

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information specifically required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Kering General Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Kering SA for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests on goodwill and intangible assets with indefinite useful lives

Notes 8, 14 and 33.12 to the consolidated financial statements

Risk identified	Our response
<p>As of December 31, 2021, goodwill and brands are recorded on the balance sheet for a net carrying amount of €2,891.2 million and €6,405.9 million, respectively, or 9% and 21% of the total consolidated assets.</p> <p>The Group tests the value of its assets for impairment by allocating them to cash-generating units (CGUs) or groups of CGUs. The impairment tests are performed each year, or whenever events or circumstances indicate that an impairment loss is likely.</p> <p>CGUs or groups of CGUs as defined by the Group represent the operating segments in which the Group's brands operate.</p> <p>Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the asset, CGU or group of CGUs.</p> <p>Future cash flow projections are based on medium-term budgets and plans.</p> <p>When the CGU's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Impairment is charged first to goodwill and recognized under "Other non-recurring operating income and expenses" in the income statement.</p> <p>Impairments tests carried out as at December 31, 2021 did not identify any impairment loss to be recognized in 2021.</p> <p>Given the significant amount of goodwill and brands in the consolidated financial statement as at December 31, 2021 consolidated assets and uncertainties inherent in certain assumptions and notably, the probability of achieving forecasts used to calculate the recoverable amount, we considered the valuation of goodwill and intangible assets with indefinite lives to be a key audit matter.</p>	<p>We have examined the compliance of the impairment testing methodology adopted by the company with prevailing accounting standards. We have also carried out a critical review of the implementation of this methodology.</p> <p>Our procedures consisted in, for the CGU, or groups of CGUs with a risk of impairment loss, with the assistance of our valuation specialists:</p> <ul style="list-style-type: none"> • examining the items comprising the carrying amount of the CGUs to which the goodwill and brands have been allocated by the Group; • reviewing the consistency of cash flow projections with Management assumptions and the economic environments in which the Group operates; • assessing the consistency of the growth rates adopted for projected cash flows with available external analyses; • assessing the reasonableness of discount rates applied to estimated cash flows, verifying notably that the different parameters comprising the weighted average cost of capital (WAAC) of each CGU enable the return expected by market participants for similar activities to be reached; • compare the projected cash flows of previous business plans with the actual cash flows to assess the reasonableness of the assumptions; • assessing Management analyses of the sensitivity of the value in use to a change in the main assumptions; • confirming that Notes 8, 14 and 33.12 to the consolidated financial statements provides appropriate disclosures, notably on sensitivity analyses performed on the recoverable amount of goodwill and intangible assets with indefinite useful lives to changes in the main assumptions adopted.

Valuation of inventory depreciation

Notes 18 and 33.18 to the consolidated financial statements

Risk identified

As of December 31, 2021, inventories appear on the consolidated balance sheet for a net amount of €3,368.9 million and represent 11% of consolidated assets. As disclosed in Note 33.18 to the consolidated financial statements, inventories are valued at the lower of cost and net realizable value:

- Cost is determined according to the retail method or weighted average cost, depending on the Group business;
- Net realizable value is the estimated sale price in the normal course of operations, net of costs incurred to complete the sale.

The Group may recognize an inventory allowance based on the expected turnover if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased.

The performance of the Houses, determined by the frequency of collections and turnover of inventory, depends heavily on the commercial success of product portfolios within each brand of the Group.

Given the significant amount of inventories in the consolidated assets and the degree of judgment inherent in certain assumptions underlying the valuation of inventory depreciation, namely related to sales or obsolescence projections, we considered this topic to be a key audit matter.

Our response

Our procedures consisted in:

- assessing the methods used to value inventory depreciation and confirming the consistency of accounting methods;
- testing the appropriateness of the design and effectiveness of the implementation of the controls set up by Management to prevent or detect possible errors in the valuation of inventory depreciation;
- assessing the data and assumptions adopted by Management to determine the prospects for inventory turnover and the resulting provisions;
- assessing forecast and budget figures which may impact the valuation of inventory depreciation;
- assessing the assumptions and implementing measures used to determine the specific depreciations of inventories.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

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

We attest that the consolidated non-financial information statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information pertaining to the Group presented in the management report. Pursuant to Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. A report will be issued on this information by an independent third-party.



Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, 1 of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Group Managing Director, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of Kering S.A. by the Shareholders' Meeting of June 18, 1992 for KPMG S.A. and May 18, 1994 for Deloitte & Associés.

As of December 31, 2021, KPMG S.A. was in its 30th year of uninterrupted engagement and Deloitte & Associés in its 28th year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) Number 537/2014, confirming our independence pursuant to the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, March 7, 2022

The Statutory Auditors

French original signed by

KPMG Audit
Division of KPMG S.A.
Grégoire Menou

Deloitte & Associés

David Dupont-Noel

Bénédicte Margerin