholesale channel remains strategically important for Yves Saint Laurent, as it perfectly complements its retail business. However, the House is continuing to pay particular attention to the quality and exclusivity of its distribution and is being careful to focus its wholesale business on a limited number of distributors. The increase in sales to these distributors more than offset the negative impact of reducing the number of wholesale accounts.

Revenue by region



In view of the proportion of Yves Saint Laurent's sales generated by directly operated stores, the following revenue analysis by region only concerns retail and e-commerce sales.

In the first half of 2022, Yves Saint Laurent achieved year-on-year revenue growth across all major regions, although performance in Asia-Pacific was held back by China's anti-COVID-19 measures. The House does not have any directly operated stores in Russia.

Business levels in mature countries were particularly strong during the period, with growth of 64% on a comparable basis.

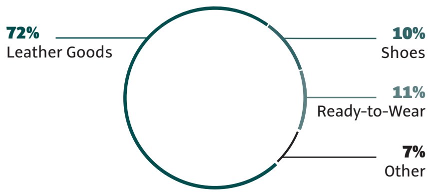
Year-on-year revenue growth was 112% in Western Europe and 22% in Japan: the brand is popular with local customers, store footfall rose from a low base throughout the first-half period, and tourist numbers increased in Europe.

After an exceptional 2021 in which sales doubled compared to both 2019 and 2020, growth remained very strong in North America, with revenue up 47% on a comparable basis. In the second quarter, however, growth in North America slowed, partly because of the high base for comparison and the upturn in the number of American tourists visiting Europe.

Retail sales in emerging-market countries rose by 13% at constant exchange rates in the first six months of the year. In Asia-Pacific, revenue was up 6%, hampered by lower sales in Mainland China, Hong Kong and Macau. Sales rose in all other major markets in the Asia-Pacific region.

Yves Saint Laurent's performance in South America and the Middle East, which has historically been an important market for the brand, was also noteworthy.

Revenue by product category



All product categories registered sharp revenue rises compared to the first half of 2021 in the brand's directly operated stores and e-commerce sites.

Leather goods remained the brand's top category, with sales growth compared to 2021 closely aligned with the House's overall performance. This reflects the initiatives taken by Yves Saint Laurent over the last few years to constantly renew and refresh its leather goods offering, which has helped it to both attract new customers and retain existing ones in all its markets.

Sales of ready-to-wear collections for both women and men rose very sharply, continuing trends seen throughout 2021. This performance is the result of the brand's merchandising strategy implemented over the past quarters with the aim of adopting a more suitable product range and pricing structure in this category.

Revenue in the Shoes category also rose at a very firm pace.

Royalty revenue surged in the Eyewear category, again showing the success of Yves Saint Laurent's licensing agreement with Kering Eyewear. Royalties paid by L'Oréal in the Fragances and Cosmetics category rebounded firmly after a more mixed 2021.

Recurring operating income

In the first half of 2022, Yves Saint Laurent's recurring operating income totaled €438 million, an increase of 59%. Recurring operating margin was therefore 29.6%, up 3.3 points year-on-year.

This further improvement is in line with the House's ambitions and intended growth trajectory. It also demonstrates that Yves Saint Laurent has achieved a critical size enabling it to capitalize on its operating leverage while also allocating all the resources necessary for its short-and medium-term development, ranging from creating, expanding and running its store network to leading communication campaigns around the brand. In addition, with this level of revenue and operating income, seasonal variations in profitability are now less pronounced between the two halves of the year.

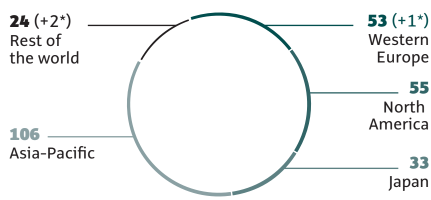
EBITDA rose by €184 million year-on-year to €545 million. As a result, EBITDA margin was 36.8% as opposed to 34.5% in the first half of 2021.

Store network and operating investments

As of June 30, 2022, Yves Saint Laurent had 271 directly operated stores, including nearly half (130) in emerging markets. A net three new stores were added during the period. After years of expansion in the Yves Saint Laurent distribution network, growth in the number of stores is reverting to a more normal level in 2022. However, the House has the potential to manage a network of over 300 stores in the medium term, and this target will drive the brand's real-estate strategy in the next few years.

The House's operating investments totaled €25 million in the first half of 2022, close to the figures seen in the first six months of 2020 and 2021 but well below the first-half 2019 figure.

Breakdown of directly operated stores by region

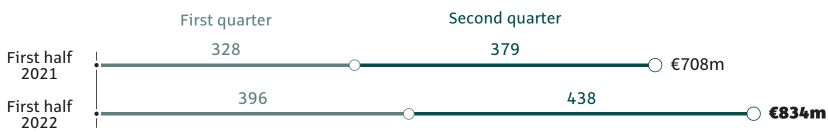


* *Net store openings/closures between December 31, 2021 and June 30, 2022.*

4.3 Bottega Veneta

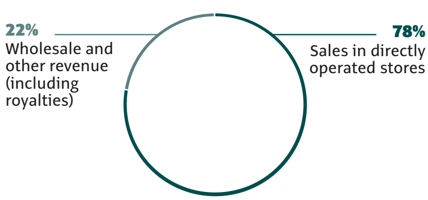
(in € millions)	First half 2022	First half 2021	Change
Revenue	**834**	**708**	**+18%**
Recurring operating income	**168**	**130**	**+29%**
as a % of revenue	***20.1%***	***18.3%***	***+1.8 pts***
EBITDA	251	213	+18%
as a % of revenue	*30.0%*	*30.1%*	*-0.1 pts*
Acquisitions of property, plant and equipment and intangible assets	35	24	+45%
Average FTE headcount	3,705	3,789	-2%

Revenue



Bottega Veneta generated revenue of €834 million in the first half of 2022, up 18% as reported and up 13% on a comparable basis. Relative to the first half of 2019, revenue was up 50%. This performance reflects the House's successful implementation of its strategy, which aims to develop its offerings in all product categories, rejuvenate and broaden its customer base, raise brand awareness – especially in mature markets – and enhance customers' in-store experience.

Revenue by distribution channel

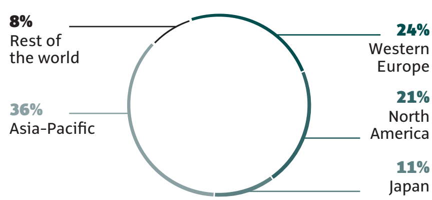


In keeping with the brand's exclusive, high-end positioning, the House is focusing on selling its products through directly operated stores and e-commerce sites, which accounted for 78% of its revenue in the first half of 2022.

Bottega Veneta's sales in directly operated stores and e-commerce sites rose by 19% on a comparable basis. This growth was driven both by a healthy and controlled development of same-store sales and by good momentum in e-commerce. Growth was also consistent between the first and second quarters.

As expected, wholesale revenue fell by 4%. After two years in which Bottega Veneta's growing appeal enabled it to regain market share with its wholesalers, it has now started to reorganize this distribution channel, with the aim of working only with a limited number of very high-quality partners.

Revenue by region



Given the proportion of Bottega Veneta's sales that are generated in directly operated stores, the following revenue analysis by region only concerns retail and e-commerce sales.

In mature markets, the House's revenue rose by 47% at constant exchange rates.

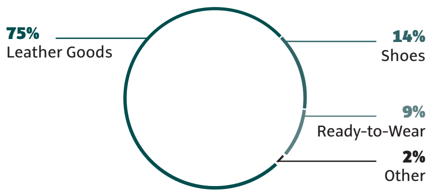
In Western Europe, revenue rose by 81% on a comparable basis, driven both by the brand's success with local customers and by the upturn in the number of tourists visiting the region.

In Japan, sales grew 39% year-on-year at constant exchange rates. As in 2021, business levels in Japan showed that the House's new aesthetic direction and broader product range are making it increasingly popular with local customers.

Bottega Veneta's sales growth in North America continued, with revenue up 24% on a comparable basis relative to the first half of 2021 despite the high base for comparison, particularly in the second quarter.

In emerging-market countries, sales fell by 2%, since the House has historically been highly exposed to the Chinese market. Bottega Veneta's excellent performance in South Korea and Southeast Asia did not offset the decline in sales in China in the second quarter.

Revenue by product category



Leather goods once again constituted the brand's core business. Both new and iconic lines, along with their seasonal variations, met with great success among the House's customer base. The House's strategy is intended to maintain the exclusivity associated with this key category of leather goods, particularly by focusing on sales growth through higher prices and an improved product mix rather than volume growth alone.

Ready-to-wear revenue rose sharply as both new womenswear and menswear collections were very well received.

The sales trend in the Shoes category, meanwhile, should be assessed in view of the very high base for comparison.

Recurring operating income

Bottega Veneta's recurring operating income amounted to €168 million in the first half of 2022, up €38 million or 29% on the year-earlier period.

Recurring operating margin was 20.1%, 1.8 points more than in the year-earlier period. That increase was driven by positive operating leverage, even though the House maintained its investment efforts in order to make its revamp a lasting success. The increase in the cost base is therefore being well managed and priorities are being set regarding the allocation of resources to focus them on the most effective types of expenditure.

EBITDA amounted to €251 million during the period, equal to 30.0% of revenue.

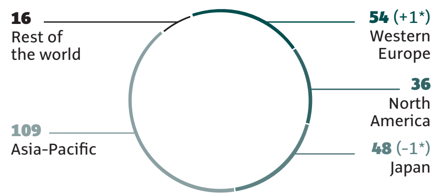
Store network and operating investments

As of June 30, 2022, Bottega Veneta had 263 directly operated stores, including 125 in emerging markets. In the first-half period, the number of stores remained stable, as store openings offset store closures.

The brand is focusing its investment efforts on relocating and refurbishing its existing stores, while pursuing its strategy of gradual and targeted openings as opportunities arise, notably with the establishment of new flagships.

Operating investments amounted to €35 million in the first half, €11 million more than in the first half of 2021 when investment levels were relatively low.

Breakdown of directly operated stores by region

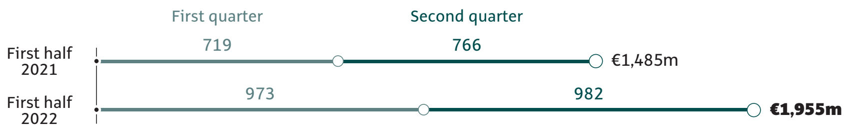


** Net store openings/closures between December 31, 2021 and June 30, 2022.*

4.4 Other Houses

(in € millions)	First half 2022	First half 2021	Change
Revenue	**1,955**	**1,485**	**+32%**
Recurring operating income	**337**	**197**	**+71%**
as a % of revenue	***17.3%***	***13.4%***	***+3.9 pts***
EBITDA	498	334	+49%
as a % of revenue	*25.5%*	*22.6%*	*+2.9 pts*
Acquisitions of property, plant and equipment and intangible assets	63	60	+5%
Average FTE headcount	8,019	6,998	+15%

Revenue



Overall revenue generated by the Other Houses grew by 32% in the first six months of 2022. Growth was 29% year-on-year on a comparable basis, with 24% growth in the second quarter alone.

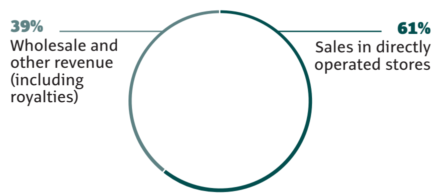
On top of currency effects, the difference between growth as reported and on a comparable basis was due to the disposal of watch brands Girard-Perregaux and Ulysse Nardin, which are no longer consolidated since January 1, 2022.

All Houses in this segment achieved outstanding growth.

Balenciaga and Alexander McQueen performed very well again in the first half of 2022. Brioni's revenue recovered almost back to its 2019 level, and indeed revenue from Brioni's directly operated stores was higher than in 2019.

Boucheron's sales rose very sharply, proving the exceptional growth potential of this House. Revenue growth at Pomellato and Dodo was extremely robust, especially since it was achieved with almost no change in store numbers. Qeelin was badly affected by anti-COVID-19 measures in China in the second quarter, but its first-half sales growth was still positive due to a very good first quarter and solid growth in business levels outside China. In addition, the House has a very extensive store network in Mainland China, including in cities that were less affected by restrictions arising from China's zero-COVID policy.

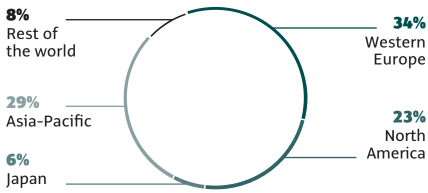
Revenue by distribution channel



Revenue from stores and websites directly operated by the Other Houses rose 38% on a comparable basis. That growth was partly due to new store openings in line with the strategy of moving towards more exclusive distribution, although same-store sales growth was also outstanding. Growth was also driven in part by the increase in e-commerce sales, although it varied between brands depending on the maturity of their e-commerce offerings and product ranges.

Wholesale revenue rose by 16% at constant exchange rates in the first-half period. Growth in wholesale revenue was solid but limited, reflecting the measures taken by the Other Houses – primarily Balenciaga – to focus their wholesale activity on a limited number of top-quality partners.

Revenue by region

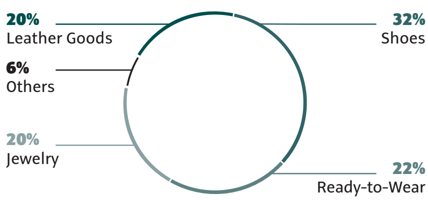


The Other Houses' performances by region followed similar trends to those of Gucci, Yves Saint Laurent and Bottega Veneta, although they were proportionally less exposed to China.

In mature markets as a whole, revenue advanced 40% year-on-year at constant exchange rates. Growth rates were fairly consistent across the main regions of Western Europe, Japan and North America. The Other Houses had an excellent first quarter in North America, partly due to store openings in 2021, and this made up for the slowdown in growth to more normal levels in the second quarter. In Japan and Western Europe, the Other Houses achieved firm business growth, particularly in the second quarter of the year, due to local customers and the resumption of tourism in Europe.

In emerging markets, revenue rose by 15% on a comparable basis relative to the first half of 2021. Growth remained very solid given progress made in the last few years, with the Other Houses seeing their sales doubling in Asia-Pacific since 2019 for example. Like the industry as a whole, the Other Houses saw revenue fall in China in the first half of 2022, but in other regions they achieved sales growth that demonstrated their exceptional development potential.

Revenue by product category



In the first half of 2022, all product categories sold by the Couture and Leather Goods Houses posted very strong growth compared to the same period of 2021. This performance reflects the excellent response to the Houses' collections.

In particular, the leather goods offerings of Balenciaga and Alexander McQueen, which has expanded in recent years, attracted new customers. As a result, sales in that category grew strongly.

The ready-to-wear category also delivered firm sales growth.

Sales in the shoes category rose, despite the very high base for comparison.

Jewelry Houses continued to implement their development plans successfully in the first half of 2022, and saw sales rise very substantially, although Qeelin was affected by the situation in China in the second quarter. As a result, the jewelry category, including the jewelry offerings of the Couture Houses, posted one of the highest growth rates.

Royalties increased relative to 2021, mainly due to the very strong performance of licenses managed by Kering Eyewear.

Recurring operating income

The Other Houses' recurring operating income amounted to €337 million in the first half of 2022, up 71% on the same period of 2021. Recurring operating margin came to 17.3%, up 4.0 points versus the first half of 2021.

All of the Other Houses contributed to this improvement, which was primarily due to positive operating leverage, and was achieved despite the additional expenditure incurred by brands to strengthen their organizations and develop their activities in all major markets. The deconsolidation of the watch brands following their disposal also boosted the segment's profitability.

EBITDA increased €164 million year-on-year to €498 million. EBITDA margin was 25.5%, 3.0 points more than in the first half of 2021.

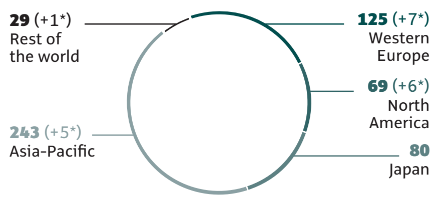
Store network and operating investments

The Other Houses had 546 directly operated stores as of June 30, 2022, 19 more than at December 31, 2021.

The store network is becoming more geographically balanced, with 274 stores in mature markets and 272 in emerging markets as of June 30, 2022. Store openings during the first-half period (net of closures) were also distributed fairly evenly across all major regions.

The Other Houses' operating investments amounted to €63 million, virtually the same as in the first half of 2021.

Breakdown of directly operated stores by region



* *Net store openings/closures between December 31, 2021 and June 30, 2022.*

4.5 Kering Eyewear and Corporate

(in € millions)	First half 2022	First half 2021	Change
Revenue	**591**	**396**	**+49%**
of which Kering Eyewear	576	383	+50%
of which Corporate and other	15	13	+15%
Recurring operating income	**(7)**	**(63)**	**+90%**
of which Kering Eyewear	111	52	+113%
of which Corporate and other	(118)	(115)	-3%
Acquisitions of property, plant and equipment and intangible assets	84	112	-25%
Average FTE headcount	5,122	4,134	+24%

The "Kering Eyewear and Corporate" segment comprises:

- Kering Eyewear, whose sales and operating income are presented before the elimination of sales to the Group's brands and other consolidation adjustments;
- Kering's headquarters teams, all corporate departments reporting to them – including in the regions – and Shared Services, which provide a range of services to the brands, along with the Kering Sustainability Department. The Kering Sourcing Department (KGS) is a profit center for services that it provides on behalf of non-Group brands, such as the companies making up the former Redcats group.

In the first half of 2022, the segment generated total revenue of €591 million, including €576 million from Kering Eyewear. Kering Eyewear's sales were up 50% as reported. They included a positive impact from a change in scope, with the consolidation of LINDBERG from October 1, 2021. The acquisition of Maui Jim is underway and should be completed in the second half of 2022.

Excluding acquisitions and at constant exchange rates, revenue rose by 26%, with the number of licenses managed by Kering Eyewear remaining stable relative to the first half of 2021.

As regards distribution channels, half of Kering Eyewear's revenue comes from local partners and the "three Os" (opticians, optometrists and ophthalmologists). Sales to these distributors rose sharply in all the main regions except China.

Sales to major international distributors and brands also rose, driven in particular by the upturn in travel retail business levels in certain key markets such as Europe and North America.

The segment made an operating loss of €7 million, comprising operating income of €111 million at Kering Eyewear and Corporate operating expenses of €118 million.

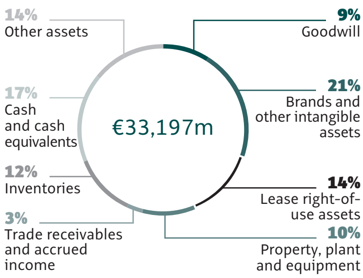
As a result, Kering Eyewear's recurring operating margin was 19.2%, around 6 points more than in the first half of 2021. That increase resulted from positive operating leverage but also the accretive nature of the LINDBERG acquisition. However, Kering Eyewear's performance in the first and second halves of the year must be analyzed in view of seasonal variations in sales, with more sales historically taking place in the first six months whereas operating expenses are spread out more evenly across the year. As a result, full-year 2022 recurring operating margin is likely to be lower than that reported for the first half.

Headquarters operating expenses rose by €3 million (or around 3%) but were almost unchanged at constant exchange rates. The Group's firm grip on expenditure allowed it to absorb higher costs related to the Group's digital, innovation and IT initiatives, as well as the effects of inflation, which particularly affected payroll expenses.

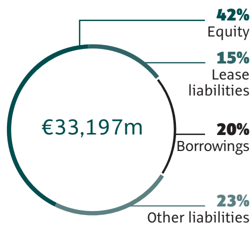
The segment's operating investments amounted to €84 million, down €28 million relative to the first half of 2021. Investment peaked in 2020 and remained very high in 2021, in connection with efforts to modernize all IT systems and the logistics organization that Corporate manages on behalf of the Group's brands.

5 - BALANCE SHEET AS OF JUNE 30, 2022

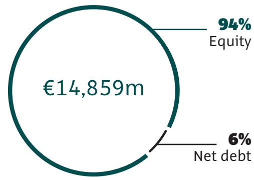
Assets



Equity and liabilities



Capital employed



Condensed balance sheet

(in € millions)	June 30, 2022	Dec. 31, 2021	Change
Goodwill	2,921	2,891	+1%
Brands and other intangible assets	7,021	7,032	+0%
Lease right-of-use assets	4,696	4,302	+9%
Property, plant and equipment	3,054	2,967	+3%
Investments in equity-accounted companies	31	31	+0%
Other non-current assets	2,403	2,412	+0%
Non-current assets	**20,126**	**19,635**	**+3%**
Inventories	4,065	3,369	+21%
Trade receivables and accrued income	1,077	977	+10%
Cash and cash equivalents	5,790	5,249	+10%
Other current assets	2,139	1,819	+18%
Current assets	**13,071**	**11,414**	**+15%**
Assets held for sale	**-**	**19**	**n/a**
TOTAL ASSETS	33,197	31,068	+7%
Equity attributable to the Group	13,474	13,347	+1%
Equity attributable to minority interests	443	389	+14%
Equity	**13,917**	**13,736**	**+1%**
Non-current borrowings	4,029	2,976	+35%
Non-current lease liabilities	4,231	3,826	+11%
Other non-current liabilities	1,784	1,755	+2%
Non-current liabilities	**10,044**	**8,557**	**+17%**
Current borrowings	2,703	2,442	+11%
Current lease liabilities	716	675	+6%
Other current liabilities	5,817	5,609	+4%
Current liabilities	**9,236**	**8,726**	**+6%**
Liabilities associated with assets held for sale	**-**	**49**	**n/a**
TOTAL EQUITY AND LIABILITIES	33,197	31,068	+7%

Net debt

(in € millions)	**June 30, 2022**	**Dec. 31, 2021**
Borrowings	6,732	5,417
Cash and cash equivalents	(5,790)	(5,249)
Net debt	**942**	**168**

Capital employed

(in € millions)	**June 30, 2022**	**Dec. 31, 2021**
Total equity	13,917	13,736
Net debt	942	168
Capital employed	**14,859**	**13,904**

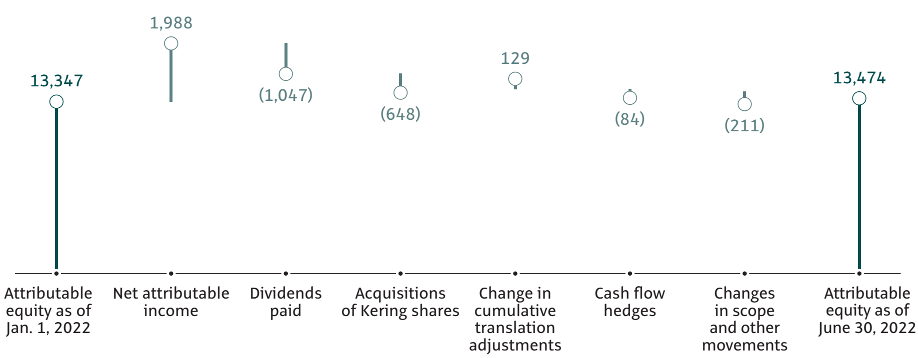
Goodwill and brands

As of June 30, 2022, brands net of deferred tax liabilities amounted to €4,967 million, compared to €4,985 million as of December 31, 2021.

Current operating assets and liabilities

(in € millions)	**June 30, 2022**	**Dec. 31, 2021**	**Statement of cash flow**	**Foreign exchange differences**	**Other changes**
Inventories	4,065	3,369	627	68	1
Trade receivables and accrued income	1,077	977	112	19	(31)
Trade payables and accrued expenses	(2,347)	(1,742)	(558)	(37)	(10)
Other current assets (liabilities), net	(423)	(850)	295	(3)	135
Net current tax receivables (payables)	(511)	(326)	(187)	1	1
Current operating assets (liabilities), net	**1,861**	**1,428**	**289**	**48**	**96**

Change in equity attributable to the Group



As of June 30, 2022, Kering SA's share capital amounted to €498,771,664, comprising 124,692,916 fully paid-up shares with a par value of €4 each. Excluding the 1,829,703 Kering treasury shares, there were 122,863,213 shares issued and outstanding as of June 30, 2022.

(See Note 10 – Equity, to the condensed consolidated interim financial statements.)

6 – COMMENTS ON MOVEMENTS IN NET DEBT

(in € millions)	June 30, 2022	Dec. 31, 2021	Change
Bonds	4,780	3,370	+42%
Other bank borrowings	179	229	-22%
Commercial paper	960	703	+37%
Other borrowings	813	1,115	-27%
o/w Put options granted to minority interests	*316*	*326*	*-3%*
Borrowings	**6,732**	**5,417**	**+24%**
Cash and cash equivalents	(5,790)	(5,249)	-10%
Net debt	**942**	**168**	**+461%**

Net debt is defined on page 32.

Lease liabilities totaled €4,947 million as of June 30, 2022 (€4,501 million as of December 31, 2021).

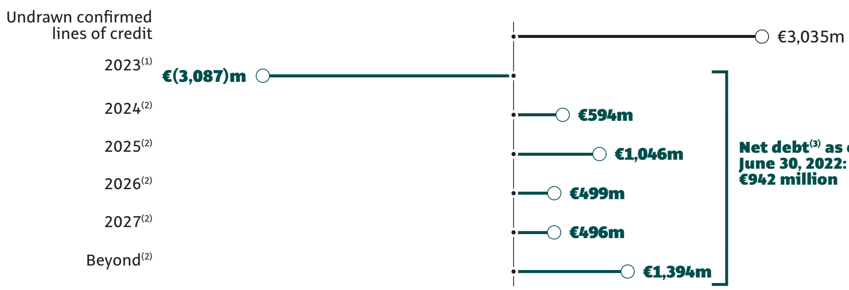
Solvency

The Group has a very sound financial position and on April 22, 2022 Standard & Poor's raised its long-term credit rating to "A" with "stable" outlook.

Liquidity

As of June 30, 2022, the Group had cash and cash equivalents totaling €5,790 million (€5,249 million as of December 31, 2021). At the same date, the Group had €3,035 million of confirmed lines of credit (€3,035 million as of December 31, 2021) of which €3,035 million were unused (€3,035 million as of December 31, 2021).

Maturity schedule of net debt



(1) Borrowings less cash and cash equivalents
(2) Borrowings
(3) Net debt is defined on page 32.

The portion of the Group's borrowings maturing within one year (€2,703 million as of June 30, 2022) is significantly lower than the Group's cash and cash equivalents (€5,790 million as of June 30, 2022), plus confirmed lines of credit. Consequently, the Group is not exposed to any liquidity risk.

The Group's loan agreements feature standard pari passu, cross default and negative pledge clauses.

The Group's debt contracts do not include any rating trigger clauses.

(See Note 11 – Net debt, to the condensed consolidated interim financial statements).

Change in net debt

(in € millions)	First half 2022	2021	Change
Net debt as of January 1	**168**	**2,149**	**-92%**
Free cash flow from operations	(2,049)	(3,948)	+48%
Dividends paid	1,505	1,025	+47%
Net interest paid and dividends received	65	78	-17%
Acquisitions of Kering shares	648	538	+20%
Repayment of lease liabilities[(1)]	453	882	-49%
Disposal of PUMA shares (5.91% in 2021)	-	(803)	n/a
Other acquisitions and disposals	127	347	-63%
Other movements	25	(100)	+125%
Net debt as of June 30	**942**	**168**	**+461%**

(1) Repayments of principal for €395 million in the first half of 2022 (€776 million in 2021) and interest payments of €58 million in the first half of 2022 (€106 million in 2021) relating to capitalized fixed lease payments.

Free cash flow from operations

Cash flow received from operating activities

(in € millions)	First half 2022	First half 2021	Change
Cash flow received from operating activities before tax, dividends and interest	**3,503**	**2,895**	**+21%**
Change in working capital requirement	(476)	12	
Income tax paid	(617)	(209)	
Net cash received from operating activities	**2,410**	**2,698**	**-11%**

The change in working capital requirement is related to operating working capital requirement for an amount of €(423) million, as compared to €(133) million in the first half of 2021.

This €(290) million variation is largely due to changes in inventories and related trade payables. Certain Group Houses increased their inventory levels from a low base in 2021. The slower pace of sales in China also pushed up the number of products held in inventory. However, operating working capital requirement remained extremely healthy, amounting to 14.3% of last-twelve-month revenue, as opposed to 14.5% as of June 30, 2021.

Changes in other current receivables and payables amounted to €(54) million, versus a positive impact of €145 million in the first six months of 2021. Given the large number and diverse nature of these flows, there is no overriding explanation for the change. The implementation of new accounting IT systems in several major markets in June and July 2021 is likely to have deferred the settlement of certain payables as of June 30, 2021, whereas positions have returned to normal as of June 30, 2022.

Operating investments

(in € millions)	First half 2022	First half 2021	Change
Net cash received from operating activities	**2,410**	**2,698**	**-11%**
Acquisitions of property, plant and equipment and intangible assets	(361)	(345)	-5%
Disposals of property, plant and equipment and intangible assets	-	1	n/a
Free cash flow from operations[(1)]	**2,049**	**2,354**	**-13%**

(1) Free cash flow from operations is defined on page 32.

Operating investments by activity

(in € millions)	First half 2022	First half 2021	Change
Gucci	154	125	+24%
Yves Saint Laurent	25	24	+2%
Bottega Veneta	35	24	+45%
Other Houses	63	60	+5%
Kering Eyewear and Corporate	84	112	-25%
Acquisitions of property, plant and equipment and intangible assets	**361**	**345**	**+5%**

Operating investments amounted to €361 million in the first half, €16 million or 5% more than in the first half of 2021. They represented 3.6% of revenue in the first half of 2022 compared with 4.3% in the first half of 2021.

Investments related mainly to store openings and refurbishments, as well as logistics infrastructure and IT systems, most of which are managed by Corporate on behalf of the Group's brands. However, expenditure relating to major strategic programs coordinated by the Group (e.g. the deployment of SAP and a new logistics hub in Italy) were to a large extent concentrated in the previous three financial years. As a result, Corporate's share of the Group's operating investments fell from 32% to 23%, as did the overall ratio of investments to sales.

Available cash flow from operations and available cash flow

(in € millions)	First half 2022	First half 2021	Change
Free cash flow from operations	**2,049**	**2,354**	**-13%**
Repayment of lease liabilities	(395)	(372)	-6%
Interest paid on leases	(58)	(60)	+3%
Available cash flow from operations[(1)]	**1,596**	**1,922**	**-17%**
Interest and dividends received	6	2	+200%
Interest paid and equivalent (excluding leases)	(70)	(70)	+0%
Available cash flow[(1)]	**1,532**	**1,854**	**-17%**

(1) Available cash flow from operations and available cash flow are defined on page 32.

Dividends paid

The cash dividend paid by Kering SA to its own shareholders in the first half of 2022 amounted to €1,483 million, including the €436 million interim dividend paid on January 17, 2022 (€998 million in the first half of 2021 including a €313 million interim dividend).

Dividends paid in the first half of 2022 also included €22 million paid to minority interests in consolidated subsidiaries (€9 million in the first half of 2021).

Other movements

In the first half of 2022, other movements mainly comprised a €6 million impact from fluctuations in exchange rates and an €8 million impact from the change in available cash flow from operations in relation to discontinued activities.

7 – PARENT COMPANY NET INCOME

The parent company, Kering SA, generated a net loss of €82 million in the first half of 2022, compared with a €653 million profit for the first six months of 2021. The first-half 2022 figure includes €19 million in dividends received from subsidiaries (versus €27 million in the first half of 2021).

8 – TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties in the first half of 2022 are described in Note 17 – Transactions with related parties, to the condensed consolidated interim financial statements.

9 – SUBSEQUENT EVENTS

Capital increase as part of the employee share ownership plan

On July 7, 2022, the Group Managing Director, following decisions by the Board of Directors on December 9, 2021 and May 23, 2022, with respect to the employee share ownership plan, increased Kering SA's share capital by €411,448 through the issue of 102,862 new ordinary shares. This increased the overall share capital to €499,183,112, divided into 124,795,778 shares with a par value of €4 each.

Change in the membership of the Board of Directors

Ms. Jean Liu resigned from her role as a member of Kering's Board of Director with effect from July 27, 2022, and the Board accepted her resignation. Ms. Liu had been an independent Director since June 16, 2020.

Mr. François-Henri Pinault, on behalf of the Board of Directors, offers Ms. Liu his sincere thanks for her contribution to the Board's work.

Mr. Vincent Schaal has been appointed as Director representing employees by the Social and Economic Committee, replacing Ms. Claire Lacaze whose term of office comes to an end on July 31, 2022.

As a result, Kering's Board of Directors consists of 13 members, including:

- 6 independent Directors (55% of Board members excluding Directors representing employees in accordance with the AFEP-MEDEF code);
- 5 women (45% of Board members excluding Directors representing employees in accordance with the AFEP-MEDEF code);
- 5 different nationalities (British, French, Italian, Ivorian and Turkish).

Completion of the third tranche of the stock repurchase program

The third tranche of the Stock Repurchase Program (announced on August 25, 2021 with the aim of repurchasing up to 2.0% of Kering's share capital over a 24-month period) was completed on July 19, 2022. Between May 18 and July 19, 2022, 650,000 shares were repurchased at an average price of €485.53 per share, representing around 0.5% of the share capital.

The Board of Directors decided in its meeting of July 27, 2022 to cancel 400,000 of the shares repurchased in this tranche by the end of 2022.

No other significant event took place between June 30, 2022 and July 27, 2022, the date on which the Board of Directors approved the interim financial statements.

10 – OUTLOOK

A major player in a fast-growing market around the world, Kering enjoys solid fundamentals and a balanced portfolio of complementary brands with strong potential. Its strategic priorities are straightforward. The Group and its Houses seek to achieve same-store revenue growth while ensuring the targeted and selective expansion of their retail networks. Kering aims to grow its Houses in a sustainable manner, enhance the exclusivity of their distribution and secure their profitable growth trajectories. The Group is also investing proactively to develop cross-business growth platforms in the areas of e-commerce, omnichannel distribution, logistics and technological infrastructure, digital expertise and innovative tools.

The 2020 public health crisis and subsequent economic disruption have had major consequences on consumption trends, tourism flows and global economic growth.

More favorable trends, which emerged in the second half of 2020, were confirmed in 2021 and in early 2022. Although these trends remain conditioned by developments in the public health situation and associated restrictions across countries, the luxury market has witnessed a significant rebound, driven by consumer appetite for premium goods and a gradual upturn in tourist flows, particularly in Europe.

In an increasingly uncertain macroeconomic context, the Group is continuing to implement its strategy with determination and will continue to manage and allocate its resources to best support its operating performance, continue generating significant cash flow, and optimize its return on capital employed.

Thanks to its strong business and organizational model, along with its robust financial position, Kering remains confident in its growth potential for the medium and long term.

11 – DEFINITIONS OF NON-IFRS FINANCIAL INDICATORS

"Reported" and "Comparable" growth

The Group's "reported" growth corresponds to the change in reported revenue between two periods.

The Group measures "comparable" growth (also referred to as "organic" growth) in its business by comparing revenue between two periods at constant scope and exchange rates.

Changes in scope are dealt with as follows for the periods concerned:

- the portion of revenue relating to acquired entities is excluded from the current period;
- the portion relating to entities divested or in the process of being divested is excluded from the previous period.

Currency effects are calculated by applying the average exchange rates for the current period to amounts in the previous period.

Recurring operating income

The Group's operating income includes all revenues and expenses directly related to its activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

Other non-recurring operating income and expenses consist of items that, by their nature, amount or frequency, could distort the assessment of the Group's operating performance as reflected in its recurring operating income. They include changes in scope, the impairment of goodwill and brands and, where material, of property, plant and equipment and intangible assets, capital gains and losses on disposals of non-current assets, restructuring costs and disputes.

"Recurring operating income" is therefore a major indicator for the Group, defined as the difference between operating income and other non-recurring operating income and expenses. This intermediate line item is intended to facilitate the understanding of the operating performance of the Group and its Houses and can therefore be used as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortization and provisions on non-current operating assets recognized in recurring operating income.

Free cash flow from operations, available cash flow from operations and available cash flow

The Group uses an intermediate line item, "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as acquisitions and disposals of property, plant and equipment and intangible assets).

The Group has also defined a new indicator, "Available cash flow from operations", in order to take into account capitalized fixed lease payments (repayments of principal and interest) pursuant to IFRS 16, and thereby reflect all of its operating cash flows.

"Available cash flow" therefore corresponds to available cash flow from operations plus interest and dividends received, less interest paid and equivalent (excluding leases).

Net debt

Net debt is one of the Group's main financial indicators, and is defined as borrowings less cash and cash equivalents. Consequently, the cost of net debt corresponds to all financial income and expenses associated with these items, including the impact of derivative instruments used to hedge the fair value of borrowings.

Borrowings include put options granted to minority interests.

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to other non-recurring operating income and expenses.

CHAPTER 3

Condensed consolidated interim financial statements for the six months ended June 30, 2022

1 – CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	First half 2022	First half 2021
CONTINUING OPERATIONS			
Revenue		**9,930**	**8,047**
Cost of sales		(2,552)	(2,105)
Gross margin		**7,378**	**5,942**
Personnel expenses		(1,376)	(1,163)
Other recurring operating income and expenses		(3,182)	(2,542)
Recurring operating income		**2,820**	**2,237**
Other non-recurring operating income and expenses	5	(13)	(17)
Operating income		**2,807**	**2,220**
Financial result	6	(19)	(126)
Income before tax		**2,788**	**2,094**
Income tax expense	7	(747)	(595)
Share in earnings (losses) of equity-accounted companies		2	1
Net income from continuing operations		**2,043**	**1,500**
o/w attributable to the Group		*1,987*	*1,462*
o/w attributable to minority interests		*56*	*38*
DISCONTINUED OPERATIONS			
Net income (loss) from discontinued operations		**1**	**17**
o/w attributable to the Group		*1*	*17*
o/w attributable to minority interests		-	-
TOTAL GROUP			
Net income of consolidated companies		**2,044**	**1,517**
o/w attributable to the Group		*1,988*	*1,479*
o/w attributable to minority interests		*56*	*38*

(in € millions)	Notes	First half 2022	First half 2021
Net income attributable to the Group		**1,988**	**1,479**
Basic earnings per share *(in €)*	8.1	16.09	11.85
Diluted earnings per share *(in €)*	8.1	16.08	11.85
Net income from continuing operations attributable to the Group		**1,987**	**1,462**
Basic earnings per share *(in €)*	8.1	16.08	11.71
Diluted earnings per share *(in €)*	8.1	16.07	11.71
Net income from continuing operations (excluding non-recurring items) attributable to the Group		**1,977**	**1,477**
Basic earnings per share *(in €)*	8.2	15.99	11.84
Diluted earnings per share *(in €)*	8.2	15.99	11.84

2 - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Notes	First half 2022	First half 2021
Net income		**2,044**	**1,517**
o/w attributable to the Group		*1,988*	*1,479*
o/w attributable to minority interests		*56*	*38*
Change in currency translation adjustments relating to consolidated subsidiaries:		**142**	**87**
change in currency translation adjustments		*142*	*87*
amounts transferred to the income statement		*-*	*-*
Change in foreign currency cash flow hedges:	**12**	**(84)**	**(116)**
change in fair value		*(212)*	*(66)*
amounts transferred to the income statement		*123*	*(56)*
tax effects		*5*	*6*
Change in other comprehensive income (loss) of equity-accounted companies:		**-**	**-**
change in fair value		*-*	*-*
amounts transferred to the income statement		*-*	*-*
Gains and losses recognized in equity, to be transferred to the income statement		**58**	**(29)**
Change in provisions for pensions and other post-employment benefits:		**13**	**8**
change in actuarial gains and losses		*15*	*9*
tax effects		*(2)*	*(1)*
Change in financial assets measured at fair value:	**9.2**	**(207)**	**56**
change in fair value		*(249)*	*36*
tax effects		*42*	*20*
Gains and losses recognized in equity, not to be transferred to the income statement		**(194)**	**64**
Total gains and losses recognized in equity		**(136)**	**35**
o/w attributable to the Group		*(160)*	*30*
o/w attributable to minority interests		*24*	*5*
COMPREHENSIVE INCOME		1,908	1,552
o/w attributable to the Group		*1,828*	*1,509*
o/w attributable to minority interests		*80*	*43*

3 – CONSOLIDATED BALANCE SHEET

Assets

(in € millions)	Notes	June 30, 2022	Dec. 31, 2021
Goodwill		2,921	2,891
Brands and other intangible assets		7,021	7,032
Lease right-of-use assets		4,696	4,302
Property, plant and equipment		3,054	2,967
Investments in equity-accounted companies		31	31
Non-current financial assets	9.1	884	1,054
Deferred tax assets		1,517	1,352
Other non-current assets		2	6
Non-current assets		**20,126**	**19,635**
Inventories		4,065	3,369
Trade receivables and accrued income	1	1,077	977
Current tax receivables		927	822
Current financial assets	9.1	84	22
Other current assets	1	1,128	975
Cash and cash equivalents	11.1	5,790	5,249
Current assets		**13,071**	**11,414**
Assets held for sale		**-**	**19**
TOTAL ASSETS		33,197	31,068

Equity and liabilities

(in € millions)	Notes	June 30, 2022	Dec. 31, 2021
Equity attributable to the Group		13,474	13,347
Equity attributable to minority interests		443	389
Equity	**10**	**13,917**	**13,736**
Non-current borrowings	11	4,029	2,976
Non-current lease liabilities		4,231	3,826
Non-current financial liabilities		-	-
Non-current provisions for pensions and other post-employment benefits		80	89
Non-current provisions	13	23	16
Deferred tax liabilities		1,465	1,452
Other non-current liabilities		216	198
Non-current liabilities		**10,044**	**8,557**
Current borrowings	11	2,703	2,442
Current lease liabilities		716	675
Current financial liabilities		333	743
Trade payables and accrued expenses	1	2,347	1,742
Current provisions for pensions and other post-employment benefits		12	12
Current provisions	13	136	138
Current tax liabilities		1,438	1,148
Other current liabilities	1	1,551	1,826
Current liabilities		**9,236**	**8,726**
Liabilities associated with assets held for sale		**-**	**49**
TOTAL EQUITY AND LIABILITIES		33,197	31,068

4 – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Before appropriation of net income) *(in € millions)*	**Notes**	**Number of shares outstanding**	**Share capital**	**Capital reserves**	**Kering treasury shares**	**Cumulative translation adjustments**	**Remeasurement of financial instruments**	**Other reserves and net income**	**Group**	**Minority interests**	**Total**
As of January 1, 2021		**124,922,916**	**500**	**1,863**	**(54)**	**(288)**	**362**	**9,438**	**11,821**	**214**	**12,035**
Net income								1,479	1,479	38	1,517
Total gains and losses recognized in equity						83	(60)	7	30	5	35
Comprehensive income						**83**	**(60)**	**1,486**	**1,509**	**43**	**1,552**
Change in equity of Kering SA									–	–	–
Change in equity of subsidiaries									–	–	–
Expense related to share-based payments								10	10	–	10
Cancellation of Kering treasury shares									–	–	–
(Acquisitions) disposals of Kering treasury shares(1)	10	(204,211)			(117)			(1)	(118)	–	(118)
Distribution of dividends	10							(686)	(686)	(13)	(699)
Other changes(2)								(18)	(18)	5	(13)
As of June 30, 2021		**124,718,705**	**500**	**1,863**	**(171)**	**(205)**	**302**	**10,229**	**12,518**	**249**	**12,767**
Net income								1,697	1,697	42	1,739
Total gains and losses recognized in equity						123	(137)	9	(5)	9	4
Comprehensive income						**123**	**(137)**	**1,706**	**1,692**	**51**	**1,743**
Change in equity of Kering SA									–	–	–
Change in equity of subsidiaries									–	94	94
Expense related to share-based payments								11	11	–	11
Cancellation of Kering treasury shares			(1)	(208)	209				–	–	–
(Acquisitions) disposals of Kering treasury shares(1)	10	(650,000)			(418)			(3)	(421)	–	(421)
Cash dividend paid and interim dividend	10							(436)	(436)	(10)	(446)
Other changes(2)								(17)	(17)	5	(12)
As of December 31, 2021		**124,068,705**	**499**	**1,655**	**(380)**	**(82)**	**165**	**11,490**	**13,347**	**389**	**13,736**
Impact of applying new IFRS from January 1, 2022								**(21)**	**(21)**	**–**	**(21)**
As of January 1, 2022		**124,068,705**	**499**	**1,655**	**(380)**	**(82)**	**165**	**11,469**	**13,326**	**389**	**13,715**
Net income								1,988	1,988	56	2,044
Total gains and losses recognized in equity						129	(302)	13	(160)	24	(136)
Comprehensive income		**-**	**-**	**-**	**-**	**129**	**(302)**	**2,001**	**1,828**	**80**	**1,908**
Change in equity of Kering SA									–		-
Change in equity of subsidiaries									–	1	1
Expense related to share-based payments								21	21	–	21
Cancellation of Kering treasury shares									-	–	-
(Acquisitions) disposals of Kering treasury shares(1)	10	(1,205,492)			(645)			(3)	(648)	–	(648)
Distribution of dividends	10							(1,047)	(1,047)	(31)	(1,078)
Other changes(2)								(6)	(6)	4	(2)
As of June 30, 2022		**122,863,213**	**499**	**1,655**	**(1,025)**	**47**	**(137)**	**12,435**	**13,474**	**443**	**13,917**

(1) The acquisition cost of Kering treasury shares is reflected in the "Kering treasury shares" column. Capital gains or losses on the sale of Kering treasury shares, along with the related expenses and taxes, are recognized in the "Other reserves and net income" column.

(2) "Other changes" include changes in scope and transactions with minority interests.

5 – CONSOLIDATED STATEMENT OF CASH FLOW

(in € millions)	Notes	First half 2022	First half 2021
Net income from continuing operations		**2,043**	**1,500**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	4	797	714
Other non-cash (income) expenses	15	(264)	(102)
Cash flow received from operating activities	**15**	**2,576**	**2,112**
Interest paid (received)		127	115
Dividends received		(4)	(2)
Current tax expense	7.1	804	670
Cash flow received from operating activities before tax, dividends and interest		**3,503**	**2,895**
Change in working capital requirement	16	(476)	12
Income tax paid		(617)	(209)
Net cash received from operating activities		**2,410**	**2,698**
Acquisitions of property, plant and equipment and intangible assets		(361)	(345)
Disposals of property, plant and equipment and intangible assets		–	1
Acquisitions of subsidiaries and associates, net of cash acquired		(11)	19
Disposals of subsidiaries and associates, net of cash transferred		–	(1)
Acquisitions of other financial assets		(119)	(90)
Disposals of other financial assets		3	823
Interest and dividends received		6	2
Net cash received from (used in) investing activities		**(482)**	**409**
Dividends paid to shareholders of Kering SA		(1,483)	(998)
Dividends paid to minority interests in consolidated subsidiaries		(22)	(9)
Transactions with minority interests		(22)	(81)
(Acquisitions) disposals of Kering treasury shares	10	(648)	(118)
Issuance of bonds and bank debt	11.2	1,708	39
Redemption of bonds and bank debt	11.2	(348)	(220)
Issuance (redemption) of other borrowings	11.2	223	156
Repayment of lease liabilities		(395)	(372)
Interest paid and equivalent		(128)	(130)
Net cash received from (used in) financing activities		**(1,115)**	**(1,733)**
Net cash received from (used in) discontinued operations.		(8)	4
Impact of exchange rates on cash and cash equivalents		(11)	10
Net increase (decrease) in cash and cash equivalents		**794**	**1,388**
Cash and cash equivalents at opening	**11.1**	**4,516**	**3,000**
Cash and cash equivalents at closing	**11.1**	**5,310**	**4,388**

6 - NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

PRESENTATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 – INTRODUCTION

Approval of the condensed consolidated financial statements

Kering SA, the Group’s parent company, is a *société anonyme* (French corporation) with a Board of Directors, incorporated under French law, whose registered office is located at 40, rue de Sèvres, 75007 Paris, France. It is registered with the Paris Trade and Companies Registry under reference 552 075 020 RCS Paris, and is listed on the Euronext Paris stock exchange.

On July 27, 2022, the Board of Directors approved the condensed consolidated interim financial statements for the six months ended June 30, 2022 and authorized their publication.

The condensed consolidated interim financial statements for the six months ended June 30, 2022 reflect the accounting position of Kering SA, its subsidiaries and its associates (the "Group").

Application of IFRS accounting framework

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, these condensed consolidated interim financial statements were prepared in accordance with applicable IFRS (International Financial Reporting Standards) as endorsed by the European Union, and in particular in accordance with IAS 34 - Interim Financial Reporting.

IAS 34 permits the presentation of a selection of accompanying notes, the aim of which is to analyze the main events that occurred during the first half of 2022 and their impact on the Group's financial performance and position. The notes do not therefore include all of the disclosures required for annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

The accounting policies and methods applied by the Group are described in Note 33 – Accounting policies and methods to the consolidated financial statements for the year ended December 31, 2021, except for standards, amendments and interpretations endorsed by the European Union, applicable from January 1, 2022 and mentioned below:

- amendments to IAS 37 – Onerous contracts – Cost of fulfilling a contract, which clarify that the costs to be taken into account to recognize a provision for onerous contract should include both the incremental costs and an allocation of other costs that relates directly to fulfilling the contract;
- amendments to IAS 16 – *Property, Plant and Equipment – Proceeds before intended use*, which prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while making that asset available to its intended use. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.;
- amendments to IFRS 3, which update references to the Conceptual Framework;
- annual improvements to IFRS 2018-2020.

These amendments have no impact for the Group.

The Group has also analyzed the impact of the IFRIC IC decision relating to IAS 38 – *Intangible assets* regarding the recognition of configuration and customization costs in a SaaS (Software as a Service) arrangement. An amount of €21 million net of deferred tax, which is non-material for the Group, was recorded in equity under *Other reserves* at January 1, 2022, with a balancing entry consisting of a decrease in *intangible assets*.

NOTE 2 – SIGNIFICANT EVENTS IN THE FIRST HALF OF 2022

Signature of an agreement for Kering Eyewear to acquire eyewear brand Maui Jim

On March 14, 2022, Kering Eyewear announced the signature of an agreement to acquire US eyewear brand Maui Jim, Inc.

The transaction is subject to clearance by the relevant competition authorities and is expected to be completed in the second half of 2022.

Since its inception in 2014, Kering Eyewear has built an innovative business model that enabled the company to reach more than €700 million external revenues in FY2021.

Sale of Girard-Perregaux and Ulysse Nardin to their management

On May 31, 2022, Kering completed the sale of Swiss watchmakers Girard-Perregaux and Ulysse Nardin by selling 100% of its stake in Sowind Group SA to its existing management. The transaction was completed in accordance with the terms announced on January 24, 2022.

Disposal proceeds of €29 million were recognized in the Group's consolidated financial statements for the six months ended June 30, 2022 under *Non-recurring operating income*.

Stock Repurchase Program: implementation of the second and third tranches

Pursuant to the Stock Repurchase Program announced on August 25, 2021, covering up to 2.0% of its share capital over a 24-month period, Kering implemented the second and third tranches in the first half of 2022.

The table below shows the status of the program's various tranches at June 30, 2022:

	Tranche 1	Tranche 2	Tranche 3
Repurchase period	*August 25 to November 3, 2021*	*February 23 to April 6, 2022*	*May 18 to July 19, 2022*
Number of shares repurchased	650,000, representing around 0.5% of the share capital	650,000, representing around 0.5% of the share capital	Target of repurchasing 650,000 shares As of June 30, 2022, the Group had repurchased 554,742 shares
Average price of shares repurchased	€643.70 per share	€578.71 per share	€484.69 per share for the portion repurchased on or before June 30
Allocation of repurchased shares	325,000 shares were canceled on December 10, 2021, pursuant to a decision by the Board of Directors at its meeting on December 9, 2021.	The Board of Directors decided in its meeting of April 28, 2022 to cancel 325,000 shares by the end of 2022.	Part of the shares acquired under this third tranche are to be canceled and part will be allocated to share-based remuneration plans for Group employees.

Dual-tranche bond issue for a total amount of €1.5 billion

On April 28, 2022, Kering issued €1.5 billion of bonds consisting of:

- a €750 million tranche with a 3-year maturity and a 1.25% coupon,
- and a €750 million tranche with an 8-year maturity and a 1.875% coupon.

This issue, which forms part of the Group's active liquidity management, enhances its funding flexibility by enabling it to refinance existing debt and, in part, finance the Maui Jim acquisition.

Launch of an employee share ownership plan

On May 4, 2022, Kering announced the launch of its first employee share ownership plan. It took place in France, Italy, the United Kingdom, the United States, Mainland China, Hong Kong SAR, Japan and South Korea.

The price for subscribing shares under the program was set at €394, corresponding to Kering's average opening share price on Euronext Paris during the 20 trading sessions from April 19 to May 16, 2022, less a 20% discount and rounded up to the nearest cent.

At the end of the subscription period, which took place from May 19 to June 9, 2022, 102,862 shares had been subscribed (including the employer contribution). The shares were settled and delivered on July 7, 2022 through a capital increase involving the issue of new ordinary shares.

NOTE 3 – SUBSEQUENT EVENTS

Capital increase as part of the employee share ownership plan

On July 7, 2022, the Group Managing Director, following decisions by the Board of Directors on December 9, 2021 and May 23, 2022, with respect to the employee share ownership plan, increased Kering SA's share capital by €411,448 through the issue of 102,862 new ordinary shares. This increased the overall share capital to €499,183,112, divided into 124,795,778 shares with a par value of €4 each.

Completion of the third tranche of the stock repurchase program

The third tranche of the Stock Repurchase Program (announced on August 25, 2021 with the aim of repurchasing up to 2.0% of Kering's share capital over a 24-month period) was completed on July 19, 2022. Between May 18 and July 19, 2022, 650,000 shares were repurchased at an average price of €485.53 per share, representing around 0.5% of the share capital.

The Board of Directors decided in its meeting of July 27, 2022 to cancel 400,000 of the shares repurchased in this tranche by the end of 2022.

No other significant event took place between June 30, 2022 and July 27, 2022, the date on which the Board of Directors approved the interim financial statements.

NOTE 4 – OPERATING SEGMENTS

(in € millions)	Gucci	Yves Saint Laurent	Bottega Veneta	Other Houses	Kering Eyewear and Corporate	Eliminations	Total
FIRST HALF 2022							
Revenue[(1)]	**5,173**	**1,481**	**834**	**1,955**	**591**	**(104)**	**9,930**
Recurring operating income (loss)	**1,886**	**438**	**168**	**337**	**(7)**	**(2)**	**2,820**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	327	107	83	161	119	N/A	797
EBITDA	2,213	545	251	498	112	(2)	3,617
Acquisitions of property, plant and equipment and intangible assets	154	25	35	63	84	N/A	361
FIRST HALF 2021							
Revenue[(1)]	**4,479**	**1,046**	**708**	**1,485**	**396**	**(67)**	**8,047**
Recurring operating income (loss)	**1,694**	**275**	**130**	**197**	**(63)**	**4**	**2,237**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	300	86	83	137	108	-	714
EBITDA	1,994	361	213	334	45	4	2,951
Acquisitions of property, plant and equipment and intangible assets	125	24	24	60	112	-	345

(1) Intragroup revenue is eliminated in a specific column.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

NOTE 5 – OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	Notes	First half 2022	First half 2021
Non-recurring operating expenses		**(42)**	**(17)**
Impairment of goodwill, brands and other non-current assets		(14)	(4)
Impairment of goodwill		-	-
Impairment of brands		-	-
Impairment of other non-current assets		*(14)*	*(4)*
Other non-recurring operating expenses		(28)	(13)
Restructuring costs	*13*	*(13)*	*(2)*
Other		*(15)*	*(11)*
Non-recurring operating income		**29**	**-**
Capital gains on asset disposals		29	-
TOTAL		(13)	(17)

In the first half of 2022, other non-recurring operating expenses amounted to €28 million, of which €15 million consisted of donations made by the Group in support of humanitarian efforts and refugees in relation to the conflict in Ukraine, the cost of integrating LINDBERG, and miscellaneous expenses.

The €29 million of capital gains from asset disposals relate to the sale of Girard-Perregaux and Ulysse Nardin, which was completed on May 31, 2022.

NOTE 6 – FINANCIAL RESULT

(in € millions)	Notes	First half 2022	First half 2021
Cost of net debt(1)		**(18)**	**(22)**
Income from cash and cash equivalents		2	2
Finance costs at amortized cost		(20)	(24)
Other financial income and expenses		**57**	**(44)**
Net gains (losses) on financial assets		4	2
Net foreign exchange gains (losses)		26	12
Ineffective portion of cash flow and fair value hedges	12	(65)	(38)
Net gains (losses) on derivative instruments not qualifying for hedge accounting	12	101	(9)
Other finance costs		(9)	(11)
Total financial result (excluding leases)		**39**	**(66)**
Interest expense on lease liabilities		(58)	(60)
TOTAL		(19)	(126)

(1) Net debt is defined on page 32.

The Group's cost of net debt was €18 million in the first half of 2022 (€22 million in the first half of 2021). This €4 million decrease mainly reflects the Group's greater use of debt instruments issued at negative interest rates, particularly in the form of commercial paper, in the first half of 2022.

Other financial income and expenses represented net income of €57 million in the first half of 2022, as opposed to an expense of €44 million in the first half of 2021.

This €101 million variation was mainly due to the €106 million positive impact from revaluing the option component of the bonds exchangeable for PUMA shares at fair value through the income statement.

NOTE 7 – INCOME TAX

7.1 Income tax expense

(in € millions)	First half 2022	First half 2021
Current tax expense	(804)	(670)
Deferred tax income (expense)	57	75
TOTAL	(747)	(595)

7.2 Reconciliation of the effective tax rate

As of June 30, 2022, the Group estimates that its full-year tax rate (in accordance with IAS 34) will be 26.8%.

(in € millions)	Notes	First half 2022	First half 2021
Income before tax		2,788	2,094
Income tax expense		(747)	(595)
Effective tax rate		**26.8%**	**28.4%**
Other non-recurring operating income and expenses	5	(13)	(17)
Recurring income before tax		2,801	2,111
Income tax on other non-recurring operating income and expenses		23	2
Tax expense on recurring income		(770)	(597)
Effective tax rate on recurring income(1)		**27.5%**	**28.2%**

(1) The effective tax rate on recurring income is defined on page 32.

NOTE 8 – EARNINGS PER SHARE

8.1 Earnings per share

First half 2022

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**1,988.4**	**1,987.0**	**1.4**
Weighted average number of ordinary shares outstanding	124,697,462	124,697,462	124,697,462
Weighted average number of Kering treasury shares	(1,089,795)	(1,089,795)	(1,089,795)
Weighted average number of ordinary shares	**123,607,667**	**123,607,667**	**123,607,667**
Basic earnings per share *(in €)*	**16.09**	**16.08**	**0.01**
Weighted average number of ordinary shares	123,607,667	123,607,667	123,607,667
Potentially dilutive ordinary shares	40,800	40,800	40,800
Weighted average number of diluted ordinary shares	**123,648,467**	**123,648,467**	**123,648,467**
Diluted earnings per share *(in €)*	**16.08**	**16.07**	**0.01**

First half 2021

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**1,479.0**	**1,461.9**	**17.1**
Weighted average number of ordinary shares outstanding	125,017,916	125,017,916	125,017,916
Weighted average number of Kering treasury shares	(225,008)	(225,008)	(225,008)
Weighted average number of ordinary shares	**124,792,908**	**124,792,908**	**124,792,908**
Basic earnings per share *(in €)*	**11.85**	**11.71**	**0.14**
Weighted average number of ordinary shares	124,792,908	124,792,908	124,792,908
Potentially dilutive ordinary shares	17,078	17,078	17,078
Weighted average number of diluted ordinary shares	**124,809,986**	**124,809,986**	**124,809,986**
Diluted earnings per share *(in €)*	**11.85**	**11.71**	**0.14**

8.2 Earnings per share from continuing operations excluding non-recurring items

Non-recurring items presented below consist of other non-recurring operating income and expenses (see Note 5), reported net of tax and minority interests.

(in € millions)	Notes	First half 2022	First half 2021
Net income from continuing operations attributable to the Group		**1,987**	**1,462**
Other non-recurring operating income and expenses	5	(13)	(17)
Income tax on other non-recurring operating income and expenses		23	2
Net income from continuing operations (excluding non-recurring items) attributable to the Group		**1,977**	**1,477**
Weighted average number of ordinary shares outstanding		124,697,462	125,017,916
Weighted average number of Kering treasury shares		(1,089,795)	(225,008)
Weighted average number of ordinary shares		**123,607,667**	**124,792,908**
Basic earnings per share from continuing operations excluding non-recurring items *(in €)*		**15.99**	**11.84**
Weighted average number of ordinary shares		123,607,667	124,792,908
Potentially dilutive ordinary shares		40,800	17,078
Weighted average number of diluted ordinary shares		**123,648,467**	**124,809,986**
Diluted earnings per share from continuing operations excluding non-recurring items *(in €)*		**15.99**	**11.84**

NOTES ON THE CONSOLIDATED BALANCE SHEET

NOTE 9 – FINANCIAL ASSETS

9.1 Breakdown of financial assets

(in € millions)	Notes	June 30, 2022	Dec. 31, 2021
Non-consolidated investments		525	708
of which PUMA shares (3.96% in 2022 and 2021)		*375*	*645*
Derivative instruments	12	1	-
Loans and receivables		-	1
Deposits and guarantees		221	211
Other financial investments		137	134
Non-current financial assets		**884**	**1,054**
Derivative instruments	12	80	16
Loans and receivables		4	6
Current financial assets		**84**	**22**

9.2 Financial assets measured at fair value

(in € millions)	Notes	June 30, 2022	Dec. 31, 2021
Non-consolidated investments		525	708
o/w changes in fair value recognized through equity		*523*	*706*
o/w changes in fair value recognized through the income statement		*2*	*2*
Derivative instruments	12	81	16
Other financial investments		137	134
o/w changes in fair value recognized through equity		*129*	*125*
o/w changes in fair value recognized through the income statement		*8*	*9*
Financial assets measured at fair value		**743**	**858**

NOTE 10 – EQUITY

As of June 30, 2022, the share capital amounted to €498,771,664, comprising 124,692,916 fully paid-up shares with a par value of €4 each (unchanged from December 31, 2021). Excluding the 1,829,703 Kering treasury shares, there were 122,863,213 shares issued and outstanding as of June 30, 2022.

Kering treasury shares

		June 30, 2022		Dec. 31, 2021	
(in € millions)	**Notes**	**Number**	**Amount**	**Number**	**Amount**
Liquidity agreement		750	-	-	-
Stock repurchase program (for cancellation)		325,000	188	-	-
Share-based payment		1,503,953	836	624,211	379
Kering treasury shares		**1,829,703**	**1,024**	**624,211**	**379**

Change in Kering treasury shares	**Number**	**Amount** *(in € millions)*	**Impact on cash** *(in € millions)*
As of January 1, 2022	**624,211**	**380**	
Purchases under the liquidity agreement	100,509	55	(55)
Disposals under the liquidity agreement	(99,759)	(55)	55
Purchases under the stock repurchase program	1,204,742	645	(645)
Cancellations under the stock repurchase program	-	-	N/A
Shares vested	-	-	N/A
Net capital gain (loss) on disposal	-	-	N/A
As of June 30, 2022	**1,829,703**	**1,025**	**(645)**

NOTE 11 – NET DEBT

(in € millions)	**Notes**	**June 30, 2022**	**Dec. 31, 2021**
Borrowings	11.2-4	6,732	5,417
Cash and cash equivalents		(5,790)	(5,249)
TOTAL		942	168

11.1 Cash and cash equivalents

(in € millions)	**June 30, 2022**	**Dec. 31, 2021**
Cash	3,715	3,325
Cash equivalents	2,075	1,924
TOTAL	5,790	5,249

11.2 Breakdown of borrowings by category and maturity

(in € millions)	Notes	June 30, 2022	Current	Y+2	Y+3	Y+4	Y+5	Beyond	Total non-current
Bonds	11.3	4,780	1,150	504	749	498	490	1,389	3,630
Other bank borrowings		179	90	39	43	1	1	5	89
Bank overdrafts	14	480	480	-	-	-	-	-	-
Commercial paper		960	960	-	-	-	-	-	-
Other borrowings(1)		333	23	51	254	-	5	-	310
o/w Put options granted to minority interests		316	6	51	254	-	5	-	310
TOTAL		6,732	2,703	594	1,046	499	496	1,394	4,029
%		100%	40%	9%	16%	7%	7%	21%	60%

(1) Other borrowings include accrued interest.

(in € millions)	Notes	Dec. 31, 2021	Current	Y+2	Y+3	Y+4	Y+5	Beyond	Total non-current
Bonds	11.3	3,370	825	599	504	-	498	944	2,545
Other bank borrowings		229	99	89	32	1	1	7	130
Bank overdrafts	14	733	733	-	-	-	-	-	-
Commercial paper		702	702	-	-	-	-	-	-
Other borrowings(1)		383	82	-	43	258	-	-	301
o/w Put options granted to minority interests		327	26	-	43	258	-	-	301
TOTAL		5,417	2,441	688	579	259	499	951	2,976
%		100%	45%	13%	11%	5%	9%	18%	55%

(1) Other borrowings include accrued interest.

11.3 Bond debt

On April 28, 2022, the Group issued €1.5 billion of new bonds in two tranches of €750 million each, one with a three-year maturity and a coupon of 1.25% and the other with an eight-year maturity and a coupon of 1.875%.

On May 27, 2022, the Group issued USD 200 million of bonds with a fixed coupon of 3.639% and a maturity date of May 27, 2027.

The Group also redeemed €275 million of fixed-rate bonds that matured on March 28, 2022, having been issued in March 2015 as part of the EMTN (Euro Medium Term Notes) program.

11.4 Undrawn confirmed lines of credit

As of June 30, 2022, the Group had undrawn confirmed lines of credit totaling €3,035 million (December 31, 2021: €3,035 million). These consisted of a syndicated facility for €2,385 million (of which €170 million falls due in December 2024 and €2,215 million in December 2025), and €650 million in bilateral lines of credit due in the second half of 2023.

NOTE 12 – DERIVATIVE INSTRUMENTS

(in € millions)	Notes	June 30, 2022	Dec. 31, 2021
Non-current financial assets	**9.1**	**1**	**-**
Derivative instruments – at fair value through income statement		-	-
Derivative instruments – cash flow hedges		1	-
Derivative instruments – fair value hedges		-	-
Current financial assets	**9.1**	**80**	**16**
Derivative instruments – at fair value through income statement		14	3
Derivative instruments – cash flow hedges		65	7
Derivative instruments – fair value hedges		1	6
Non-current financial liabilities		**-**	**-**
Derivative instruments – at fair value through income statement		-	-
Derivative instruments – cash flow hedges		-	-
Derivative instruments – fair value hedges		-	-
Current financial liabilities		**(322)**	**(304)**
Derivative instruments – at fair value through income statement(1)		(3)	(121)
Derivative instruments – cash flow hedges		(305)	(180)
Derivative instruments – fair value hedges		(14)	(3)
TOTAL		(241)	(288)

(1) Including the fair value of the derivative (option) embedded within the bond exchangeable for PUMA shares amounting to €106 million as of December 31, 2021. As of June 30, 2022, the value of the embedded derivative was zero given the value of PUMA shares.

NOTE 13 – PROVISIONS

(in € millions)	Dec. 31, 2021	Charge	Reversal (utilized provisions)	Reversal (surplus provisions)	Changes in scope	Foreign exchange differences	Other movements	June 30, 2022
Non-current provisions	16	12	(7)	(2)	-	-	4	23
Current provisions	138	27	(14)	(24)	-	1	8	136
TOTAL	154	39	(21)	(26)	-	1	12	159

(in € millions)	Notes	June 30, 2022	Dec. 31, 2021
Provision for restructuring costs	5	41	28
Vendor warranties		23	25
Disputes and other contingencies		95	101
TOTAL		159	154

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOW

NOTE 14 – CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF CASH FLOW

(in € millions)	Notes	June 30, 2022	June 30, 2021
Cash and cash equivalents as reported in the balance sheet	**11.1**	**5,790**	**4,787**
Bank overdrafts	11.2	(480)	(399)
Cash and cash equivalents as reported in the statement of cash flow		**5,310**	**4,388**

NOTE 15 – CASH FLOW RECEIVED FROM OPERATING ACTIVITIES

(in € millions)	Notes	First half 2022	First half 2021
Net income from continuing operations		**2,043**	**1,500**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets		797	714
Other non-cash income and expenses		(264)	(102)
Non-cash recurring operating income and expenses:	4	(27)	(117)
Fair value of operating foreign exchange rate hedges		*100*	*(56)*
Other		*(127)*	*(61)*
Other non-cash income and expenses:		(237)	15
Impairment of goodwill, brands and other non-current assets	*5*	*14*	*4*
Fair value of foreign exchange rate hedges in financial result	*6*	*(190)*	*81*
Deferred tax expense (income)	*7.1*	*(57)*	*(75)*
Share in earnings (losses) of equity-accounted companies		*(2)*	*(1)*
Other		*(2)*	*6*
Cash flow received from operating activities		**2,576**	**2,112**

NOTE 16 – CHANGE IN WORKING CAPITAL REQUIREMENT

(in € millions)	**First half 2022**	**First half 2021**
Change in inventories	(627)	(161)
Change in trade receivables and accrued income	(112)	34
Change in trade payables and accrued expenses	558	117
Change in other operating receivables and payables	(295)	22
Change in working capital requirement	**(476)**	**12**

NOTE 17 – TRANSACTIONS WITH RELATED PARTIES

Kering SA is controlled by Artémis, which in turn is wholly owned by Financière Pinault.

	June 30, 2022	**June 30, 2021**
% capital held by the Artémis group in Kering SA	41.8%	41.6%
% of voting rights held by the Artémis group in Kering SA	59.1%	58.4%
Dividend paid for year Y-1 *(in € millions)*	625	414
Fees for the period *(in € millions)*	4	2

The Group pays fees to Artémis for (i) business development consulting services and complex transaction support, and (ii) the identification of development opportunities, new business and cost reduction solutions. These fees are governed by an agreement reviewed by the Audit Committee and approved by the Board of Directors.

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2022

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders of Kering,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed consolidated interim financial statements of Kering for the six months ended June 30, 2022;
- the verification of the information contained in the interim management report.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information presented in the interim management report on the condensed consolidated interim financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed consolidated interim financial statements.

Neuilly-sur-Seine and Paris La Défense, July 27, 2022

French original signed by

The Statutory Auditors

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

STATEMENT BY THE PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We certify that, to our knowledge, the condensed consolidated interim financial statements for the six months ended June 30, 2022 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation, and that the interim management report gives a fair description of the material events that occurred in the first six months of the financial year and their impact on the interim financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the year, along with the principal transactions with related parties.

Paris, July 27, 2022.

Jean-François Palus, Group Managing Director
Jean-Marc Duplaix, Chief Financial Officer

Kering

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