CHANEL LIMITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

London, 24 May 2022

KEY FINANCIAL HIGHLIGHTS

- 2021 financial results driven by strong demand across all product lines from its local client base, underlining the desirability of Chanel's creations
- Revenues of $15.6 billion, up 49.6% versus 2020 and 22.9% versus 2019 on a comparable basis at constant currency
- Operating profit of $5,461 million, an increase of 170.6% compared to 2020 and 57.5% compared to 2019
- Positive net cash balance at the end of the year, reflecting Chanel's strong performance and financial discipline
- Investment of $1,795 million in brand support activities, up 32% despite the challenges of organizing in-person client events throughout the year
- Capital expenditure at $758 million, representing 4.8% of sales
- Free cash flow of $4,540 million

Philippe Blondiaux, Global Chief Financial Officer, commented:

“This very strong financial performance reflects the strength and uniqueness of the CHANEL brand focused on creation and sustained commitment to enhance our savoir-faire, while transforming our business model to have a positive impact and achieve our sustainability ambitions. The passion and engagement of our teams around the world is a key pillar of this success.

Despite the challenging backdrop in 2021, our results highlighted remarkable customer demand particularly from our local client base, driven by the dedication and creativity of our teams to bring our clients’ dreams to life through unique experiences.

2022 will be another year of significant investment to support the long-term health of the CHANEL brand and to deliver our sustainability ambition, whether in our people, continued focus on quality, customer experience, our boutiques, or in our supply chain transformation.”

KEY 2021 OPERATIONAL HIGHLIGHTS

- Chanel sales reached record highs in 2021 across all product categories despite the Covid pandemic impacting our Retail and Travel retail businesses, particularly in the first part of the year.

- Fashion showed strong results driven by double-digit growth in all product lines. Leather goods and Ready-to-Wear were particularly strong, in response to the success of Virginie Viard’s creations and collections. The Cruise collection, inspired by Jean Cocteau’s movie, was presented in a digital format from the Carrières de Lumières, in Les Baux-de-Provence, and was then displayed in Dubai for the first overseas physical show since the outbreak of the pandemic. The Métiers d’Art fashion show was held at le19M, a luminous new building which brings together 11 Maisons d’Art and several hundred craftsmen at the Porte d’Aubervilliers, France. Le19M embodies the preservation of this craftsmanship heritage and creative research. It will allow these Métiers to continue to develop and contribute to the creation of collections for future generations.

- Fragrance & Beauty demonstrated strong resilience based on market share gains in key countries, and demand (both in boutiques and online) from local clientele as travel retail remained impacted by restrictions. 2021 was also a milestone year for Fragrance with Chanel celebrating the 100th anniversary of its iconic CHANEL N°5. This was led by innovative pop-ups in key markets and also through the launch of the CHANEL Factory 5 collection - 16 limited-edition products inspired by everyday objects in an ultra-modern design, bringing the history of the world’s most famous fragrance
into the future. The success of BLEU and COCO MADEMOISELLE also boosted Fragrance sales while Skincare contributed to the growth of the Beauty segment.

- The double-digit growth of **Watches and Fine Jewellery** sales across all regions was driven by the success of our Watches, Precious Jewellery and High Jewellery ranges. Precious Jewellery, supported by the iconic COCO CRUSH, showed outstanding results while J12 continued to drive the increase of watch sales. High-end business reached record levels, driven by High Jewellery pieces and the success of Haute-Horlogerie. In reference to the 100th birthday of CHANEL N°5, Patrice Leguëreau, Director of the CHANEL Jewellery Creation Studio, created the N°5 High Jewellery Collection constituted of 123 pieces including a necklace set with an exceptional 55.55-carat diamond, celebrating in-house craftsmanship.

- Chanel invested $758 Million in **capital expenditure** in 2021. As part of this, Chanel continued to make significant investments in its current and future retail distribution network, including the acquisition of a retail building in San Francisco, and the opening of a boutique in Miami’s Design District, which has been designed to reflect the expression of art and culture in the area. Chanel has also continued to grow its Fragrance and Beauty standalone network, particularly in Asia, to further personalise the customer experience. Investments have also been made to support the House’s creation and production activities, including the completion of a new leather goods manufacturing facility in Verneuil-en-Halatte, France. Investment in digital initiatives continue to be a key focus area to support customer experience, (such as virtual try on services, online appointment booking and global digital applications) while continuing to expand ecommerce capabilities worldwide.

- Chanel also continued to extend its **cultural engagement** in 2021. Through the CHANEL Culture Fund, the house co-developed projects in partnership with five leading cultural institutions worldwide and launched the CHANEL Next Prize – an award of €1,000,000 to ten artists who are radically redefining their fields, from visual arts, dance, music, and theatre to gaming and the metaverse.

**KEY SUSTAINABILITY HIGHLIGHTS**

- Chanel is committed to its climate ambitions and integrating sustainability objectives both within the House and across its supply chain, while continuing to participate in collaborative initiatives to advance broader system change.
  - Chanel made progress against its Science-Based Targets with a reduction in Scope 1 and Scope 2 emissions of 5% and 58% respectively compared to 2020. Scope 3 emissions have increased since 2020, which is partly driven by Chanel continuing to refine and improve its data collection and developing a more comprehensive view of its total carbon footprint. Chanel now sources 92% of its electricity from renewable sources, an increase of 22 points compared with 2020.
  - Chanel has been focused on expanding its sustainability talent with over a 40% increase in the number of experts globally focused on driving the sustainability strategy for the Group. It also established a Sustainability Performance and Reporting function, with dual reporting into the Chief Financial Officer and Chief Sustainability Officer, to further strengthen the integration of sustainability into decision-making.
  - Chanel joined the **Task-Force on Natural Financial Disclosures Forum** to deepen its understanding of the implications of the company’s impact and dependencies on nature.
  - Chanel entered into a three-year partnership with the University of Cambridge Institute for Sustainability Leadership (CISL) which focuses on education and sustainability leadership programmes, innovative operational projects, as well as a bursary to drive greater inclusion by supporting students from under-represented backgrounds as future sustainability leaders.
  - Chanel continues to innovate its products’ materials, which requires significant R&D investment. This includes the first high-end recycled glass for the N°5 Eau de Parfum bottle; LES EAUX DE CHANEL collection topped with a bio-based cap made from plant-based materials; and the use of sustainably sourced and certified materials, supporting the Global Organic Textile Standard (GOTS) and Global Recycled Standard (GRS).
About Chanel
Chanel is a private company and a world leader in creating, developing, manufacturing and distributing luxury products. Founded by Gabrielle Chanel at the beginning of the last century, Chanel offers a broad range of high-end creations, including Ready-to-Wear, Leather Goods, Fashion Accessories, Eyewear, Fragrances, Makeup, Skincare, Jewellery and Watches. Chanel is also renowned for its Haute Couture collections, presented twice yearly in Paris, and for having acquired a large number of specialized suppliers, collectively known as the Métiers d’Art. Chanel is dedicated to ultimate luxury and to the highest level of craftsmanship. It is a brand whose core values remain historically grounded on exceptional creation. As such, Chanel promotes culture, art, creativity and “savoir-faire” throughout the world, and invests significantly in people, R&D, sustainable development and innovation. At the end of 2021, Chanel employed close to 28,500 people worldwide.