Interparfums

First Half Report 2019

2019

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Management report

1 • Review of operations

Consolidated second-quarter sales reached €111.8 million, an increase of 15.2% at current exchange rates and 11.7% at constant exchange rates from the same period in 2018. This double digit growth was driven notably by the excellent performances of Montblanc (+36%) and Coach fragrances (+53%) over the period.

On that basis, consolidated first-half sales for 2019 reached €238.4 million, up 9% at current exchange rates and 5.4% at constant exchange rates from last year's first half.

1.1 • Highlights by brand

€m	**H1 2018**	**H1 2019**	**2019/2018**
Montblanc	57.1	71.8	+26%
Jimmy Choo	42.6	46.2	+8%
Coach	37.4	41.7	+11%
Lanvin	29.6	28.1	-5%
Rochas	16.3	14.6	-10%
Boucheron	10.5	10.1	-4%
Van Cleef & Arpels	7.7	9.5	+23%
Karl Lagerfeld	5.4	7.2	+33%
Other	11.0	8.2	-25%
Perfume sales	**217.6**	**237.4**	**+9%**
Rochas fashion license revenues	1.1	1.0	-9%
Total revenue	**218.7**	**238.4**	**+9%**

Montblanc registered sales of nearly €72 million in six months, a 26% increase in relation to H1 2018. This performance is the result of the excellent start of the *Montblanc Explorer* line, particularly in the United States, Western Europe and France and limited declines, as expected, by the *Montblanc Legend Night* and *Montblanc Emblem* lines.

A number of launches by Jimmy Choo at the end of 2018 and early 2019 fueled solid gains in sales of more than 8%. A second men's line to be launched in September will further strengthen the brand's activity.

With nearly €42 million in sales, the activity of Coach fragrances was reinforced by the initial launches of the *Coach Floral Blush* line in early March.

Lanvin fragrances had sales of €28 million, representing a marginal decline limited by the launch of *A Girl in Capri* in March.

With sales of nearly €15 million, Rochas fragrances decreased 10%, reflecting the absence of major launches in the period. Looking ahead, its sales will receive a boost from a new initiative in the pipeline for the end of 2019 and early 2020.

Boucheron fragrances remained largely stable as it continues to benefit from the performances of its collection of exclusive fragrance lines but also the *Quatre* line.

Van Cleef & Arpels fragrances was up by more than 20%, bolstered by continuing gains of the *Collection Extraordinaire* line.

Finally, the launch of the new fragrance duo of the *Les Parfums Matières* collection has allowed Karl Lagerfeld fragrances to maintain its momentum.

1.2 • Highlights by region

Driven by the good performances of Montblanc, Jimmy Choo and Coach fragrances, the Middle East registered the strongest gains of the first half with growth in sales of 31%. Growth momentum in North America (+11%), as in Western Europe (+9%), has remained on track. Against a backdrop of difficult market conditions for perfumes, France and South America held their ground with limited declines (-2%).

2 • Consolidated financial highlights

€m	H1 2018	H1 2019	2019/2018
Sales	218.7	238.4	+9%
Gross margin	139.1	152.3	+10%
% of sales	*63.6%*	*63.9%*	
Operating profit	34.8	39.0	+12%
% of sales	*15.9%*	*16.4%*	
Net income	25.2	27.2	+8%
% of sales	*11.5%*	*11.4%*	

The Company continued its strategy of investment with a marketing and advertising budget of more than €50 million notably to support the launch of the *Montblanc Explorer* line at the beginning of the year. Tight controls over all expenses and favorable euro/dollar exchange rate trends contributed to a 12% increase in operating profit and an operating margin of more than 16%.

Net income grew 8% despite the marginal impact of foreign exchange hedges combined with lower returns from financial investments.

€m	06/30/18	12/31/18	06/30/19
Group shareholders' equity	421.9	444.6	438.3
Cash net of borrowings	136.4	182.6	137.4

With growth in business automatically leading to increases in both inventory, particularly for Montblanc fragrances and future launches, and in accounts receivable, working capital in the 2019 first half temporarily declined.

Net cash was not adversely impacted by the dividend payment of €30 million for fiscal 2018 in May 2019 or the repayment of the Rochas loan in the amount of €10 million, and reached €137 million at June 30, 2019, remaining stable in relation to one year earlier.

3 • Half year milestones

February

Launch of the *Montblanc Explorer* line

Montblanc Explorer is an invitation to a fantastic journey, an irresistible call for adventure. This unconventional woody-aromatic-leather Eau de Parfum reveals an Italian Bergamot, contrasted by a rich Vetiver from Haiti and an exclusive Patchouli from Sulawesi.

Launch of the *Jimmy Choo Floral* line

Subtle yet luminous, sophisticated yet urban, a radiant expression of femininity and a symphony of floral, fruity and musky notes.

Launch of the *Mademoiselle Rochas Couture* line

Mademoiselle Rochas reinvents her original signature to become *Couture*: a refined, elegant Eau de Parfum.

March

Launch of the *Boucheron Fleurs* line

Like a precious jewel, the *Boucheron Fleurs* fragrance provides the finishing touch to a remarkably beautiful, bold and independent woman.

April

Launch of the *Coach Floral Blush* line

An airy and colorful scent associating sparkling notes create a sensual, bold fragrance.

May

Launch of the Lanvin *A girl in Capri* line

A luminous and fruity cocktail combining notes of sparkling citrus and pink pepper capturing the sunshine and refreshing sea breeze of Capri.

Launch of the Boucheron *Quatre en Rouge* line

Quatre en Rouge, a bold fragrance, with a permeating and reassuring trail hiding an irresistible power of attraction and seduction.

Dividend

A dividend of €0.71 per share was paid in early May for 2018, a 17% increase from 2017, in light of the bonus issue of June 2018.

June

Bonus share issue

The company proceeded with its 20th bonus share issue on the basis of one new share for every ten shares held.

New license agreement

In early June, the global life and style brand, Kate Spade New York and Interparfums SA announced the signature of an 10.5-year exclusive worldwide fragrance license agreement as from januray 2020 to create, produce and distribute perfumes for the brand beginning in fall 2020.

4 • Risk factors and information on related parties

4.1 • Risk factors

Information on market risks and their management are presented in note 2.14 of the consolidated interim financial statements included in this report.

Other Risk Factors are of the same nature as those presented in note 3 “Risk Factors” of the “Consolidated Management Report” (section 1) included in the 2018 registration document filed on April 4, 2019 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There were no material changes in these Risk Factors in the 2019 first half.

4.2 • Related party transactions

In the 2019 first half, relations between Interparfums and affiliated companies remained comparable with those of fiscal year 2018 presented in note 6.5 “Information on related parties” of the 2018 consolidated financial statements (section 2) included in the registration document filed on April 4, 2019 with the AMF.

This was also the case for relations between members of the Management Committee and the Board of Directors.

5 • Outlook

The company delivered a very good performance in the second quarter, in line with the first quarter, with €112 million in sales or growth of 12% at constant exchange rates from last year. This was in part due to the high scores of the *Montblanc Explorer* line in a number of markets which, as expected, accelerated the pace of Montblanc fragrances’ growth.
On that basis, the 2019 target for full-year revenue of €480 million has been confirmed.

Significant resources have been devoted to support the launch of the *Montblanc Explorer* line in the last few months. Despite this, by effectively containing spending levels and in light of the favorable euro/dollar exchange rate trend (1.13 in the H1 2019 versus 1.21 in H1 2018), a high operating margin in the 2019 first half of more than 15% is expected. For the 2019 full-year, as previously announced, this margin should reach approximately 14%.

6 • Post-closing events

None.

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Interim condensed financial statements

1 • Consolidated income statement

€ thousands, except per share data which is in units	Notes	H1 2018	H1 2019
Revenue	3.1	**218,682**	**238,409**
Cost of sales	3.2	(79,620)	(86,066)
Gross margin		**139,062**	**152,343**
% of sales		*63.6%*	*63.9%*
Selling expenses	3.3	(95,841)	(104,843)
Administrative expenses	3.4	(8,403)	(8,517)
Operating profit		**34,818**	**38,983**
% of sales		*15.9%*	*16.4%*
Financial income		1,467	1,134
Interest and similar expenses		(580)	(574)
Net finance costs		**887**	**560**
Other financial income		3,722	2,126
Other financial expense		(2,684)	(2,595)
Net financial income (expense)	3.5	**1,925**	**91**
Income before income tax		**36,743**	**39,074**
% of sales		*16.8%*	*16.4%*
Income tax	3.6	(11,390)	(11,722)
Effective tax rate		31.0%	30.0%
Net income		**25,353**	**27,352**
% of sales		*11.6%*	*11.5%*
Attributable to non-controlling shareholders		**130**	**114**
Net income		**25,223**	**27,238**
% of sales		*11.5%*	*11.4%*
Net earnings per share (1)	3.7	0.64	0.63
Diluted earnings per share (1)	3.7	0.64	0.63

(1) Restated for the bonus issue of Friday, June 14, 2019.

2 • Consolidated statement of comprehensive income

€ thousands	**H1 2018**	**H1 2019**
Consolidated net profit for the period	**25,353**	**27,352**
Available-for-sale assets	-	-
Currency hedges	(28)	200
Deferred tax arising from items able to be recycled	10	(69)
Items able to be recycled in profit or loss	**(18)**	**131**
Actuarial gains and losses	-	-
Deferred taxes on items unable to be recycled	-	-
Items unable to be recycled in profit or loss	**-**	**-**
Other comprehensive income total	**(18)**	**131**
Comprehensive income for the period	**25,335**	**27,483**
Attributable to non-controlling shareholders	130	114
Attributable to equity holders of the parent	**25,205**	**27,369**

3 • Consolidated balance sheet

Assets

€ thousands	Notes	12/31/18	06/30/19
Non-current assets			
Net trademarks and other intangible assets	2.1	155,813	155,066
Net property, plant, equipment	2.2	6,495	6,664
Right-of use assets	2.3	-	13,336
Long-term investments	2.4	10,674	9,146
Other non-current financial assets	2.4	3,566	3,317
Deferred tax assets	2.12	8,286	9,034
Total non-current assets		**184,834**	**196,563**
Current assets			
Inventory and work-in-progress	2.5	100,700	113,327
Trade receivables and related accounts	2.6	91,806	102,919
Other receivables	2.7	5,639	6,686
Corporate income tax		918	1,568
Current financial assets	2.8	59,276	58,823
Cash and cash equivalents	2.8	153,696	98,679
Total current assets		**412,035**	**382,002**
Total assets		**596,869**	**578,565**

Shareholders' equity & liabilities

€ thousands	Notes	12/31/18	06/30/19
Shareholders' equity			
Share capital		128,897	141,787
Additional paid-in capital		-	-
Retained earnings		268,551	269,279
Net income for the year		47,150	27,238
Equity attributable to parent company shareholders		**444,598**	**438,304**
Non-controlling interests		1,642	1,461
Total shareholders' equity	2.9	**446,240**	**439,765**
Non-current liabilities			
Provisions for non-current commitments	2.10	8,363	8,849
Non-current borrowings and financial liabilities	2.11	10,144	-
Current finance lease debt	2.11	-	9,637
Deferred tax liabilities	2.12	2,632	2,626
Total non-current liabilities		**21,139**	**21,112**
Current liabilities			
Trade payables and related accounts	2.13	74,013	62,610
Current borrowings	2.11	20,223	20,066
Current lease liabilities	2.11	-	4,260
Provisions for contingencies and expenses	2.10	904	900
Income tax		3,325	4,370
Other liabilities	2.13	31,025	25,482
Total current liabilities		**129,490**	**117,688**
Total shareholders' equity and liabilities		**596,869**	**578,565**

4 • Statement of changes in shareholders' equity

€ thousands	Number of shares	Share capital	Paid-in capital	Other compre-hensive income	Retained earnings and income	Total equity: Group share	Total equity: Non-controlling interests	Total equity: Total
As of December 31, 2017 (1)	**38,878,263**	**117,179**	**-**	**(1,454)**	**306,078**	**421,803**	**1,425**	**423,228**
Bonus share issues	3,905,966	11,718	-	-	(11,718)	-	-	-
2018 net income	-	-	-	-	47,150	47,150	511	47,661
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	336	-	336	-	336
Remeasurement of financial instruments at fair value	-	-	-	121	-	121	-	121
2017 dividend paid in 2018	-	-	-	-	(26,060)	(26,060)	(294)	(26,354)
Treasury shares	(51,560)	-	-	-	(347)	(347)	-	(347)
Currency translation adjustments	-	-	-	-	1,595	1,595	-	1,595
As of December 31, 2018 (1)	**42,732,669**	**128,897**	**-**	**(997)**	**316,698**	**444,598**	**1,642**	**446,240**
Bonus share issues	4,296,562	12,890	-	-	(12,890)	-	-	-
H1 2019 net icome	-	-	-	-	27,238	27,238	114	27,352
Remeasurement of financial instruments at fair value	-	-	-	131	-	131	-	131
2018 dividend paid in 2019	-	-	-	-	(30,325)	(30,325)	(295)	(30,620)
Treasury shares	(144,466)	-	-	-	(3,750)	(3,750)	-	(3,750)
Currency translation adjustments	-	-	-	-	412	412	-	412
As of June 30, 2019 (1)	**46,884,765**	**141,787**	**-**	**(866)**	**297,383**	**438,304**	**1,461**	**439,765**

€ thousands	Number of shares	Share capital	Paid-in capital	Other compre-hensive income	Retained earnings and income	Total equity: Group share	Total equity: Non-controlling interests	Total equity: Total
As of December 31, 2017 (1)	38,878,263	117,179	-	(1,454)	306,078	421,803	1,425	423,228
Bonus share issues	3,905,966	11,718	-	-	(11,718)	-	-	-
H1 2018 net icome	-	-	-	-	25,223	25,223	130	25,353
Remeasurement of financial instruments at fair value	-	-	-	(18)	-	(18)	-	(18)
2017 dividend paid in 2018	-	-	-	-	(26,060)	(26,060)	(294)	(26,354)
Treasury shares	(25,957)	-	-	-	89	89	-	89
Currency translation adjustments	-	-	-	-	876	876	-	876
As of June 30, 2018 (1)	**42,758,272**	**128,897**	**-**	**(1,472)**	**294,488**	**421,913**	**1,261**	**423,174**

(1) Excluding treasury shares.

5 • Consolidated statement of cash flows

€ thousands	06/30/18	12/31/18	06/30/19
Cash flows from operating activities			
Net income	25,353	47,661	27,352
Depreciation, amortization and other	13,399	9,478	11,311
Net finance costs	(887)	(1,343)	(560)
Tax charge of the period	11,390	19,888	11,722
Operating cash flows	**49,255**	**75,684**	**49,825**
Interest expense payments	(674)	(1,447)	(813)
Tax payments	(9,618)	(18,981)	(10,586)
Cash flow after interest expense and tax	**38,963**	**55,256**	**38,426**
Change in inventory and work in progress	(19,172)	(11,408)	(17,579)
Change in trade receivables and related accounts	(19,634)	(15,969)	(10,833)
Change in other receivables	3,582	4,718	(1,280)
Change in trade payables and related accounts	514	8,704	(10,828)
Change in other current liabilities	(1,775)	8,438	(4,927)
Change in working capital needs	**(36,485)**	**(5,517)**	**(45,447)**
Net cash flows provided by (used in) operating activities	**2,478**	**49,739**	**(7,021)**
Cash flows from investing activities			
Net acquisitions of intangible assets	(496)	(1,085)	(632)
Net acquisitions of property, plants and equipment	(1,465)	(2,463)	(1,408)
Net acquisitions of marketable securities (>3 months)	(8,001)	(517)	(88)
Changes in investments and other non-current assets	(8,419)	(7,335)	1,777
Net cash flows provided by (used in) investing activities	**(18,381)**	**(11,400)**	**(351)**
Financing activities			
Issuance of borrowings and new financial debt	-	-	-
Debt repayments	(10,000)	(20,000)	(10,000)
Discharge of lease liabilities	-	-	(1,745)
Dividend payments to shareholders	(26,060)	(26,060)	(30,325)
Treasury shares	(675)	(1,408)	(5,575)
Net cash flows provided by (used in) financing activities	**(36,735)**	**(47,468)**	**(47,645)**
Change in net cash	**(52,638)**	**(9,129)**	**(55,017)**
Cash and cash equivalents, beginning of year	162,825	162,825	153,696
Cash and cash equivalents, end of year	**110,187**	**153,696**	**98,679**

The reconciliation of net cash breaks down as follows:

€ thousands	06/30/18	12/31/18	06/30/19
Cash and cash equivalents	110,187	153,696	98,679
Current financial assets	66,531	59,276	58,823
Net cash and current financial assets	**176,718**	**212,972**	**157,502**

3

Notes to the interim condensed consolidated financial statements

1 • Accounting principles

1.1 • Compliance statement

The interim condensed consolidated financial statements for the six-month period ending June 30, 2019 were adopted by the Board of Directors on September 4, 2019. They have been prepared in compliance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards and notably IAS 34 on interim financial reporting as endorsed by the European Union. These standards have been consistently applied over the periods presented. The interim financial statements were prepared on the basis of these same rules and methods used to produce the annual financial statements.

This interim condensed financial report must be read in conjunction with the consolidated annual financial statements for the fiscal year ended December 31, 2018. In addition, the comparability of interim and annual financial statements may be affected by seasonal trends of Group business and notably the impact of launch phases of new fragrance lines.

Financial information presented herein is based on:

- IFRS standards and interpretations subject to mandatory application;
- options and exemptions adopted by the Group for the preparation of IFRS consolidated financial statements.

1.2 • Changes in accounting standards

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the financial statements for the period ending June 30, 2019.

The following standards, amendments or interpretations that entered into effect on January 1, 2019 were applied by the company in preparing its consolidated financial statements for the six-month period ended June 30, 2019.

IFRS 16 – Leases

The main lease agreements identified which are required to be recognized in the balance sheet under assets are the premises of the Paris headquarters, the New York and Singapore offices and the Rouen warehousing facility.

In application of IFRS 16, all lease agreements are now recognized on the balance sheet as a right to use an asset (right-of-use asset) and as a liability corresponding to the present value of future payments.

With respect to the terms of these leases, the Company has applied the longest period possible, including options for renewal for the lessee, based on the intention for the continued use the premises.

The gross value of right-of-use assets on that basis amounted to €14.8 million (see note 2.3).

To apply this standard, Interparfums Group selected the modified retrospective transition approach as transition option. Comparative financial statements for prior years are not restated.

Under this transition method, the cumulative effect of initially applying the standard is recognized as an adjustment to opening equity while measuring the right-of-use asset at an amount equal to the lease liability, adjusted for any lease payments made at or before the commencement date and prepayments and benefits received from lessors.

The initial impacts of IFRS 16's first-time application on the balance sheet were as follows:

- recognition of right-of-use assets and lease liabilities;
- the reclassification of assets and liabilities recognized under existing finance leases at December 31, 2018 (vehicle leases);
- the reclassification of deferred lease payments as a deduction from right-of-use assets.

In addition, the following simplification measures were applied to the transition:

- leases of assets representing a low unit value or a short lease term (less than 12 months as from January 1, 2019) are not recognized in the balance sheet as an asset and liability and were instead recorded as expenses;
- the present values applied on the transition date are based on market rates, country by country and according to both the term of each of lease and also the payment schedule to which is added a spread for the purpose of taking into account the specific economic environments of each country, whereby the Group cannot apply the incremental borrowing rate in light of its limited debt.

The reconciliation between debt recorded under "lease liabilities" and items presented under off-balance sheet commitments at December 31, 2018 on that basis broke down as follows:

€ thousands	**Book value**
At December 31, 2018	**17,882**
Adjustments over the lease term	156
Lease is expiring in the period	(6,144)
New leases	4,129
Debt at present value	(588)
At June 30, 2019	**15,435**

IFRIC 23 – Uncertainty over income tax treatments

The company has not identified any uncertainties which could affect taxable income, tax bases or the tax rate.

On that basis, the effect of the IFRIC 23 interpretation on the financial statements published by the Group is not material.

1.3 • Basis of consolidation

Entities 51%-held by Interparfums are fully consolidated based on the exercise of exclusive control.

All Group subsidiaries are fully consolidated.

Interparfums SA		**Ownership interest (%) Controlling interest (%)**
Interparfums Suisse Sarl	Switzerland	100%
Interparfums Asia Pacific Pte Ltd	Singapore	100%
Interparfums Luxury Brands	United States	100%
Interparfums Srl	Italy	100%
Inter España Parfums et Cosmetiques SL	Spain	100%
Parfums Rochas S.L	Spain	51%
Interparfums Deutschland GmbH	Germany	51%

Subsidiaries' financial statements are prepared on the basis of the same accounting period as the parent company. The fiscal year covers the 12 month period ending on December 31.

2 • Notes to the balance sheet

2.1 • Trademarks and other intangible assets

€ thousands	12/31/18	+	–	06/30/19
Gross value				
Indefinite life intangible assets				
Lanvin trademark	36,323	-	-	36,323
Rochas Fragrances trademark	86,739	-	-	86,739
Rochas Fashion trademark	19,086	-	-	19,086
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	1,219	-	-	1,219
Van Cleef & Arpels upfront license fee	18,250	-	-	18,250
Montblanc upfront license fee	1,000	-	-	1,000
Boucheron upfront license fee	15,000	-	-	15,000
Karl Lagerfeld upfront license fee	12,877	-	-	12,877
Other intangible assets				
Rights on molds for bottles and related items	11,895	584	-	12,479
Registration of trademarks	570	-	-	570
Software	3,368	48	-	3,416
Total gross amount	**206,327**	**632**	**-**	**206,959**
Amortization and impairment				
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(18,250)	-	-	(18,250)
Montblanc upfront license fee	(748)	(33)	-	(781)
Boucheron upfront license fee	(8,000)	(496)	-	(8,496)
Karl Lagerfeld upfront license fee	(9,065)	(318)	-	(9,383)
Other intangible assets				
Rights on molds for bottles and related items	(9,937)	(415)	-	(10,352)
Registration of trademarks	(500)	-	-	(500)
Software	(2,795)	(117)	-	(2,912)
Total amortization and impairment	**(50,514)**	**(1,379)**	**-**	**(51,893)**
Net total	**155,813**	**(747)**	**-**	**155,066**

At June 30, 2019, in light of the absence of any indications of impairment in the period, no additional impairment charges were recognized.

2.2 • Property, plant and equipment

€ thousands	12/31/18	+	–	06/30/19
Fixtures, improvements, fittings	6,225	626	(164)	6,687
Office and computer equipment and furniture	2,375	236	(42)	2,569
Molds for bottles and caps	12,234	697	-	12,931
Other [(1)]	1,087	20	(538)	569
Total gross amount	**21,921**	**1,579**	**(744)**	**22,756**
Accumulated depreciation and impairment [(1)]	(15,426)	(1,154)	488	(16,092)
Net total	**6,495**	**425**	**(256)**	**6,664**

(1) Decreases include the reclassification of vehicle leases as "right-of-use assets", representing an opening gross amount of €538,000 and an amortization expense of €286,000.

2.3 • Right-of use assets

The main lease agreements identified which are required to be recognized in the balance sheet under assets in application of IFRS16 are the premises of the Paris headquarters, the New York and Singapore offices and the Rouen warehousing facility.

"Right-of-use assets" also includes components relating to vehicle leases previously presented as tangible assets under IAS 17.

At June 30, 2019, right-of use assets broke down as follows:

	12/31/18	+	–	06/30/19
Gross value				
Property leases	-	14,853	-	14,853
Vehicle leases (1)	-	571	(71)	500
Total gross amount	**-**	**15,424**	**(71)**	**15,353**
Amortization				
Property leases	-	1,716	-	1,716
Vehicle leases (1)	-	355	(54)	301
Total amortization	**-**	**2,071**	**(54)**	**2,017**
Net total	**-**	**13,353**	**(17)**	**13,336**

(1) Increases include the reclassification of vehicle leases from "tangible assets" to "right-of-use assets", representing an opening gross amount of €538,000 and an amortization expense of €286,000.

2.4 • Long-term investments and other non-current financial assets

2.4.1 • Long-term investments

Long-term investments consist primarily of deposit guarantees on property and since the end of March 2018, a loan granted to the Interparfums Inc. parent company (US$10 million) amounting to €8.1 million under normal market conditions. Repayment of this loan commenced in April 2019 in the amount of US$1 million per month over a period of 10 months for the principal plus the interest thereon.

At June 30, 2019, the balance of this loan was US$8 million, after repayment of the first two installments.

2.4.2 • Non-current financial assets

The signature of the Karl Lagerfeld license agreement resulted in an advance on royalty payments to be charged against future royalties of €9.6 million. This advance is discounted over the license agreement term and reduced accordingly to €3.3 million at June 30, 2018.

The corresponding offset was recognized by increasing the amortization of upfront license fees.

2.5 • Inventory and work-in-progress

€ thousands	12/31/18	06/30/19
Raw materials and components	40,647	47,277
Finished goods	63,342	69,036
Total gross amount	**103,989**	**116,313**
Allowances for raw materials	(842)	(600)
Impairment of finished goods	(2,447)	(2,386)
Accumulated provisions for impairment	**(3,289)**	**(2,986)**
Net total	**100,700**	**113,327**

2.6 • Trade receivables and related accounts

€ thousands	12/31/18	06/30/19
Total gross amount	93,720	104,553
Impairment	(1,914)	(1,634)
Net total	**91,806**	**102,919**

The aged trial balance for trade receivables breaks down as follows:

€ thousands	12/31/18	06/30/19
Not due	80,131	76,709
0-90 days	12,320	26,249
91-180 days	661	435
181-360 days	208	673
More than 360 days	400	487
Total gross amount	**93,720**	**104,553**

2.7 • Other receivables

€ thousands	12/31/18	06/30/19
Prepaid expenses	2,761	3,208
Interparfums Holding current accounts	419	-
Value-added tax	1,730	1,796
Hedging instruments	159	650
License royalties	393	832
Other	177	200
Total	**5,639**	**6,686**

2.8 • Current financial assets, cash and cash equivalents

€ thousands	12/31/18	06/30/19
Current financial assets	59,276	58,823
Cash and cash equivalents	153,696	98,679
Current financial assets, cash and cash equivalents	**212,972**	**157,502**

The decrease in cash in the period is primarily due to the repayment of the €10 million Rochas loan, payment to shareholders of the 2018 dividend in the amount of €30 million and the purchase of Interparfums shares for the performance share plan for employees in the amount of €5.6 million.

2.8.1 • Current financial assets

Current financial assets, represented by investments with maturities greater than three months, break down as follows:

€ thousands	12/31/18	06/30/19
Term deposit accounts	59,072	58,531
Other current financial assets	204	292
Current financial assets	**59,276**	**58,823**

2.8.2 • Cash and cash equivalents

Cash in banks and cash equivalents having maturities of less than three months break down as follows:

€ thousands	12/31/18	06/30/19
Term deposit accounts	53,273	19,044
Capital redemption contracts	51,788	52,297
Current interest-bearing accounts	7,597	2,212
Bank balances	41,038	25,126
Cash and cash equivalents	**153,696**	**98,679**

2.9 • Shareholders' equity

2.9.1 • Share capital

As of June 30, 2019, Interparfums' capital was comprised of 47,262,190 shares fully paid-up with a par value of €3, 72.94%-held by Interparfums Holding.

For the period under review, capital increases result from the bonus share issue of June 14, 2019 for 4,296,562 shares on the basis of one new share for every ten shares held.

2.9.2 • Performance share awards

For the 2016 plan, shares previously purchased by the company on the market are vested by their beneficiaries after a vesting period of three years.

The vesting of these shares is contingent on a condition of presence and conditions of performance. The shares awarded without consideration and fully vested may be sold on the vesting date without the application of a holding period.

Actual transmission of the securities is contingent on the presence of the employee on September 6, 2019 regardless of the status of the beneficiary and/or criteria of performance relating to consolidated revenue for fiscal 2018 for 50% of the restricted stock units awarded, and consolidated operating profit for 50% of the remaining restricted stock units awarded to senior executive and manager beneficiaries.

On December 31, 2018, the company duly noted that these two conditions of performance had been fully met.

Shares previously purchased by the company on the market are vested by their beneficiaries after a vesting period of 3 1/2 years. The maximum number of shares to be awarded is 133,000 shares for senior executives and managers and 26,000 shares for all other employees.

The vesting of these shares is contingent on a condition of presence and conditions of performance. The shares awarded without consideration and fully vested may be sold on the vesting date without the application of a holding period.

Actual transmission of the securities is contingent on the presence of the employee on June 30, 2022 regardless of the status of the beneficiary and/or criteria of performance relating to consolidated revenue for fiscal 2021 for 50% of the restricted stock units awarded, and consolidated operating profit for 50% of the remaining restricted stock units awarded to senior executive and manager beneficiaries.

Concerning the 2016 plan and in accordance with IFRS 2, the Interparfums SA share price used to estimate the value in the consolidated financial statements is the average price for the last three trading sessions preceding the implementation of the plan or €23.98. The fair value applied on the award date is €22.46 after taking into account future dividends.

An employee turnover rate and a rate of probability for achieving the performance criteria were also used for the calculation, bringing the total expense to be spread over the life of the plan (three years) to €2.9 million or €482,000 for the 2019 first half.

At June 30, 2019, the cumulative expense since the beginning of the plan was €2.7 million.

To ensure the availability of shares for remittance to employees on maturity, the company purchased 304,465 shares on the market on June 30, 2019 for a total amount of €8.7 million. These shares are presented as a deduction from shareholders' equity.

At June 30, 2019, the estimated number of shares to be remitted was 321,754 for the two plans combined.

In accordance with IFRS 2, the Interparfums SA share price used to estimate the value in the consolidated financial statements is that of the last trading session preceding the implementation of the plan or €33.15.

The fair value applied on the award date is €30.20 after taking into account future dividends. The total expense to be spread over the duration of the plan (3.5 years) amounted to €4.1 million.

At June 30, 2019, the cumulative expense since the beginning of the plan was €584,000.

2.9.3 • Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 26, 2019, 72,960 Interparfums shares were held by the company as of June 30, 2019 or 0.17% of the share capital.

Changes in the period break down as follows:

€ thousands	Average price	Number of shares	Book value
At December 31, 2018	**37.27**	**82,959**	**3,092**
Acquisition		202,332	8,953
Bonus share issue of June 14, 2019	-	6,161	-
Sales		(218,492)	(9,084)
At June 30, 2019	**40.58**	**72,960**	**2,961**

Management of the share buyback program is assured by an investment services provider within the framework of a liquidity agreement in compliance with the conduct of business rules of the French association of financial market professionals (AMAFI).

Purchases of shares under this program are subject to the following conditions:

– the maximum purchase price is €70 per share, excluding execution costs,
– the total number of shares acquired may not exceed 5% of the capital stock outstanding.

2.9.4 • Non-controlling interests

Non-controlling interests concern percentages not held in the European subsidiaries (Interparfums Deutschland GmbH: 49%; Parfums Rochas Spain S.L: 49%) at June 30, 2019 that break down as follows:

€ thousands	12/31/18	06/30/19
Reserves attributable to non-controlling interests	1,131	1,347
Earnings attributable to non-controlling interests	511	114
Non-controlling interests	**1,642**	**1,461**

Non-controlling shareholders have an irrevocable obligation and the ability to offset losses by an additional investment.

2.9.5 • Information on equity

In compliance with the provisions of article L.225-123 of the French Commercial Code, the shareholders' Meeting of September 29, 1995 decided to create shares carrying a double voting right. These shares must be fully paid up and recorded in the company's share register in registered form for at least three years.

Since 1998, the company has adopted a policy of distributing dividends that today represents nearly 65% of consolidated net income to provide shareholders with significant returns while at the same time associating them with the Group's expansion. In early May 2019, a dividend of €0.71 per share was paid or a total of €30.3 million.

Given its financial structure, the Group is able to secure financing for important projects from banks in the form of medium-term loans. At the end of May 2015, a 5-year €100 million loan was obtained to finance the acquisition of the Rochas brand. At June 30, 2019, the remaining amount outstanding on this loan amounted was €20 million.

The level of consolidated shareholders' equity is regularly monitored to ensure the company continues to have sufficient financial flexibility to take advantage of all potential opportunities for external growth.

2.10 • Provisions for contingencies and expenses

€ thousands	12/31/18	Allowances	Actuarial gains/ losses	Provisions used the period	Reversal of unused provisions	06/30/19
Provisions for retirement severance payments	8,363	364	-	-	-	8,727
Provision for expenses (1)	-	122	-	-	-	122
Total provisions for expenses > 1 year	**8,363**	**486**	**-**	**-**	**-**	**8,849**
Provision for expenses (1)	554	118	-	-	-	672
Other provisions for contingencies < 1 year	350	28	-	(100)	(50)	228
Total provisions for contingencies > 1 year	**904**	**146**	**-**	**(100)**	**(50)**	**900**
Total provisions for contingencies and expenses	**9,267**	**632**	**-**	**(100)**	**(50)**	**9,749**

(1) The provision for expenses concerns the social contribution payable in connection with the restricted share unit plan.

2.11 • Borrowings, financial liabilities and lease liabilities

A loan with was obtained on May 29, 2015 with a face value of €100 million repayable over five years to finance the acquisition of the Rochas brand executed on that same date.

Its repayment is made in quarterly installments of €5 million each for the principal. This loan will be subject to interest equal to the 3-month Euribor plus the applicable margin.

This debt is recognized at fair value to which is allocated the €775,000 in transaction costs directly attributable to the acquisition, in compliance with IFRS 9.

At June 30, 2019, €80 million had been reimbursed, with the remaining balance amounting to €20 million.

Lease liabilities correspond to the liability associated with the asset recorded under "right-of-use assets" in accordance with IFRS 16.

2.11.1 • Changes in finance costs

Cash flows relating to changes in borrowings and financial liabilities break down as follows:

			Non-cash items			
€ thousands	2018	Cash flow	Net acquisitions	Changes in fair value	Amortization	2019
Borrowings	30,000	(10,000)	-	-	-	20,000
Loan acquisition costs	(74)	-	-	-	40	(34)
Interest rate swaps	181	-	-	(81)	-	100
Total Rochas loan	**30,107**	**(10,000)**	**-**	**(81)**	**40**	**20,066**
Lease debt	260	(1,745)	(53)	15,435	-	13,897
Total borrowings and other financial liabilities	**30,367**	**(11,745)**	**(53)**	**15,354**	**40**	**33,963**

2.11.2 • Borrowings, financial liabilities and lease liabilities by maturity

€ thousands	Total	< 1 year	1 to 5 years	> 5 years
Rochas bank debt	20,066	20,066	-	-
Finance lease liabilities	13,897	4,187	9,260	450
Total at June 30, 2019	**33,963**	**24,253**	**9,260**	**450**

2.11.3 • Additional disclosures

The Rochas loan contracted in May 2015 was covered by an interest rate swap covering 90% of the debt and guaranteeing a maximum rate of 2% over the loan's full term.

At June 30, 2019, on the basis of a notional amount of €20 million, a gain of €81,000 in connection with this swap was recognized in the income statement whereby the Group did not apply hedge accounting in accordance with IFRS 9. The market value of the swap at June 30, 2019 represented a negative amount for the company of €100,000.

2.11.4 • Covenants

The Rochas loan obtained by the parent company is subject to the following covenant ratios:

– interest coverage ratio: consolidated EBITDA/consolidated interest expense;

– leverage ratio: consolidated net debt/consolidated EBITDA.

In 2019, all these covenants were met. The current level of these ratios is considerably below the contractual limits. As a result, the Group has considerable financial flexibility in respect to these commitments.

2.12 • Deferred tax

The income tax rate used to calculate the tax expense is the projected annualized rate at the group level for all periods presented.

Deferred taxes arise mainly from timing differences between financial accounting and tax accounting. Deferred taxes from consolidation adjustments and loss carryforwards are recovered as follows:

€ thousands	**12/31/18**	**Changes through reserves**	**Changes through income**	**06/30/19**
Deferred tax assets				
Timing differences between financial and tax accounting	4,224	-	(545)	3,679
Right-of use assets	-	80	(12)	68
Provisions for retirement liabilities	179	-	-	179
Loss carryforwards	376	-	(67)	309
Advertising and promotional costs	844	-	768	1,612
Intra-group inventory margin	2,775	-	689	3,464
Other	80	(80)	-	-
Total deferred tax assets before amortization	**8,478**	**-**	**833**	**9,311**
Depreciation of deferred tax assets	(192)	-	(85)	(277)
Net deferred tax assets	**8,286**	**-**	**748**	**9,034**
Deferred tax liabilities				
Acquisition costs	(556)	-	-	(556)
Bonus shares	-	125	(125)	-
Levies imposed by governments	(210)	-	95	(115)
Currency forward contracts	(50)	(69)	(22)	(141)
Borrowing costs associated with the Rochas brand acquisition	(27)	-	14	(13)
Capitalization of costs associated with the Rochas brand acquisition	(1,677)	-	-	(1,677)
Treasury shares	(101)	(180)	281	-
Derivatives	(11)	-	(113)	(124)
Total deferred tax liabilities	**(2,632)**	**(124)**	**130**	**(2,626)**
Total net deferred tax	**5,654**	**(124)**	**878**	**6,408**

2.13 • Trade payables and other current liabilities

2.13.1 • Trade payables and related accounts

€ thousands	12/31/18	06/30/19
Trade payables for components	22,979	28,228
Other trade payables	51,034	34,382
Total	**74,013**	**62,610**

2.13.2 • Other liabilities

€ thousands	12/31/18	06/30/19
Accrued credit notes	2,598	2,736
Tax and employee-related liabilities	17,951	10,954
Accrued royalties	9,638	8,548
Hedging instruments	42	6
Interparfums Holding current account	-	1,923
Other liabilities	796	1,315
Total	**31,025**	**25,482**

2.14 • Financial instruments

The following table presents financial instruments in the balance sheet according to the categories provided for under IFRS 9.

				06/30/19		12/31/18	
€ thousands	Notes	At amortized cost	Fair value through profit or loss	Carrying value	Fair value	Carrying value	Fair value
Other non-current financial assets							
Long-term investments	2.4	9,146	-	9,146	9,146	10,674	10,674
Other non-current financial assets	2.4	3,317	-	3,317	3,317	3,566	3,566
Current financial assets							
Trade receivables and related accounts	2.6	102,919	-	102,919	102,919	91,806	91,806
Other receivables	2.7	6,686	-	6,686	6,686	5,639	5,639
Documented hedges		-					
Other current financial assets	2.8	58,823	-	58,823	58,823	59,276	59,276
Cash and cash equivalents	2.8	98,679	-	98,679	98,769	153,696	153,696
Non-current financial liabilities							
Non-current borrowings	2.11	-	-	-	-	10,144	10,144
Current financial liabilities							
Trade payables and related accounts	2.13	62,610	-	62,610	62,610	74,013	74,013
Current borrowings	2.11	20,056(1)	100	20,066	20,066	20,223	20,223
Other liabilities	2.13	25,482	-	25,482	25,482	31,025	31,025
Documented hedges		-	-	-	-	-	-

(1) The fair value of borrowings and financial liabilities is measured as the total value of future cash flows discounted according to the prevailing interest rate on the market for comparable instruments.

No change in fair value has been recorded through equity.

In accordance with IFRS 13, current and non-current financial assets, cash and cash equivalents and borrowings and financial liabilities are measured using directly observable inputs other than quoted market prices or provided by financial institutions (level 2). The carrying value of other financial assets presented above represents a satisfactory approximation of their fair value.

2.15 • Risk management

The primary risks related to the Group's business and organization result from interest rate and foreign exchange rate exposures that are hedged using derivative financial instruments. The potential impacts of other risks on the company's financials are not material.

2.15.1 • Interest rate risks

The Group's policy for reducing its interest rate exposure risk seeks to ensure a stable level of financial expense by making use of all financial instruments such as hedges in the form of fixed rate swaps.

2.15.2 • Liquidity risks

The net position of financial assets and liabilities by maturity is as follows:

€ thousands	< 1 year	1 to 5 years	> 5 years	Total
Other non-current financial assets	500	2,000	817	3,317
Current financial assets	15,119	43,412	292	58,823
Cash and cash equivalents	98,679	-	-	98,679
Total financial assets	**114,298**	**45,412**	**1,109**	**160,819**
Borrowings and financial liabilities	(19,966)	-	-	(19,966)
Total financial liabilities	**(19,966)**	**-**	**-**	**(19,966)**
Net position before hedging	**94,332**	**45,412**	**1,109**	**140,853**
Hedging of assets and liabilities (swaps)	(100)	-	-	(100)
Net position after hedging	**94,232**	**45,412**	**1,109**	**140,753**

2.15.3 • Foreign exchange risks

Net positions of the Group in the main foreign currencies are as follows:

€ thousands	USD	GBP	JPY
Assets	45,442	4,505	1,145
Liabilities	(7,486)	(80)	(2)
Net position before hedging at the closing price	**37,956**	**4,425**	**1,143**
Net position hedged	(20,080)	(1,896)	(489)
Net position after hedging	**17,876**	**2,529**	**654**

In addition, because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (47.0% of sales) and to a lesser extent the Pound sterling (4.2% of sales) and the Japanese yen (1.6% of sales).

The Group's exchange-rate risk management policy seeks to cover exposures related to monetary flows resulting from sales in US dollars, pounds sterling and Japanese yens.

3 • Notes to the income statement

3.1 • Breakdown of consolidated sales by brand

€ thousands	**H1 2018**	**H1 2019**
Montblanc	57,069	71,762
Jimmy Choo	42,626	46,214
Coach	29,600	41,696
Lanvin	37,387	28,138
Rochas	16,264	14,566
Boucheron	10,520	10,123
Van Cleef & Arpels	7,800	9,541
Karl Lagerfeld	5,274	7,185
S.T. Dupont	3,098	2,778
Paul Smith	2,871	2,205
Repetto	2,796	1,341
Other	2,293	1,836
Perfume sales	**217,598**	**237,385**
Rochas fashion license revenues	1,084	1,024
Total revenue	**218,682**	**238,409**

3.2 • Cost of sales

€ thousands	**H1 2018**	**H1 2019**
Raw materials, trade goods and packaging	(88,303)	(96,937)
Changes in inventory and allowances for impairment	15,130	18,158
POS advertising	(1,585)	(1,883)
Staff costs	(2,316)	(2,842)
Allowances and reversals of amortization/impairment (1)	(1,074)	(1,878)
Property rental expenses (1)	(1,045)	(118)
Transportation costs	(321)	(415)
Other expenses related to the cost of sales	(106)	(151)
Total cost of sales	**(79,620)**	**(86,066)**

(1) Changes in these line items result from the application of IFRS 16 for the 2019 first half.

3.3 • Selling expenses

€ thousands	**H1 2018**	**H1 2019**
Advertising	(46,481)	(51,351)
Royalties	(15,388)	(17,204)
Staff costs	(14,488)	(15,366)
Service fees/subsidiaries	(3,657)	(3,307)
Subcontracting	(3,344)	(3,544)
Transportation costs	(2,561)	(2,706)
Travel and entertainment expenses	(2,366)	(4,297)
Allowances and reversals of amortization/impairment (1)	(2,370)	(2,040)
Tax and related expenses	(2,143)	(2,285)
Commissions	(817)	(916)
Property rental expenses (1)	(809)	(333)
Other selling expenses	(1,809)	(1,494)
Total selling expenses	**(95,841)**	**(104,843)**

(1) Changes in these line items result from the application of IFRS 16 for the 2019 first half.

3.4 • Administrative expenses

€ thousands	**H1 2018**	**H1 2019**
Purchases and external costs	(2,488)	(2,804)
Staff costs	(4,547)	(4,356)
Property rental expenses [1]	(240)	(59)
Allowances and reversals of amortization/impairment [1]	(480)	(753)
Other administrative expenses	(648)	(545)
Total administrative expenses	**(8,403)**	**(8,517)**

(1) Changes in these line items result from the application of IFRS 16 for the 2019 first half.

3.5 • Net financial income (expense)

€ thousands	**H1 2018**	**H1 2019**
Financial income	1,467	1,134
Cost of gross financial debt	(580)	(574)
Cost of net financial debt	887	560
Currency losses	(2,684)	(2,595)
Currency gains	3,723	2,033
Net currency gains (losses)	**1,039**	**(562)**
Other financial income and expenses	(1)	93
Net financial income/(expense)	**1,925**	**91**

Changes in net currency gains reflect the significant increase of the US dollars in relation to the euro in the first half of 2018 compared to limited changes in the same period in 2019.

3.6 • Income tax

€ thousands	**H1 2018**	**H1 2019**
Current income tax – France	(10,361)	(10,104)
Current income tax – Foreign operations	(3,020)	(2,496)
Total current income tax	**(13,381)**	**(12,600)**
Non-current income tax	-	-
Deferred tax – France	1,471	312
Deferred tax – Foreign operations	520	566
Total deferred taxes	**1,991**	**878**
Total income taxes	**(11,390)**	**(11,722)**

3.7 • Earnings per share

€ thousands, except number of shares and earnings per share in euros	**H1 2018**	**H1 2019**
Consolidated net income	25,223	27,238
Average number of shares	39,651,913	43,018,482
Basic earnings per share [1]	**0.64**	**0.63**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	39,651,913	43,018,482
Diluted earnings per share [1]	**0.64**	**0.63**

(1) Restated to eliminate the impact of the bonus issue of one new share for every ten shares held on June 14, 2019.

4 • Segment reporting

4.1 • Business line segments

The company now operates in two distinct segments, "Perfumes" and "Fashion" corresponding to the activity generated by Rochas' fashion business.

However, a separate presentation is not provided for income statement aggregates because the "Fashion" business represents less than 0.5% of Group sales.

Assets and liabilities relating to the Rochas brand at June 30, 2019 were as follows:

€ thousands	**Perfumes**	**Fashion**	**Total**
Intangible assets – Rochas brand	86,739	19,086	105,825
Medium-term loan	16,454	3,612	20,066

The amount of the loan has been allocated by business line in proportion to the breakdown of intangible assets.

Segment assets and liabilities consist of operating assets (liabilities) used primarily in France.

4.2 • Geographic segments

Sales by geographical sector break down as follows:

€ thousands	**H1 2018**	**H1 2019**
North America	59,186	65,982
South America	20,012	19,706
Asia	39,074	40,061
Eastern Europe	15,300	16,175
Western Europe	38,203	41,713
France	18,137	17,820
Middle East	25,652	33,685
Africa	2,034	2,243
Perfume sales	**217,598**	**237,385**
South America	154	123
Asia	213	239
Western Europe	516	635
France	201	27
Rochas fashion license revenues	1,084	1,024
Total	**218,682**	**238,409**

5 • Contractual obligations and other commitments

5.1 • Off balance sheet commitments given

5.1.1 • Off-balance sheet commitments in connection with the company's operating activities

€ thousands	**Main characteristics**	**12/31/18**	**06/30/19**
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	324,811	341,224
Headquarters and warehouse rental payments (1)	Rental payments due over the remainder of the lease terms (3, 6 or 9 years).	17,882	-
Firm component orders	Inventories of components on stock with suppliers that the company undertakes to purchase as required for releases and which the company does not own.	6,527	6,241
Total commitments given in connection with operating activities		**349,220**	**347,465**

(1) Lease obligations are included in the balance sheet as of January 1, 2019, the date of the first-time application of FRS 16 – Leases.

5.1.2 • Off-balance sheet commitments in connection with the company's financing activities

Commitments with respect to forward currency sales at June 30, 2019 amounted to US$25,500,000, £1,700,000 and ¥60,000,000.

Commitments with respect to forward currency purchases at June 30, 2019 amounted to US$2,650,000.

Commitments with respect to forward currency sales at June 30, 2019 budgeted in the 2019 third-quarter amounted to US$30,500,000.

5.1.3 • Commitments given by maturity at June 30, 2019

€ thousands	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	341,224	12,870	126,364	201,990
Firm component orders	6,241	6,241	-	-
Total commitments given	**347,465**	**19,111**	**126,364**	**201,990**

5.2 • Off balance sheet commitments received

Commitments received in connection with forward currency sales at June 30, 2019 amounted to €22,543,000 for hedges for US dollars, €1,912,000 for Pound sterling and €484,000 for Japanese yen representing total commitments of 24,939,000.

Commitments with respect to forward currency sales for US dollar hedges at June 30, 2019 amounted to €2,322,000.

Commitments with respect to forward currency purchases at June 30, 2019 budgeted in the 2019 third-quarter amounted to €26,916,000 for US dollar hedges.

6 • Information on related parties

In the 2019 first half, there were no changes with respect to relations between Interparfums and affiliated undertakings (parent company and subsidiaries) and those disclosed in the notes to the consolidated financial statements in the 2018 annual report.

This is also the case for relations between members of the Management Committee and the Board of Directors.

7 • Other information

7.1 • License agreements

	Nature of license	License inception date	Duration	Expiration date
S.T. Dupont	Inception	July 1997	11 years	-
	Renewal	January 2006	5 years and 6 months	-
	Renewal	January 2011	6 years	-
	Renewal	January 2017	3 years	December 2019
Paul Smith	Inception	January 1999	12 years	-
	Renewal	July 2008	7 years	-
	Renewal	July 2017	4 years	December 2021
Van Cleef & Arpels	Inception	January 2007	12 years	-
	Renewal	January 2019	6 years	December 2024
Jimmy Choo	Inception	January 2010	12 years	-
	Renewal	January 2018	13 years	December 2031
Montblanc	Inception	July 2010	10 years and 6 months	-
	Renewal	January 2016	5 years	December 2025
Boucheron	Inception	January 2011	15 years	December 2025
Repetto	Inception	January 2012	13 years	December 2024
Karl Lagerfeld	Inception	November 2012	20 years	October 2032
Coach	Inception	June 2016	10 years	June 2026
Kate Spade	Inception	January 2020	10 years and 6 months	June 2030

In June 2019, Interparfums and Kate Spade entered into an exclusive global 10.5-year license agreement as from January 2020.

Under this agreement, Interparfums will create, produce and distribute new perfumes and fragrance-related products. Interparfums will distribute these fragrances globally to department and specialty stores and duty free shops, as well as in Kate Spade retail stores beginning fall 2020.

7.2 • Proprietary brands

• Lanvin

At the end of July 2007, Interparfums acquired the Lanvin brand names and international trademarks for fragrance and make-up products from the Jeanne Lanvin company. The two companies concluded in parallel a technical and creative assistance agreement in view of developing new perfumes based on net sales and effective until June 30, 2019. The Jeanne Lanvin company holds a buy back option for the brands which will be exercisable on July 1, 2025.

• Rochas

At the end of May 2015, Interparfums acquired ownership of the Rochas brand (perfumes and fashion) from Procter & Gamble.

This transaction covered all Rochas brand names and registered trademarks (*Femme*, *Madame*, *Eau de Rochas…*) for France and international markets, mainly for class 3 (fragrances) and class 25 (fashion).

7.3 • Employee-related data

Changes in the number of employees for the period concerned all of the company's business lines and reflected primarily growth in business.

7.3.1 • Workforce by category

Number of employees at	06/30/18	06/30/19
Managers	182	202
Supervisory staff	5	2
Employees	76	86
Internships	7	17
Total	**270**	**307**

7.3.2 • Workforce by department

Number of employees at	06/30/18	06/30/19
Executive Management	2	2
Production & Operations	40	46
Marketing	63	66
Export	65	77
France	41	45
Finance & Corporate Affairs	57	62
Rochas Fashion	2	9
Total	**270**	**307**

7.4 • Post-closing events

None.

Certificate of the company officer responsible for the interim financial report

I hereby declare that to the best of my knowledge the condensed financial statements presented for the first six months were prepared in accordance with applicable accounting standards and give a true and fair view of the financial position and results of Interparfums and its consolidated subsidiaries and that the interim management report included herein presents a true and fair view of the important events occurring during the first six months of the fiscal year, their impact on the interim financial statements, the main transactions with related parties and the principal risks and uncertainties for the remaining six months of the fiscal year.

Paris, September 4, 2019,

Philippe Santi

Executive Vice President

Executive officer responsible for financial information

Philippe Santi

Executive Vice President

Boucheron
Coach
Jimmy Choo
Karl Lagerfeld
Lanvin
Montblanc
Paul Smith
Repetto
Rochas
S.T. Dupont
Van Cleef & Arpels

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