Universal Registration Document 2020

Interparfums

2020
Universal Registration Document
Interparfums

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

1 Consolidated management report

Historical financial information

In accordance with article 19 of European Regulation (EU) 2017/1129, the following information shall be incorporated by reference in this Universal Registration Document :

— The consolidated financial statements for the period ended December 31, 2019 and the corresponding audit report included respectively in part 2 and part 10 of the registration document (No. D.20-0402) filed with the AMF on April 29, 2020) (https://www.interparfums-finance.fr/en/pdf/annual-reports/Interparfums-AR2019.pdf)
— The consolidated financial statements for the period ended December 31, 2018 and the corresponding audit report included respectively in part 2 and part 9 of the registration document (No. D.19-0271) filed with the AMF on April 4, 2019 (https://www.interparfums-finance.fr/en/pdf/annual-reports/Interparfums-AR2018.pdf)

Copies of this document are available free of charge from the Company's registered office and also in digital format from the websites of the AMF (www.amf-france.org) and the company (www.interparfums-finance.fr/rapports-annuels/).

1 — Business and strategy of the company

1.1 — Description of the business

The company is specialized in the development of high-end perfumes lines.

Interparfums directs and manages the entire fragrance product cycle from creation up to its distribution in France and international markets. As such, it coordinates the different phases of this lifecycle from marketing, olfaction, the bottle and packaging to the choice of promotional tools and communication media.

The company creates, manufactures and distributes perfumes based on trademarks acquired on a proprietary basis or license agreements with leading brands in the high-end ready-to-wear, high fashion, jewelry and accessories sectors. This business model based on license agreements consists in obtaining rights granted by a brand name company to Interparfums to use its brand name in exchange for payment of annual royalties indexed to sales (see the list of licenses in note 6.2 and own brands in note 6.3 of the consolidated financial statements of Part 3 of this Universal Registration Document).

In this business model Interparfums outsources the entire production process to manufacturing partners ensuring optimal expertise in their respective areas. These include producers of juice, glass, caps and cardboard boxes and packaging companies.

The company distributes its products worldwide (see note 5.2 of the consolidated financial statements in Part 3 of this Universal Registration Document) through wholly-owned distribution subsidiaries or joint ventures, independent companies, subsidiaries of major luxury good corporations and duty free operators.

Product promotion and advertising are assured by Interparfums' marketing departments.

In addition, the company also owns the Rochas brand for fashions and accessories. It exploits this brand through license agreements concluded with partners for the creation, manufacture and distribution worldwide of womenswear, shoes and other goods, menswear, watches, jewelry and glasses under the brand. Revenue from licenses based on a percentage of sales registered by its partners is included in Group revenue.

1.2 — Strategy

By creating and developing over the long term fragrance lines for prestigious brands, the Group's strategy is to become a major player in the universe of worldwide Selective Perfumery market.

This strategy is based on a portfolio of luxury brands under exclusive license agreements and own brands in the universe of leather goods, high fashion, jewelry and accessories.

The choice of the brands is based on their notoriety, the global environment as well as their specific and identifiable codes, a rich history and international recognition.

Each brand is developed within a selective distribution network, by pursuing year after year medium and long-term growth driven by regular launches in order to build a varied product offering.

1.2.1 — Strategy and development

The ties developed between the company's historic managers and founders with the licensees based on direct personal relationships constitutes a cornerstone of the company's strategy.

Through this unique and privileged relationship developed over the years with the brands, combined with a deep understanding of their universe the company stands apart in the industry as a partner.

This strategy intentionally based on a very personal approach allows managers to regularly benefit from new opportunities.

1.2.2 — Marketing strategy

For each of the brands and lines, concepts are adapted to the image and positioning of each Brand in order to "tell a story".

Equipped with a complete range of marketing tools adapted to each line, the company develops advertising tools tailored to each line and country supported by a mix of traditional media plans and social media campaigns.

1.2.3 — Industrial strategy

The product design cycle of between 12 and 18 months is assured by the company's marketing and development teams in partnership with the licensor.

The Group possesses expertise built up over more than thirty years combined with a strategy based on long-term collaboration with all its partners (glassmakers, boxes, fragrances, packaging…) and mastery of processes of creation, production, and logistics.

The relationships of trust, developed over several years with manufacturing partners combined with their high level of expertise make it possible to jointly develop innovative industrial processes and optimize performances.

The manufacturing strategy is also based on the recourse to multiple manufacturing partners to ensure the availability of several production sites for the same product. In this way, the risks of default by subcontractors and the optimization of production planning are very effectively managed.

1.2.4 — The distribution strategy

With a dedicated warehousing facility of 36,000 m² located in France, the company has a highly responsive logistics capability which ensures very short production lead times.

The Group's products are distributed in more than 100 countries and 20,000 points of sale for the main brands through a network of long-standing partners (subsidiaries, agents, distributors) The company is supported by top quality partners distinguished by their strict compliance with the quality specifications for each of the brands. Visits by teams of export managers to foreign distributors are organized on a regular basis and by a team of sales reps for France throughout the year, in order to present the new products, the marketing plans, promotional operations and point-of-sale advertising initiatives. This ensures that the company has a perfect understanding of its products and the complete agreement of its partners about the story and universe of the brands and products. In addition, all partners throughout the world are invited two or three times the year to a seminar where the company presents the complete range of its brands and projects for the upcoming years. This important meeting with all distributors strengthens their ties with the Group and their engagement in contributing to its development.

1.2.5 — Organizational strategy

The company is committed to maintaining a family spirit and possible organization supported by functional reporting lines facilitating short process cycles and rapid decision-making.

Equipped with specialized and experienced teams, the company's objective is to maintain a high level of expertise in all areas (marketing, distribution, finance, Legal Affairs, information technology, etc.).

The Group employees are the most important contributor to creating value. For that reason, the company's strategy is based on developing their motivation and fulfillment at work ensuring the "Interparfums" spirit and ethical values.

Finally, Management attaches great importance to ensuring that each employee fully understands and supports the Group's strategy.

1.2.6 — The Corporate Social Responsibility (CSR) strategy

For a number of years, the company has implemented a CSR strategy focused on its priorities as a responsible employer and corporate citizen. As a company without its own manufacturing base but instead supported by external partners, for some time it has considered for that reason that its drivers in the area of industrial responsibility were limited.

Despite this, for a number of years, the Company has taken a certain number of initiatives to reduce its environmental impact (refer to the information presented in Part 2 of this Universal Registration Document).

To accelerate its development in this area and become an active contributor to its industrial production, in 2020 the Company created an Executive CSR Committee including operational members to develop a clearly defined strategy, accompanied by an action plan including dates and key quantifiable indicators. This Committee is also tasked with contributing to improvements in employment, social and governance areas.

1.3 — Annual highlights

February

— Launch of the *Coach Dreams* line

Coach Dreams is a playful and lighthearted fragrance. Inspired by 21st century dreamers and their carefree spirit of adventure, it conveys the excitement of a road trip with friends.

— Launch of the Rochas *Byzance* line

The *Byzance* woman is a sensual, confident and mysterious sovereign. She has the power to convince and seduce. Her life resembles a modern-day fairytale.

— Launch of the *Rochas L'Homme* line

As the reflection of Parisian chic, this incarnation of the Rochas man exudes wild, irresistible and thoroughly masculine charm. As the *Mademoiselle Rochas*' alter ego, he embodies the elegance of a new French lover.

March

— Launch of the *Montblanc Signature* line

Full of contrasts, the Eau de Parfum intermingles the sensuality of enveloping vanilla with a contrasting "clean" facet of musks, creating an addictive, chic, deliciously feminine trail.

May

— Launch of the *Coach Man Blue* line

A fragrance for a free-spirited, optimistic and authentic lover of adventure.

— Launch of the *Places by Karl* fragrance duo

For her, *Paris 21 rue Saint Guillaume* offers a floral chypre bouquet, combining rose, jasmine and gardenia with notes of mandarin, grapefruit with a modern and structured base of patchouli and sandalwood.

For him *New York Mercer Street* is a woody aromatic fragrance that reveals a heart of green rhubarb and aromatic notes, on a bed of noble and characterful woods and cotton musks.

— Launch of the Boucheron *Rose d'Isparta* line

An oriental floral fragrance opening with captivating and mystical top notes of ginger, ambrette and frankincense. The heart notes conveys the exalting sensuality of the Turkish rose with a spicy finish of cinnamon and saffron.

June

— Moncler and Interparfums sign a fragrance license agreement

On June, 11 Moncler SpA, the iconic global luxury brand, and Interparfums SA, announced the signature of an exclusive worldwide license agreement for fragrances for a contractual term of 6 years with a potential 5-year extension to create, produce and distribute perfumes for the brand.

— Interparfums acquires 25% of www.origines-parfums.fr

At the end of June, Interparfums and Divabox, the owners of the *Origines-parfums* e-commerce platform for beauty products, announced the signature of a strategic and equity investment whereby Interparfums will acquire 25% of Divabox's capital through a reserved capital increase.

August

— Launch of the *Montblanc Legend Eau de Parfum* line

The *Montblanc Legend EDP* man… Confident and assured, he lives his feelings, courage, and convictions. Yet without saying a word, we sense his purpose, charisma, and authenticity.

September

— Launch of the Boucheron *Serpent Bohême* line

Serpent Bohème embodies of course a free spirit, independence and elegance, unencumbered by conventions or dictates. A celebration of everyday life, guided by beauty and dreams.

— Launch of the Lanvin *Éclat d'Arpège Sheer* line

Éclat d'Arpège Sheer, celebrates love in the spirit of *Éclat d'Arpège* with smiles and tenderness.

October

— Bonus share issue

For the 21st consecutive year, the Company proceeded with a new bonus issue on the basis of one new share for every ten shares held.

December

— Interparfums signs a purchase option for the acquisition of its future headquarters

Interparfums signed a purchase option *("promesse de vente")* subject to conditions to acquire an office complex for its future headquarters located in the heart of Paris.

This transaction is expected to be completed in the spring of 2021, with the move planned for the end of 2021 or the beginning of 2022. Approximately 90% of the purchase price of €125 million, excluding taxes and related expenses, will be financed by a bank loan.

1.4 — Annual operating highlights and key figures

With €117 million in sales in the 2020 fourth quarter, up 1% at current exchange rates and 3% at constant exchange rates from the same quarter in 2019, Interparfums' activity has returned to more normal levels. The recovery observed in the summer and fall maintained its momentum at the end of the year, particularly in the United States. On that basis, sales for 2020 ended the year at €367.4 million, a decrease of 24.1% at current exchange rates and 23.5% at constant exchange rates in relation to 2019.

1.5 — Sales by brand

In € millions and as a % of sales	2016	2017	2018	2019	2020
Montblanc	110.0 30.09%	112.2 26.59%	108.8 23.90%	140.7 29.05%	100.0 27.21%
Jimmy Choo	81.7 22.35%	96.2 22.80%	99.6 21.88%	103.5 21.37%	73.8 20.08%
Boucheron (6 months of activity in 2016)	20.9 5.72%	50.9 12.06%	84.4 18.54%	86.5 17.86%	81.1 22.08%
Lanvin	56.1 15.34%	57.5 13.63%	59.0 12.96%	52.1 10.76%	32.9 8.97%
Rochas	29.2 7.99%	38.5 9.12%	34.1 7.49%	34.5 7.12%	29.7 8.08%
Boucheron	16.0 4.38%	18.4 4.36%	19.4 4.26%	18.3 3.78%	12.0 3.27%
Van Cleef & Arpels	19.1 5.22%	17.2 4.08%	13.6 2.99%	15.3 3.16%	10.4 2.83%
Karl Lagerfeld	6.5 1.78%	8.8 2.09%	12.6 2.77%	14.0 2.89%	11.4 3.11%
Paul Smith	9.2 2.52%	6.7 1.59%	6.6 1.45%	5.6 1.16%	3.7 0.99%
S.T. Dupont	5.4 1.48%	4.8 1.14%	5.7 1.25%	4.8 0.99%	3.2 0.87%
Kate Spade (4 months of activity in 2020)	- -	- -	- -	- -	2.7 0.74%
Repetto	5.0 1.37%	3.8 0.90%	4.6 1.01%	2.8 0.58%	1.4 0.37%
Other	4.5 1.23%	4.6 1.09%	4.7 1.03%	4.3 0.89%	3.8 1.04%
Fragrance sales	**363.6**	**419.6**	**453.1**	**482.4**	**366.1**
Rochas fashion license revenues	2.0	2.4	2.2	2.0	1.3
Total	**365.6**	**422.0**	**455.3**	**484.4**	**367.4**

Montblanc fragrances had sales of €100 million in 2020. After a sharp decline in the first half, magnified by an unfavorable base effect linked to the launch of the men's line, *Montblanc Explorer*, in early 2019, Montblanc fragrances gradually returned to normal levels, achieving sales of €32 million in the fourth quarter.

Bolstered by the launch of the *Coach Dreams* line at the beginning of the year, plus a robust fourth quarter, with growth of nearly 10%, Coach fragrances were back up above €80 million in sales, reflecting their solid foundations since their launch in 2016.

Jimmy Choo fragrances had sales of €74 million, down 29%. The overall performance was impacted by an unfavorable base effect from the launch of the men's line *Urban Hero* in September 2019, the effects of the health crisis in the brand's key markets and moving forward the launch of the *I Want Choo* women's line to 2021.

In the absence of major launches and reflecting a difficult context in several of the brand's key markets, particularly in Eastern Europe, sales of Lanvin fragrances decreased 37%.

Rochas fragrances registered a limited decline, with sales of nearly €30 million which benefited from the *L'Homme Rochas* line's launch at the start of the year. The spring launch of a new women's line will provide a further boost to the brand's activity.

1.6 — Sales by region

€m	**2019**	**2020**
North America	151.7	126.0
South America	35.0	25.6
Asia	67.9	51.7
Eastern Europe	42.6	25.6
Western Europe	91.6	66.8
France	36.9	31.8
Middle East	51.2	34.2
Africa	5.5	4.3
Perfume sales	**482.3**	**366.0**
Rochas fashion license revenues	2.0	1.3
Total	**484.3**	**367.4**

Within a market that has significantly improved over the last few months, Interparfums achieved an excellent year-end performance in North America with 16% growth in Q4 2020. The success of Coach fragrances limited the scope of the downturn for the full year.

The slow recovery of perfume and cosmetics markets in Eastern Europe, particularly in Russia, weighed on all brands, and especially Lanvin fragrances, down by more than 50% in the region.

Improving trends in the Middle East and South America in the third quarter were confirmed in the last quarter of the year by growth of respectively 22% and 10%.

Finally, in a perfume and cosmetics market that contracted nearly 20% [1], France held its ground due to the good performances by Rochas and Montblanc fragrances.

2 — Consolidated financial highlights

2.1 — Income statement highlights

€m	**2017**	**2018**	**2019**	**2020**
Revenue	422.0	455.3	484.3	367.4
International (%)	*91.1%*	*92.3%*	*92.4%*	*91.3%*
Operating profit	60.0	66.2	73.1	46.9
% of sales	*14.2%*	*14.5%*	*15.1%*	*12.8%*
Net income	40.0	47.2	50.6	30.7
% of sales	*9.5%*	*10.4%*	*10.5%*	*8.4%*

Effective measures taken in the spring, combined with its flexible business model, enabled the Company to rapidly adjust its operating expenses in a proportionate manner, notably for marketing and advertising.

By exercising tight control over all its expenses, it thus achieved an operating margin for 2020 of 12.8%. And even though exchange rate results were adversely affected by the strengthening of the Euro against the US dollar in the second half, the net margin remained at a high level of 8.4%.

(1) Source: NDP France.

2.2 — Balance sheet highlights

€m	**2019**	**2020**
Non-current assets	188.6	201.6
Inventories	106.5	92.5
Trade receivables	93.7	86.0
Current financial assets	106.6	103.2
Cash management	99.1	125.0
Shareholders' equity (attributable to the parent)	462.8	492.5
Borrowings and financial liabilities	10.0	11.0
Trade payables	63.7	51.3

After declining in the first half in response to the sharp drop in sales in the period, cash rose by €60 million in the second half. On that basis, bolstered by a strong recovery in business starting in July and careful management of working capital, particularly for accounts receivable, cash at December 31, 2020 reached €217 million. Shareholders' equity of nearly €500 million representing 80% of total assets thus reflects the Company's historical financial strength

3 — Risk factors

In accordance with article 16 of European regulation 2017-1129, the presentation of the company's risk are limited to those which are specific to the issuer or according to a limited number of categories depending on their nature.

The generic risks of the company are accordingly excluded from this classification.

The company presents a map of risks, classified according to their materiality and probability of occurrence. These risks are presented schematically below in order to provide a picture of the stakes, without constituting a substitute to the explanatory developments which follow.

The development of this map made it possible, after taking into account the measures adopted by the Group for their management, to classify the risks into four categories: business risks, manufacturing risks, financial risks and legal risks.

The Risk Factors presented below are not presented in their order of importance. In contrast, in each category the Risk factors are presented according to a decreasing order of importance established by the Group on the date of this Universal Registration Document.

With respect to risks relating to the Covid-19 pandemic, to facilitate an understanding of their overall impact, instead of including them within the specific risk matrixes, the company has chosen to provide a summary which is reproduced in the insert below.

Risks linked to the Covid-19 pandemic

The international community faces a health crisis of unprecedented proportions whose uncertain development and duration limit the Group's ability to develop a long-term vision regarding the impact of this crisis. Despite this, it was successful in 2020 in both preserving its results and margins, by intervening early on to reduce its costs and ensuring a good recovery in business at year-end, but also all jobs. In addition, the Group's utmost priority in 2020 was ensuring its employees safety and health. Certain Interparfums teams whose activities are compatible with telework have been provided with all necessary tools, in this way protecting their health and maintaining their productivity. Even if the unfavorable impacts of this epidemic are difficult to quantify, the Group has classified this risk as having a medium level of occurrence though with a high potential financial impact.

Because production is largely concentrated in France and Europe, the impact of the coronavirus epidemic on the sourcing of finished products was contained. In addition, while inventory levels have remained high, this has made it possible to meet customer demand and manage planning for future production in order to take into account the level of activity of the production plants.

Finally, measures adopted by authorities in the first half of the year led to the closure of virtually all points of sales in all countries where the Group operates which had a direct and significant impact on sales. This situation significantly improved in the second half of the year and the beginning of 2021, making it possible for sales to return to more normal levels. however, this situation could change again in response to the evolution of the health crisis and the consequences of new measures.

In this context, several advertising investment plans as well as the major launches that were planned have been moved forward to the beginning of 2021. Sourcing and packaging plans have been revised for the coming months, reduced for selected lines or secondary projects while strengthened for the catalog's flagship lines in line with the Group's policy of maintaining high inventories.

However, this situation has contributed to a certain number of specific payment delays and payment defaults. At the end of 2020, virtually all the company's accounts receivable had been collected. Concerning accounts receivable recognized in the balance sheet at December 31, 2020, only one receivable not covered by credit insurance is considered to represent a high risk of default (in the amount of €1.8 million) and a provision has been recorded for the full amount. During this unprecedented health crisis with its potential for having a negative impact on financing terms, the Group has a sizable cash position (nearly 230 million on December 31 2020). Despite this, to preserve its working capital, the company has reviewed and adjusted all expenditures, in particular operating expenses, and is exercising strictly controls over administrative costs. It also decided to cancel the dividend distribution that was to be paid for 2019.

Group management, assisted by the operating departments, are constantly monitoring the adverse effects of this crisis. A Business Continuity Plan has been developed, providing for particular measures to protect Group employees and subcontractors, the possibility of recourse to telework for all employees whose activities so permit, internal communications awareness-raising campaigns targeting Group employees, the continuity of relations with customers and, finally, adapting its production and launch plans to prepare for the resumption of its activity.

For an understanding of the full impact of the Covid-19 epidemic on the Group's business, operations or organization, this paragraph may be supplemented by reference to the paragraphs 7 "Dividends", 12 "Outlook" of this section, as well as section 3 "Consolidated financial statements" of this Universal Registration Document.

3.1 — Summary of the main risks identified

Level of risk \ Probability of Occurrence	Low	Media	High
High	• sensitivity of equity	• loss of license agreements • Covid-19 pandemic	
Media	• protection of brands/ Intellectual property • sourcing • product quality and safety	• change in exchange rates • geographic and geopolitical breakdown	
Low	• image and reputation		

3.2 — Business risks

3.2.1 — Risks related to the loss of license agreements

Description of the risk

The licensing system used in the perfume and cosmetics industry consists of a brand name company for ready-to-wear, jewelry or accessories granting the licensee (Interparfums) a right to use the brand name in exchange for royalty payments indexed to sales. The associated risk pertains to the possibility for the non-renewal of agreements upon expiration.

Assessment and management of the risk

Several factors tend to mitigate or eliminate this risk:

— term of the licenses (10 years or more); the next renewal dates for the three main license are far off (2025, 2026, 2031);
— possibility of early renewal;
— diversified portfolio of licensed brands;
— factors specific to the company (sophisticated marketing, distribution network, corporate organization, etc.);
— limited number of potential licensees with a similar profile;
— ongoing efforts to add new licenses in order to limit the weight of existing brands in the portfolio.

Furthermore, the company is the owner of brand names and international trademarks for Lanvin for class 3 products (fragrances) and Rochas for class 3 (fragrances) and class 25 (fashion) which reduces the overall impact of the risk of the non-renewal of license agreements.

3.2.2 — Risk related to geopolitical developments, health situations and geographical mix

Description of the risk	Assessment and management of the risk
With sales in more than 100 countries, Interparfums regularly reassesses country risks. A significant percentage of the Group's sales are generated outside France, and notably 9% from the Middle East, 7% in South America, 3% in Russia, countries where the risks of geopolitical instability is monitored by the departments responsible for trade receivable collections. The United Kingdom accounts for 6% of sales, with the impacts of the practice expected to be limited for the Group. In general, the company constantly monitors developments in all markets in which it operates.	Given the company's collections policies, receivables monitoring and the quality of our distributors' financial health, no country risk reserve allocations were made in the financial statements for the year ended December 31, 2020. Furthermore, in order to limit the risks of default, and in a context of increasing geopolitical instability, the company has taken out credit insurance policies with Euler Hermes and Coface for a portion of its export-related accounts receivable.

3.2.3 — Reputational risk

Description of the risk	Assessment and management of the risk
The reputation of a company is largely based on the image of its brands comprising the intellectual capital of the company and an expression of the quality and desirability of its products. This asset can constitute a weakness should the image and reputation be damaged, whether based on manifest facts or not, regardless of its nature or origin, internal or external (social media, press,) in good faith or bad faith. The risks associated represent a risk to the image of the company and its values, and by extension, possibly its sales, business activities and development.	The Company defends strong values and maintains close relations with the licensors, its external stakeholders (customers and suppliers) and employees. As a result of the quality of its products, the choice of suppliers and manufacturing operations, the choice of a selective distribution network as well as a collaborative approach to employee management, it limits in this way the risk of the disseminating negative information about the company. Furthermore, the adherence of its stakeholders and employees to charters for ethical practices and good conduct adopted by the Group are designed to significantly limit the negative impacts of these elements.

3.3 — Industrial risks

3.3.1 — Sourcing and production

Description of the risk	Assessment and management of the risk
Sourcing of raw materials for the plants is assured by Interparfums' Production Department. Production risks result from the possibility that manufacturing partners might be unable to manufacture products on time for their distribution.	To reduce this risk, the company implements production plans early on in the process in partnership with manufacturers. These measures are supplemented by ensuring multiple supplies of molds for bottles and related items as well as a number of production sites. Planning for the launch of production lines is regularly updated and monitored with component suppliers combined with recourse to multiple suppliers selected by the company, limit the risk of supply chain disruptions.

3.3.2 — Risks associated with product quality and safety

Description of the risk	Assessment and management of the risk
The commitment to the safety of consumers using the company's products constitutes a fundamental prerequisite in the manufacturing process. A case of legal or regulatory noncompliance of products throughout the manufacturing process could result in the destruction or recall of the products under investigation.	The regulatory department within the Production and supply chain Division is responsible for controlling the formulations of our products. The Quality department in turn performs ongoing controls of defects and cases of non-conformity appearing at subcontractors over the entire production process.

3.4 — Financial risks

3.4.1 — Valuation risks

Description of the risk	Assessment and management of the risk
A significant share of the company's assets consists of intangible assets representing upfront license fees or the purchase price of own brands whose value depends in large part on future operating performances. The valuation of intangible assets also implies recourse to objective judgments and complex estimates concerning items uncertain by nature.	Should a change occur in the underlying assumptions on which this valuation is based, a reduction in the value of shareholders' equity through profit or loss would be recorded. However, the three main brands of the portfolio representing 69% of total sales were not subject to the payment of upfront license fees. Only a decrease in revenue from the other brands and notably the own brands could lead the company to record an impairment. However, such probability is considered limited.

3.4.2 — Currency risks

Description of the risk	Assessment and management of the risk
Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (46.6% of sales) and to a lesser extent the Pound sterling (5.2% of sales) and the Japanese yen (1.1% of sales).	The Group's exchange rate risk management policy seeks to cover trade receivables of the period in US dollars, pounds sterling and Japanese yens. To this purpose, the company has recourse to forward sale agreements according to procedures that prohibit any transactions of speculative nature.

3.5 — Legal risks

3.5.1 — Intellectual property

Description of the risk	Assessment and management of the risk
The brands of the company represent strategic intangible assets for the Group protected in the countries where the brands are sold. The commercialization of a product for which the brand is already used by other companies or the non-renewal of the protection of important brands of the portfolio could result in disputes followed by requests for the destruction of the corresponding inventory.	Prior art or novelty searches and monitoring of the registration and renewal over the lifespan of the brand constitute the main measures of the company to protect its intellectual property and are the subject of specific oversight by a dedicated department within the legal division. This department, equipped with highly efficient tools, manages and defends its intellectual property rights worldwide.

4 — Internal control and risk management procedures

The Company has implemented Internal Control and risk management procedures based on the provisions of article 404 of the Sarbanes Oxley Act that apply to the US parent as a company listed on NASDAQ. The principles determined therein are in part provided for under the AMF guidelines of 2007 and updated in July 2010 and completed by the guidelines for Small and Mid Caps of January 9, 2008.

Based on the COSO 2013 guidelines, the Company has defined and implemented a group of Internal Control and risk management systems that include rules of conduct and procedures adapted to the Company's organization to enable it to.

The purpose of risk management procedures is to therefore :

— safeguard the value, assets and reputation of the Company and its brand licenses;
— secure the decision-making process and other processes of the Company to achieve its objectives by analyzing potential threats and opportunities;
— deploy and motivate the Company's staff around a common vision of the main risks.

No system of Internal Control can provide an absolute guarantee of achieving these objectives. The probability of achieving such objectives is subject to limits inherent in any system of control, related notably to uncertainties concerning the external environment, the exercise of judgment or problems that may arise in response to human error or simple error, or the need to perform cost-benefit analysis before implementing any controls.

4.1 — The risk management system

The risk management system is based on processes including three steps :

- identifying risks;
- analyzing risk on an annual basis in order to examine the potential consequences;
- handling the risk with the objective of defining action plans most adapted to the Company, and by making decisions by evaluating the opportunities in relation to cost of measures for handling the risk.

Risk management responsibilities are exercised at every reporting level of the company. Furthermore, the limited number of levels in the decision-making process and the contribution of line management to strategic considerations facilitates the identification and handling of risks. An in-depth analysis of the separation of operational and control tasks was undertaken to effectively address the objectives of control.

The Board of Directors is informed of the features of this risk mapping as well as the remedial action plans.

4.2 — Internal Control system

The company's Internal Control system is deployed by a team of managers and officers under the authority of Executive Management who in turn reports to the Board of Directors.

4.2.1 — Organization of the Company

The Company is organized around two divisions :

- the operational division comprised of the departments for Export Sales and French Sales, Marketing and Production and Development ;
- and the division for support functions which includes the Finance, Human Resources, Information Technology and Legal Affairs and Corporate Communications departments.

Furthermore, and in light of its size and operating structure, only the US subsidiary Interparfums Luxury Brands Inc. has been included in the scope of tests conducted on the effectiveness of the Internal Control system since 2011. In addition, the Company consolidates six other foreign subsidiaries that apply the Group's internal procedures relating to the preparation and processing of accounting and financial information.

4.2.2 — Tools of the Internal Control system

These features are based on documentary tools and awareness raising initiatives for management bodies and staff about the Internal Control and risk management principles adopted within the company. Accordingly, the Company has implemented the following tools :

— Code of Good Conduct

This code describes the professional conduct to be adopted, notably in the areas of compliance with laws and regulations, preventing conflicts of interest and financial transparency in order to prevent situations of fraud.

— Information System Charter

This document defines the rights and obligations of employees, users of the information system, to ensure that the information technology resources are used in a secure environment complying with the procedures of Internal Control.

— Whistleblowing procedure

This procedure confirms that each employee that considers that he or she has legitimate doubts about company practices in areas relating to finance, accounting, banking and combating corruption is invited to contact an independent Director as specified therein, without being subject to any sanctions of any nature whatsoever.

— List of insiders

In application of article 18 of Regulation (EU) No. 596/2014 (the Market Abuse Regulation or MAR), employees having access to inside information and all Directors are registered on the company's list of insiders. These persons undertake to respect the limits imposed by article 8 of this regulation regarding the disclosure of inside information and the acquisition and/or sale of the company's securities, directly or indirectly. A list has also been drawn up of persons outside the company with access to inside information within the framework of their professional relations with the issuer.

4.2.3 — Key participants in Internal Control system

The Internal Control system is implemented at every level of the Company. This system is spearheaded by the following: the Board of Directors, the Executive Management, the Executive Committee, The Finance Department and, in particular, the Internal Control Department, which reports to the latter.

4.2.4 — Internal Control procedures

Internal Control procedures are designed to secure the different processes used to achieve the objectives set by the company.

These procedures are organized around the following key areas identified as areas of potential risk: Operating processes (sales/accounts receivable, purchasing/ Accounts Payable and inventory management) and accounting and financial processes (cash management, budget management, producing financial and accounting information, information systems management).

The Internal Control guidelines relies significantly on the integrated SAP ERP. This enterprise tool makes it possible to automate a significant number of controls, thus strengthening their effectiveness.

In addition, the company has a specific Internal Control tool for the verification of all accounting transactions and identify possible errors, omissions or fraudulent transactions in a comprehensive manner.

4.2.5 — Preparing accounting and financial information

4.2.5.1 — Production of accounting data

The implementation of Internal Control process for the production of accounting data is based on planned procedures for account closings, close collaboration between the different support function and operational departments, analysis of the relevance of reported information and a detailed review of the accounts by Executive Management for the purpose of their validation before the final closing.

Meetings are organized to coordinate activity with the different departments concerned in order to ensure the exhaustive nature of information provided to prepare the accounts.

4.2.5.2 — Account closings and the production of consolidated financial statements

Procedures for account closings are based on instructions and a timetable originating from the Finance Department which assigns precise tasks to each participant in this process.

The production of interim and annual financial consolidated financial statements are based on IFRS guidelines.

4.2.5.3 — Financial communications

The financial communications process is subject to a clearly defined reporting schedule for information destined for financial markets and market authorities. This schedule ensures that communications complies with the requirements of applicable laws and regulations relating to financial disclosures both concerning the nature of information to be disclosed, the required deadlines and compliance with the principle of equal access to information by all shareholders.

4.3 — Oversight of the Internal Control and risk management procedures

This oversight is exercised by means of a plan for assessing internal procedures.

This assessment process is performed annually. This involves identifying assets of key importance, analyzing potential risks, existing or emerging, by type of task assigned to each department concerned and meetings with the Operating Departments concerned.

Internal Control procedures are carried out in accordance with the provisions of US law of the Sarbanes Oxley Act based on the COSO 2013 integrated framework.

If processes and the associated controls do not exist or are not sufficiently formalized, a remediation plan or corrective actions are implemented and monitored by the manager concerned.

At the end of this evaluation phase, the results are provided both to the Finance Department and Executive Management who in turn informs the Board of Directors thereon. In 2020, 110 controls were carried out focusing on 39 risk areas. In 2019, the scope for this evaluation was the same as the prior year.

Evaluations carried out within the Company did not indicate any weaknesses of a significant nature that might call into question the relevance of Internal Controls.

4.4 — Relations with Statutory Auditors

The Statutory Auditors certify the fair presentation of the separate parent company and consolidated interim and annual financial statements. For that purpose, their work is organized according to the following steps :

- a prior review of procedures and Internal Control tests ;
- a meeting prior to the approval of the accounts to define the program of reviews and the calendar and organization of their work ;
- a limited review or audit of the financial statements prepared by the Finance Department ;
- a meeting presenting a summary of their work to Executive Management.

5 — Risks relating to climate change – measures taken by the company to reduce these risks by implementing a low carbon strategy

In light of the nature of its business, Interparfums does not anticipate any regulatory risks or risks resulting from physical changes associated with climate change which could have a material financial impact for the Group.

Nevertheless, conscious of its impact with regards to greenhouse gas emissions, particularly with regards to our logistics system, the company is committed to limiting its carbon footprint.

To this purpose, the Group has adopted an action plan to optimize transportation flows by reducing the number of kilometers traveled and by optimizing truck loads. This information is presented in detail below in this Universal Registration Document.

6 — Corporate social responsibility

Information on corporate responsibility presenting Group's commitments and employee-related, social and environmental areas is provided in Part 2 of this Universal Registration Document.

7 — Dividends

In the past, the dividend distribution represented up to 65% of consolidated annual net income, making it possible to reward shareholders while at the same time associating them with the Group's expansion.

Due to the impact of the health situation and the Group's reduced visibility at the time of the 2020 Annual General Meeting, the Board of Directors asked the General Meeting not to distribute a dividend for the year ended December 31, 2019.

In 2021, the Board of Directors will propose to the General Meeting the distribution of a dividend of €0.55 per share for the financial year ended December 31, 2020.

Dividends for FY	**2016**	**2017**	**2018**	**2019**
Paid in:	2017	2018	2019	2020
Dividend per share	€0.55	€0.67	€0.71	- €
Dividend adjusted for bonus share issues	€0.38	€0.50	€0.59	- €
Annual change for the adjusted dividend	21%	35%	17%	- %

8 — Purchases by the company of its own shares

In compliance with article 241-1 *et seq.* of the AMF General Regulation, this paragraph describes the share buyback program that will be submitted for authorization to the shareholders' Meeting of April 23, 2021.

8.1 — Purpose of the new share repurchase authorization

The shareholders meeting of Friday, April 23, 2021 is called to renew through its thirteenth resolution the authorization granted to the Board of Directors to purchase and sell shares of the company for the following purposes:

- market making in the secondary market or ensuring the liquidity of the Interparfums share with an investment services provider through a liquidity agreement complying with the conduct of business rules of the French association of financial market professionals (AMAFI) recognized by the AMF;
- retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
- ensuring sufficient shares are available to cover bonus share plans (or equivalent plans) to the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or all other forms of share grants to employees and/or corporate officers of the Group;
- ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
- canceling shares purchased, in accordance with the authorization by extraordinary resolution eleven of this shareholders' Meeting.

8.2 — Maximum percentage of capital – Maximum purchase price

Excerpt of the thirteenth resolution submitted for approval to the General Meeting of April 23, 2021:

The shareholders, after considering the Board of Directors' report, grant the latter an authorization for eighteen months in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, to purchase, on one or more occasions at times of its choosing up to 5% the number of shares of the Company making up the share capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

The maximum purchase price is €60 per share. In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €155,965,227.

8.3 — Duration of the share buyback program

In compliance with the provisions of the thirteenth resolution to be submitted to the shareholders meeting of Friday, April 23, 2021, the authorization to implement this share buyback program is granted for 18 months from the date of this meeting or no later than Saturday, October 23, 2021.

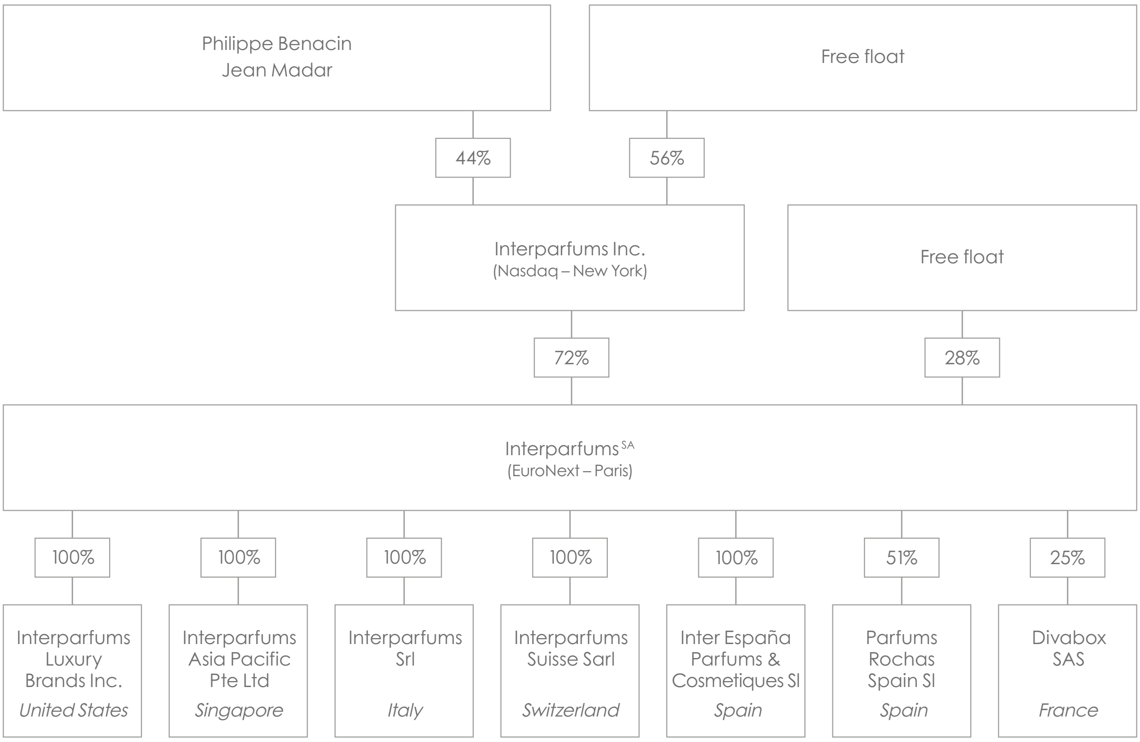
If one of the characteristics of the description of this program is modified during the period of its duration, the public shall be notified of this modification in accordance with the provisions set forth in article L.212-13 of the AMF General Regulation.

8.4 — Summary of the previous share buyback program

Transactions for 2020 under the share buyback program are described in note 3.9.3 "Treasury shares" to the consolidated financial statements.

9 — Group organization

The shareholder base of Interparfums Inc. at December 31, 2020 was as follows:



Detailed information on the percentage of voting rights is provided in chapter 2.3 "Breakdown of share capital and voting rights" and Part 6 " Shareholder information".

10 — Market share and competition

10.1 — Market share

In France, Interparfums attained roughly a 2% share of the selective distribution market of prestige perfumes. In certain countries such as the United States, the United Kingdom, Russia or China, the Group estimates its market share of total French perfume imports at between 1% and 4%.

The worldwide fragrance market is estimated at approximately €25 million.

Source: Internal estimates.

10.2 — Competition

Interparfums operates in a sector dominated by ten major historic players in the perfume and cosmetics market that have fragrance divisions with billions of euros in sales. There exist around ten mid-size players like Interparfums also operating in this segment with sales ranging between €100 million and €1 billion.

The main groups operating in this sector are LVMH (Christian Dior, Guerlain, Givenchy, Kenzo, Bulgari), Estée Lauder, Chanel and Puig for own brands.

While Interparfums has also developed a brand portfolio in the luxury universe, it has adopted a markedly different approach. Its business model is based on methodical long-term development focused on creation and building customer loyalty rather than volume and advertising.

11 — Post-closing events and significant changes in the financial position

None.

12 — 2021 outlook

While 2020 was not an easy year, it has made us stronger to meet the challenges ahead. It was also marked by several strategic initiatives, among which was the signature of the Moncler license agreement. With a plan for major launches including notably a low environmental impact line for the Rochas brand and particularly strong sales over the past weeks, the outlook for 2021 is currently positive despite continuing reduced visibility. Despite this, our internal budget based on a sales forecast of €400 million remains relevant.

In this unprecedented environment, the company achieved a very good financial performance in 2020 by maintaining the operating margin at a particularly high level of nearly 13%. In a context where a significant increase in marketing and advertising expenditures will be required to support the return to growth, the company is expecting an operating margin of approximately 12% for 2021.

2 Corporate social responsibility

Interparfums Group applies a comprehensive approach in addressing the issues of corporate, environmental and social responsibility and transparency.

The Group has developed from one year to the next its corporate social responsibility (CSR) policy, implemented by its Operational and Support Departments by involving all personnel, and has identified issues to be addressed in three key areas: its responsibilities toward operational stakeholders, staff and the company.

Social and societal values have been an important component of Interparfum's development for a number of years, exemplified notably by an attractive policy of employee benefits and solid relations with its partners. This versatility and strength provided by this approach helped the Group to get through the year, preserving its assets as well as its core values and financial performances.

At the environmental level, the company does not have its own manufacturing base, having chosen until now to support its industrial partners by placing an emphasis on quality, the use of Good Manufacturing Practices and innovation. The construction of a HQE *(Haute Qualité Environnementale)* high quality environmental certified warehouse in 2011 and sourcing in Europe more than 80% of its needs highlight the efforts undertaken in recent years.

Today, reflecting the stakes in terms of protecting the planet, Interparfums now intends to also exercise an increasingly active role in contributing to the environment.

To support this approach, at the initiative of Executive Management, it has just created an Executive CSR Committee, consisting of members of the Operations & Supply Chain, Human Resources, Legal Affairs and Communications teams, tasked with formalizing the company's CRS strategy focusing on the following priorities:

— reinforcing its status as a responsible employer, by notably creating a "Responsible Employer Charter" and strengthening the employee training plan;
— reducing its environmental footprint, notably by adopting environmentally optimized design specifications including using less plastic, cardboard and glass for each of the products developed.

The launch of a first low environmental impact line for the Rochas brand marks the first stone of this new edifice…

1 — Responsibilities to our operational stakeholders

For the conduct of its operations and the development of its activities, Interparfums places an emphasis on:

— maintaining relations of high level with its licensors based on synergies, mutual commitment and the sharing of common values;
— developing long-term partnerships with its suppliers and subcontractors by closely collaborating in exchanging information;
— developing lasting relations and trust with our distributor customers.

1.1 — Relations with licensors

Since signing its first license agreement in 1988, Interparfums has developed a large portfolio of luxury brands under license. Contacts with these companies are systematically initiated by the historic managers who have developed and maintain close relations with the licensors of these brands. These unique and privileged relations are built by developing an understanding of their universe and proposing products which fully respect the unique codes of each brand.

Through close collaboration between the marketing departments and the brands which has increased over the years, the products are developed according to the desires and collections of each brand in order to propose a fragrance both unique and at the same time embodying common values.

Smaller agile teams and regular and privileged contacts foster the development of a perfect knowledge of the universe, maintained over the years, in order to propose the brands high quality products that support their image.

1.2 — Long-term relationships with industrial partners

1.2.1 — Sharing information and relations of trust with industrial partners

The Group maintains long-term relationships of quality and trust with most of its suppliers, subcontractors and other vendors. These partners are indispensable for the Group to ensure its sourcing requirements for raw materials, packing and packaging activities and promotional items. Reflecting its requirements for quality and performance, the selection process and conduct of relations with partners is a critical issue for the Group.

In addition to collaboration relating to cost controls, quality, and innovation, the Group is committed to developing lasting and responsible partnerships in the areas of employment and the environment.

The company has implemented guidelines on purchasing and Good Manufacturing Practices (GMP) in addition to a supplier gateway. The company has not considered it useful to require its partners to adopt responsible purchasing charters, as most of its suppliers and most important subcontractors already possessing ethical charters and/or environmental and social charters and that already perform audits on a regular basis.

The supplier specifications and portal form the basis of the company's engagements for promoting close and constructive collaboration with its suppliers and partners.

To this purpose, the Group has deployed a web-based system for exchanging information reserved for suppliers. Through this system integrates the exchange of supply plans, issue orders and confirm their receipt. Most suppliers are equipped with this communication tool.

Accordingly, the framework that the company has established for its actions carried out jointly with suppliers and subcontractors includes commitments for optimizing performance and smooth and transparent communications by using this supplier portal. This portal makes it possible to identify the needs of the company and suppliers, and taking appropriate measures to address these needs. The company supports its suppliers in their efforts to improve services if their contributions do not effectively meet expectations.

It was in this context that the company adopted supplier performance indicators, and in particular OTIF (On Time In Full) supplier performance metrics based on information collected from the portal. These indicators will provide a source of information about the ability of suppliers to adapt to current needs and evolve to respond to the company's future needs.

Through the specifications and the portal, the company and its suppliers work together in achieving a common objective that consists in particular in:

— innovating by increasing quality, service and added value;
— increasing the solidity of products, reducing the defects and the needs for after-sales service;
— identifying and developing new techniques for creating new products or for improving existing products.

The company has also adopted a business review program with the participation of its suppliers. The purpose of this review is to produce a report on activity of the prior year and determine actions and the needs of each of the parties for the following year.

Within this collaborative framework, action plans have been established for the purpose of preventing situations of economic dependence of the company's partners. This vigilance is exercised in particular in the case of partners exposed to this risk as a result of their size and infrastructure. The company has adopted a procedure for identifying companies who might in time develop a risk of economic dependence with potential for jeopardizing their relation.

The company's vigilance is also assured through transparent communications about items enabling its partners to prevent this risk of dependency based on medium and long-term visibility for its business forecasts, strategies for evolving and its needs in terms of innovation, allowing its suppliers to build their own strategy and develop their capacities for adaptation to meet the desired objectives.

In addition, for a number of years, the company has been focusing on ensuring the security of its sourcing for a certain number of critical components of our strategic lines. This has resulted in the duplication of our molds for bottles, caps and related items available from two different suppliers.

As applicable, the company may also consider disengaging in advance and in a gradual manner from the supplier concerned according to this situation of dependency. In general, as part of its policy of vigilance regarding the risk of economic dependency, the company invites its suppliers to regularly diversify their customer bases. Similarly, a supplier having developed an innovative technique giving it a monopoly may also expose the company to risk in terms of sourcing. This may result, by common agreement with its supplier, in identifying a second source of procurement.

1.2.2 — By applying standards for Good Manufacturing Practices (GMP) with packing service providers

The ISO 22716 international standard for Good Manufacturing Practices establishes guidelines standard for the manufacturing, packaging, testing, storage, and transportation of cosmetic products. It represents the practical application of quality assurance concepts based on a description of plant manufacturing practices.

This standard has imposed an obligation on all packing companies since July 2013 to comply with the Good Manufacturing Practices. The other subcontractors such as glassmakers and suppliers of raw materials are not concerned by this standard.

The Group has identified the following benefits from this standard:

— controlling potential risk factors affecting the quality of cosmetic products;
— reducing the risk of confusion, deterioration, contamination and error;
— greater vigilance by personnel in the performance of their activities;
— the guarantee of quality products.

In this regulatory environment, regular audit campaigns are carried out of all packaging plants by the quality department based on the ISO 22716 standard in place. The ultimate purpose of these audits is to ensure that packaging service providers maintain a good level of traceability for their activities. All plant activities were reviewed: receiving process for raw materials and packaging materials, manufacturing, packaging and quality controls. These reports demonstrated that the Group's subcontractors comply with ISO 22716 Good Manufacturing Practices and in particular traceability requirements for all perfume production operations.

The primary missions of the Quality department are to:

— consolidate the quality requirements and ensure their implementation by subcontractors and suppliers;
— evaluate and measure the Quality performance of its subcontractors and suppliers;
— strengthen and monitor quality for sourcing of production processes;
— monitor audits of Good Manufacturing Practices;
— implement quality indicators;
— monitor nonconformities and corrective measures taken by subcontractors and suppliers;
— monitor customer complaints.

1.2.3 — By consumer health and safety measures

As the Group assures the introduction of products on the market, it is responsible for assessing the safety of the cosmetic products it distributes. To this purpose, the Group conducts tests ensuring the innocuous nature for the skin and eyes. In compliance with Regulation (EC) No 1223-2009 on cosmetic products, no tests are conducted using animals. Tests for skin irritation are thus conducted on healthy voluntary adult subjects and ocular safety tests are performed through cell cultures.

It has also taken measures with respect to the European Community Regulation on chemicals and their safe use concerning the Registration, Evaluation, Authorization and Restriction of Chemical substances (EC Directive 1907-2006 of December 18, 2006) or REACH with all its suppliers. Accordingly, all technical and organizational measures pursuant to the adoption of REACH have been implemented by the Group. It is not itself subject to this registration requirement as a downstream user of such substances. However, it has nevertheless sought to maintain an active role by ensuring that the registration process proceeds effectively and that there exists a continuous supply for sourcing chemical substances contained in its products.

The Group took the initiative to contact its different subcontractors and suppliers to ensure they and those further down the supply chain effectively comply with registration, notification or authorization request procedures. Interparfums has thus asked all its suppliers to provide commitments that they will not supply articles containing substances listed in appendix XIV (Substances of Very High Concern). To date, no supplier has declared the presence in articles provided to Interparfums of substances subject to authorization.

1.3 — Building relations of confidence with customers and distributors

Every continent, every region of the world has its own olfactory tastes, identity and culture but also its own sensibility and attachment to a brand, and there is thus no single destination.

Interparfums has developed long-lasting relations with its distributors in each of the countries or regions where it operates. More than 60 employees deployed their expertise in France and in more than 100 countries in the service of the distribution of our fragrances.

Every two to three years, Interparfums organizes a seminar over several days for all its distributors from throughout the world. This seminar provides an opportunity to present all the company's brands and products, meet with all distributors and involve them in the Group's development while giving the distributors an opportunity to meet with staff with whom they work closely on a daily basis

2 — Responsibilities toward staff

The Group's employees constitute its most important contributor to creating value. For that reason, their professional fulfillment and motivation are indispensable drivers for our development.

In this context, the principle employment-related challenges are:

- developing a team spirit;
- maintaining a high level of expertise;
- ensuring equal opportunity employment;
- gender equality;
- promoting dialogue between employees and management;
- the quality of working conditions;
- preserving the health and safety of all;
- maintaining a proper balance between professional and private life.

2.1 — Management and a sense of belonging

With a family-style management culture that is close to its employees, everyone is free to share their ideas in a manner that respects the company's values. Management attaches great importance to ensuring that each employee fully understands and supports the Group's strategy.

Through weekly memos and regular information meetings on business developments and trends, employees are kept up-to-date on expectations of management and the market. The organization's flexibility largely made up of small teams facilitates its continuous adaptation to all changes or evolving external conditions.

This sharing of the "Interparfums" spirit, also entails a commitment to and understanding of its ethical values by each employee, the fulfillment of employees at work and compliance with good working conditions.

This ethical commitment is formalized by a "Code of Good Conduct" to which each employee subscribes, and that is focused in particular on health, safety, discipline, risk management, preventing harassment, respecting individual freedoms, sensitive transactions, fraud and business confidentiality.

In 2017, the Group adopted a Charter relating to the right to disconnect from digital devices that was accepted by each employee.

2.2 — Equal opportunity and continually adapting skills

The Human Resources department pays particular attention to ensuring equal opportunity and non-discrimination for each recruitment. Only skills, experience, qualifications and the personality of the candidates are taken into account in the selection process for new employees. This diversity in terms of profiles, culture, age and gender constitutes a decisive strength of its teams, the company's most important asset.

In 2020 women accounted for 72% of Interparfums' workforce (with 56% of management positions occupied by women) compared to 58% in 2019.

Following two employee awareness-raising campaigns in 2019 and 2020, two employees were accorded the status of employees with disabilities through a process expressly available in France for that purpose (*Reconnaissance de la Qualité de Travailleur Handicapé* or RQTH). In addition, in 2019, the company entered into an agreement with "*Les papillons de jour"*, France's first communications agency adapted for disabled workers, in order to among other missions, conduct a number of employee awareness-raising initiatives focusing on issues relating to disabilities. In this way, the company participate indirectly in promoting the employment of persons with disability and combating discrimination against disabled persons. For example, the company works with a sheltered work enterprise for the packaging of its fragrances and an assisted employment entities (ESAT) for the preparation of the shopping bag used for presentations of new fragrances to the press. In 2020, the total cost for these services amounted to €697,728.

In addition, the Group has adopted action plans promoting the employment of seniors and equal opportunity between men and women.

The quality of work performed by the teams is reinforced throughout the career of employees in order to maintain their skills at a high level for all activities and functions. All Interparfums employees are offered individual employee development plans offering opportunities to all to expand their technical, managerial or personal skills. Subjects covered by training included mainly workplace health and safety, office automation, language skills, business function-specific training and employee development.

2.3 — Health, safety, dialogue between employees and management and working conditions

Following the implementation of the Social and Economic Committee (*Comité Social et Economique* or CSE), a French employee representation body, in June 2019, an "Occupational Health & Safety" committee was set up along the lines of the previous body, the Health, Safety and Working Conditions Committee. The committee made up of two non-management employees normally meets once per quarter.

In 2020, two commuting accidents were recorded, though without resulting in sick leave. No occupational accidents or illnesses were reported in the period. As Interparfums does not possess manufacturing sites, the risk of occupational accidents is minimized. Furthermore, the Group does not generate hazardous situations.

Working conditions are excellent with most employees working at the head office in Paris. These offices are calm and bright. The company pays particular attention to the issue of good posture in the workplace and the prevention of muscle-skeletal and related risks. Itinerant employees are provided with quality company cars and computer equipment specifically adapted to their needs. Interparfums has also implemented a number of measures designed to good working conditions for employees and service providers, and in particular those working on a regular basis at our logistics warehouse at our logistics warehouse: heating the warehouse at 11°C, individual dressing rooms and shower facilities, natural lighting, natural lighting, blank walls for persons working on foot a dedicated and well-kept meal area…

After drawing up a workplace map no measure job-related duress, no positions were identified falling into this category.

Furthermore, for the prevention of psycho-social risks, a platform providing counseling and psychological support has been available to employees through a special toll-free number in partnership with a specialized organization (IAPR *Institut d'Acccompagnement Permanent Psychologique et de Ressources).*

For employees working in France and as required by law, elections to appoint members of employee representation bodies are held every four years. On that basis, the latest elections held in June 2019 led to the formation of a Social and Economic Committee comprised of five management employees. Destined to meet on a monthly basis, the Social and Economic Committee is informed and consulted on strategic and organizational issues having an impact on Group employees.

2.4 — Employment indicators

2.4.1 — Compensation and wage increases

Interparfums has a compensation policy, a system of job classifications and performance evaluations applied to all employees. These procedures guarantee the principle of fairness as well as equal treatment of men and women employees. All employees benefit from a combination of fixed and variable incentive compensation benefits linked to the Group's performance.

— Profit-sharing

As required by French law, a statutory employee profit-sharing agreement was implemented in 2001. In April 2015, this agreement was amended following the signature by employee representatives to provide by derogation more advantageous terms to employees, representing an important component of compensation and motivation for all staff and reviewed every year.

— Company savings plan and group pension plan

All the company's employees benefit from a company savings plan which proposes several types of funds corresponding to the specific projects of each. Since 2017, it has adapted its scheme by proposing an Interparfums stock ownership fund allowing employees to take advantage of the growth of the Interparfums share on the basis of favorable tax conditions. The amounts employees pay into this fund are supplemented by an important contribution by the company.

In addition, a group retirement savings plan (*Plan d'Epargne Retraite Collectif* or PERCOL) is available to employees as a vehicle for preparing for their retirement and to which the company contributes significantly. Employees also can transfer a portion of their unused annual vacation days to the group retirement savings plan.

— Supplemental defined contribution retirement plan contract (Article 83)

Management employees benefit from a supplemental defined-contribution retirement plan. Participation in this plan is mandatory. This individual plan is funded by monthly employee and company contributions, with the breakdown of these latter contributions freely determined. The company has decided to assist its employees in financing this supplemental retirement benefit, by assuming an important percentage of these contributions itself.

— Employee share ownership/ Restricted stock awards

In addition, to promote employee stock ownership, in September 2016 and then in December 2018 the company implemented two performance share plans for all employees for nearly 1% of the share capital.

2.4.2 — Absenteeism

The absenteeism rate, a key indicator for measuring employee engagement and motivation, is very low: 3.66% in 2020 (2.27% in 2019).

Adjusted to exclude maternity leave, the absenteeism rate is 1.65% (1.04% in 2019).

(French workforce reporting boundary only).

2.4.3 — Staff organization and management

The strength of the Group's organizational model is based on teams with a human scale and the homogeneous breakdown in terms of ages and levels of responsibility which allows the Group to benefit from a wide mix of backgrounds and an extremely flexible organization.

— Headcount by function/division

Number of employees at	12/31/2019	12/31/2020
General Management	2	2
Production & Logistics	48	45
Marketing	62	66
Export	79	74
France	41	42
Finance & Corporate Affairs	61	57
Rochas fashion	7	4
Total	**300**	**290**

— Headcount by geographic region

Number of employees at	12/31/2019	12/31/2020
France	218	213
North America	64	59
Asia	18	18
Total	**300**	**290**

— Headcount by age

Number of employees at	12/31/2019	12/31/2020
Younger than 25	9	5
Between 25 and 35	111	99
Between 36 and 45	89	92
Between 46 and 55	62	64
Older than 55	29	30
Total	**300**	**290**

The average age for the Group employees is 41.

— Change in headcount
(French workforce reporting boundary only).

The turnover rate for 2020 was 7% compared to 12% in 2019.

The average seniority of Group employees is 9.9 years

3 — Respecting the environment and social responsibility

Even though the Group does not directly manage industrial sites, it is nevertheless involved in developing an environmentally responsible strategy in partnership with its subcontractors and suppliers, focusing notably on the following areas:

— the choice of techniques and materials;
— recycling and waste elimination measures;
— reducing CO_2 emissions from transport.

It also intervenes in the civil society in the following areas:

— developing the local economy;
— relations with schools and educational establishments;
— financing voluntary sector initiatives.

3.1 — Production and the environment

The Group's headquarters is in the center of Paris. All Group staff are employed in countries with favorable labor legislation (France, the United States and Singapore) which respect International Labor Organization (ILO) conventions.

The Group does not exercise and industrial activity and the entire production process is outsourced to manufacturing partners with optimal expertise and accountable leadership in their respective areas. These include producers of juice, glass, caps and cardboard boxes and packaging companies. The Group takes environmental issues into account at each of these phases, and in particular regarding the choice of materials used for components, waste management and reducing the carbon footprint.

Production facilities of subcontractors as well as warehousing facilities for finished products are located primarily in the Haute Normandie region of France. The activity generated by Interparfums contributes to developing the local economy.

At every stage of the purchasing process, the company seeks to determine the precise needs and considers the requirement of limiting sources of unnecessary costs:

— reducing waste, in particular at the phases of production, consumption and the end of the product life;
— recycling subpar production, notably at the production phase;
— repairing to increase the lifespan of materials or products (in particular the palettes).

3.1.1 — The storage facility and the environmental footprint

The Group uses for its logistics needs an HQE (High Environmental Quality) certified warehouse. This certification concerns notably improved insulation, a lighting system with presence-detectors, Ecolabel finishing materials, centralized technical management for energy controls, rainwater recovery, high-performance waste separation collection installations, etc.

The company regularly monitors energy and water consumption indicators to assess possibilities for improving energy efficiencies in the area of lighting, heating and air-conditioning for the entire warehousing site, for example by adjusting ventilation flows and using a program that reduces heating and ventilation over weekends.

With this objective, measures are planned to automatically turn off lights in the warehouse when employees are taking outside breaks and maintain the warehouse temperature at 11°. These energy savings initiatives include measures providing for managing the hours for reloading the electric forklifts during non-peak hours during the night, requiring low consumption for a maximum of 280,000 kW instead of 600,000 kW during the day. Monthly reports on electricity consumption are prepared, allowing the company to analyze the causes for overconsumption, when applicable, in order to take corrective actions as applicable. The measurement of energy consumption highlighted stable levels for electricity and gas over the last four years, whereas water consumption has on average declined marginally. Finally, in the spirit of contributing to protecting the environment, the company has installed parking places at the logistic site for bicycles and electric recharging stations for cars.

By strategically locating its warehouse at a midpoint between its subcontractors, the Group has reduced distances for shipments of finished products.

Measures undertaken in collaboration with the warehouse and trade goods shipping manager, within the framework of the improvement and optimization of shipments between production sites and the logistics platform have contributed to reducing the number of back-and-forth trips for trucks.

In the area of transport to distributors, the Group uses road transport for France and Europe and maritime transport for the Americas, Asia and the Middle East. Use of air transport is very limited and reserved only for urgent situations where no other solutions are available. Certain promotional materials manufactured in Asia are shipped directly to Asian an American distributors without being imported and stored in France.

In addition, in 2018 the Group commissioned a new warehouse located in Singapore to promote the use of short channels within the Asia Pacific region. This warehouse makes it possible to maintain a permanent inventory in this region and, in this way, encourages the use of maritime transport for goods shipped from France to Asia.

3.1.2 — Production and waste management

Measures to prevent environmental risks and pollution involve firstly the choice of techniques and materials.

To reduce the impacts of its activities, a water-soluble solution in part biodegradable that does not harm the environment is used in the coloring of some of its bottles. For the remainder of the product lines, the coating process provides for the gradual elimination of solvent-based coatings and the progressive adoption of hydro-coating for all the company's products, in compliance with the law of 2005 for reducing emissions of Volatile Organic Compounds (VOC) in the air. In addition, certain sub-contractors for glass making have electrostatic air filters to reduce dust and smoke emissions in addition to wastewater recycling.

The Group has in addition eliminated thermosetting plastics from its line of bath and body care products in favor of recyclable plastic.

To balance product quality and aesthetics with environmental considerations, the Group takes care to reduce packaging volumes and select the appropriate materials at each stage of production to ensure optimal conditions for their recycling or disposal.

The manufacture of bottles using recyclable glass provides for a system for recovering, grinding and recasting certain bottle components, which generates savings in volume of materials used of 20%. Indicators in place since 2013 for tracking wastage have improved the Group's ability to monitor wastage rates by glass bottle decorators. Its first objective is to apply a continuous improvement approach and reduce rates of wastage over the long term. The second objective is to succeed in reducing this wastage and reintroduce bottles back into the manufacturing cycle.

In addition, the company has adopted procedures for recovering waste from subcontractors originating from surplus production or components of discontinued products. The recovered waste is then sorted for the purpose of their elimination.

The Group has also rationalized the bulk and secondary packaging (product boxes and perfume sets) in order to optimize the palletizing process, reduce the purchase of cardboard packaging materials and reduce volumes transported by decreasing the amount of empty space. The company henceforth requires a minimum number of palettes per truck.

Finally, cardboard packaging materials for testers are 100% recyclable.

3.2 — Relations with not-for-profits and educational establishments

3.2.1 — Donations and sponsorship initiatives

The Group contributes to volunteer-sector organizations intervening in the areas of solidarity, childhood, combating exclusion and promoting health, by providing financial assistance to support their projects and initiatives.

In 2020, Interparfums renewed its support for communities producing essential patchouli oil of Indonesia, used in the manufacture of its products. Since 2018, through the Givaudan Foundation, Interparfums has provided support to four schools for the management of their libraries established on the island of Sulawesi. This initiative benefited nearly 900 students and 55 teachers. This initiative also provides for creating an additional library on the same island in 2021.

In 2020, funding of sponsorship initiatives amounted to €130,000.

3.2.2 — Educational establishments

Keen to share its experience and train future generations, the Group is a regular contributor, particularly in the fields of marketing and finance, at different leading schools (business schools, Sciences Po, École supérieure de parfumerie…).

Interparfums also regularly welcomes interns within the Group.

3 Consolidated financial statements

Consolidated financial statements

Consolidated income statement

In € thousands, except per share data which is in units	Notes	2019	2020
Revenue	4.1	**484,260**	**367,365**
Cost of sales	4.2	(175,441)	(140,293)
Gross margin		**308,819**	**227,072**
% of sales		*63.8%*	*61.8%*
Selling expenses	4.3	(216,978)	(162,643)
Administrative expenses	4.4	(18,772)	(17,520)
Operating profit		**73,069**	**46,909**
% of sales		*15.1%*	*12.8%*
Financial income		2,090	1,759
Interest and similar expenses		(1,199)	(901)
Net finance costs		**891**	**858**
Other financial income		4,288	4,045
Other financial expense		(5,095)	(6,051)
Net financial income (expense)	4.5	**84**	**(1,148)**
Income before income tax		**73,153**	**45,761**
% of sales		*15.1%*	*12.5%*
Income tax	4.6	(22,057)	(15,220)
Effective tax rate		30.2%	33.3%
Share of profit from equity-accounted companies		-	477
Net income		**51,096**	**31,018**
% of sales		*10.6%*	*8.4%*
Net income (loss) attributable to non-controlling interests		**(463)**	**(314)**
Attributable to equity holders of the parent		**50,633**	**30,704**
% of sales		*10.5%*	*8.4%*
Basic earnings per share [1]	4.7	1.11	0.64
Diluted earnings per share [1]	4.7	1.11	0.64

(1) Restated on a prorated basis for bonus share grants.

Consolidated statement of comprehensive income and expense

€ thousands	**2019**	**2020**
Consolidated net profit for the period	**51,096**	**31,018**
Available-for-sale assets	-	-
Currency hedges	(153)	(97)
Deferred tax arising from items able to be recycled	53	31
Items able to be recycled in profit or loss	**(100)**	**(66)**
Actuarial gains and losses	(33)	8
Deferred taxes on items unable to be recycled	11	(3)
Items unable to be recycled in profit or loss	**(22)**	**5**
Other comprehensive income total	**(122)**	**(61)**
Comprehensive income for the period (1)	**50,974**	**30,957**
Net income (loss) attributable to non-controlling interests	(463)	(314)
Attributable to equity holders of the parent	**50,511**	**30,643**

Consolidated balance sheet

ASSETS

€ thousands	Notes	2019	2020
Non-current assets			
Net trademarks and other intangible assets	3.1	154,979	153,578
Net property, plant, equipment	3.2	7,081	13,298
Right-of use assets	3.3	11,038	8,349
Long-term investments	3.4	2,862	2,834
Other non-current financial assets	3.4	3,066	2,566
Equity-accounted investments	3.5	-	12,977
Deferred tax assets	3.13	9,556	7,982
Total non-current assets		**188,582**	**201,584**
Current assets			
Inventory and work-in-progress	3.6	106,469	92,520
Trade receivables and related accounts	3.7	93,700	85,961
Other receivables	3.8	5,580	5,298
Corporate income tax		1,003	3,273
Current financial assets	3.9	106,607	103,192
Cash and cash equivalents	3.9	99,062	124,966
Total current assets		**412,421**	**415,210**
Total assets		**601,003**	**616,794**

SHAREHOLDERS' EQUITY & LIABILITIES

€ thousands	Notes	2019	2020
Shareholders' equity			
Share capital		141,787	155,965
Additional paid-in capital		-	-
Retained earnings		270,409	305,820
Net income for the year		50,633	30,704
Equity attributable to parent company shareholders		**462,829**	**492,489**
Non-controlling interests		1,609	1,629
Total shareholders' equity	3.10	**464,438**	**494,118**
Non-current liabilities			
Provisions for non-current commitments	3.11	9,338	12,984
Non-current borrowings	3.12	-	-
Non-current lease liabilities	3.12	8,297	6,139
Deferred tax liabilities	3.13	2,604	1,913
Total non-current liabilities		**20,239**	**21,036**
Current liabilities			
Trade payables and related accounts	3.14	63,664	51,276
Current borrowings	3.12	10,018	11,000
Current lease liabilities	3.12	3,334	2,852
Provisions for contingencies and expenses	3.11	178	925
Income tax		4,569	2,939
Other liabilities	3.14	34,563	32,648
Total current liabilities		**116,326**	**101,640**
Total shareholders' equity and liabilities		**601,003**	**616,794**

Statement of changes in consolidated shareholders' equity

€ thousands	Number of shares	Share capital	Paid-in capital	Other comprehensive income	Retained earnings & net income	Total equity Group share	 Non-controlling interests	 Total
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)	-	-	-
2019 net income	-	-	-	-	50,633	50,633	463	51,096
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	(22)	-	(22)	-	(22)
Remeasurement of financial instruments at fair value	-	-	-	(100)	-	(100)	-	(100)
2018 dividend paid in 2019	-	-	-	-	(30,325)	(30,325)	(294)	(30,619)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	(202)	(202)
Treasury shares	26,218	-	-	-	(2,932)	(2,932)	-	(2,932)
Currency translation adjustments	-	-	-	-	977	977	-	977
As of December 31, 2019(1)	**47,055,449**	**141,787**	**-**	**(1,119)**	**322,161**	**462,829**	**1,609**	**464,438**
Bonus share issues	4,726,219	14,178	-	-	(14,178)	-	-	-
2020 net income	-	-	-	-	30,704	30,704	314	31,018
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	5	-	5	-	5
Remeasurement of financial instruments at fair value	-	-	-	(66)	-	(66)	-	(66)
2019 dividend paid in 2020	-	-	-	-	-	-	(294)	(294)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Treasury shares	13,396	-	-	-	2,292	2,292	-	2,292
Currency translation adjustments	-	-	-	-	(3,274)	(3,275)	-	(3,275)
As of December 31, 2020(1)	**51,795,064**	**155,965**	**-**	**(1,180)**	**337,705**	**492,489**	**1,629**	**494,118**

(1) Excluding treasury shares.

Statement of cash flows

€ thousands	2019	2020
Cash flows from operating activities		
Net income	51,096	31,018
Depreciation, amortization and other	15,298	18,902
Share of profit from equity-accounted companies	-	(477)
Net finance costs	(891)	(858)
Tax charge of the period	22,057	15,220
Operating cash flows	**87,560**	**63,805**
Interest expense payments	(1,300)	(896)
Tax payments	(20,095)	(17,991)
Cash flow after interest expense and tax	**66,165**	**44,918**
Change in inventory and work in progress	(8,757)	8,509
Change in trade receivables and related accounts	(2,003)	5,088
Change in other receivables	(197)	(1,160)
Change in trade payables and related accounts	(9,746)	(12,005)
Change in other current liabilities	4,001	641
Change in working capital needs	**(16,702)**	**1,073**
Net cash flows provided by (used in) operating activities	**49,463**	**45,991**
Cash flows from investing activities		
Net acquisitions of intangible assets	(2,001)	(1,432)
Net acquisitions of property, plants and equipment	(3,160)	(8,543)
Net acquisitions of property, plants and equipment – right-of-use assets	-	(699)
Acquisition of equity interests	-	(12,500)
Net acquisitions of marketable securities (> 3 months)	4,010	3,376
Changes in investments and other non-current assets	8,312	528
Net cash flows provided by (used in) investing activities	**7,161**	**(19,270)**
Financing activities		
Issuance of borrowings and new financial debt	-	12,000
Debt repayments	(20,000)	(11,000)
Discharge of lease liabilities	(3,752)	(2,640)
Dividend payments to shareholders	(30,325)	-
Capital increases	-	-
Treasury shares	(5,393)	823
Net cash flows provided by (used in) financing activities	**(59,470)**	**(817)**
Change in net cash	**(2,846)**	**25,904**
Cash and cash equivalents, beginning of year	101,908	99,062
Cash and cash equivalents, end of year	**99,062**	**124,966**

The reconciliation of net cash breaks down as follows:

€ thousands	2019	2020
Cash and cash equivalents	99,062	124,966
Current financial assets	106,607	103,192
Net cash and current financial assets	**205,669**	**228,158**

Notes to the consolidated financial statements

Annual highlights

February

— Launch of the *Coach Dreams* line

Coach Dreams is a playful and lighthearted fragrance. Inspired by 21st century dreamers and their carefree spirit of adventure, it conveys the excitement of a road trip with friends.

— Launch of the Rochas *Byzance* line

The *Byzance* woman is a sensual, confident and mysterious sovereign. She has the power to convince and seduce. Her life resembles a modern-day fairytale.

— Launch of the *Rochas L'Homme* line

As the reflection of Parisian chic, this incarnation of the Rochas man exudes wild, irresistible and thoroughly masculine charm. As the *Mademoiselle Rochas*' alter ego, he embodies the elegance of a new French lover.

March

— Launch of the *Montblanc Signature* line

Full of contrasts, the Eau de Parfum intermingles the sensuality of enveloping vanilla with a contrasting "clean" facet of musks, creating an addictive, chic, deliciously feminine trail.

May

— Launch of the *Coach Man Blue* line

A fragrance for a free-spirited, optimistic and authentic lover of adventure.

— Launch of the *Places by Karl* duo

For her, Paris 21 rue Saint Guillaume offers a floral chypre bouquet, combining rose, jasmine and gardenia with notes of mandarin, grapefruit with a modern and structured base of patchouli and sandalwood.

For him *New York Mercer Street* is a woody aromatic fragrance that reveals a heart of green rhubarb and aromatic notes, on a bed of noble and characterful woods and cotton musks.

— Launch of the Boucheron *Rose d'Isparta* line

An oriental floral fragrance opening with captivating and mystical top notes of ginger, ambrette and frankincense. The heart notes conveys the exalting sensuality of the Turkish rose with a spicy finish of cinnamon and saffron.

June

— Moncler and Interparfums sign a fragrance license agreement

On June, 11 Moncler SpA, the iconic global luxury brand, and Interparfums SA, announced the signature of an exclusive worldwide license agreement for fragrances for a contractual term of 6 years with a potential 5-year extension to create, produce and distribute perfumes for the brand.

— Interparfums acquires 25% of www.origines-parfums.fr

At the end of June, Interparfums and Divabox, the owners of the *Origines-parfums* e-commerce platform for beauty products, announced the signature of a strategic and equity investment partnership whereby Interparfums will acquire 25% of Divabox's capital through a reserved capital increase.

August

— Launch of the men's *Montblanc Legend Eau de Parfum* line

The *Montblanc Legend Eau de Parfum* man… Confident and assured, he lives his feelings, courage, and convictions. Yet without saying a word, we sense his purpose, charisma, and authenticity.

September

— Launch of the Boucheron *Serpent Bohême* line

Serpent Bohème embodies of course a free spirit, independence and elegance, unencumbered by conventions or dictates. A celebration of everyday life, guided by beauty and dreams.

— Launch of the Lanvin *Éclat d'Arpège Sheer* line

Éclat d'Arpège Sheer, celebrates love in the spirit of *Éclat d'Arpège* with smiles and tenderness.

October

— Bonus share issue

For the 21st consecutive year, the Company proceeded with a new bonus issue on the basis of one new share for every ten shares held.

December

— Interparfums signs a purchase option for the acquisition of its future headquarters

Interparfums signed a purchase option *("promesse de vente")* subject to conditions to acquire an office complex for its future headquarters located in the heart of Paris.

This transaction is expected to be completed in the spring of 2021, with the move planned for the end of 2021 or the beginning of 2022. Approximately 90% of the purchase price of €125 million, excluding taxes and related expenses, will be financed by a bank loan.

1 — Accounting principles

1.1 — Compliance statement

In accordance with EC regulations 1606-2002 of July 19, 2002 on international accounting standards, the 2020 consolidated financial statements of Interparfums are established in compliance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) applicable since 2005 as endorsed by the European Union.

Financial information presented herein is based on:

— IFRS standards and interpretations subject to mandatory application;
— Options retained and exemptions used by the Group for the preparation of IFRS consolidated financial statements.

The consolidated financial statements at December 31, 2020 were adopted by the Board of Directors on March 1, 2021. They will become definitive after having been approved by the ordinary general Meeting of April 23, 2021.

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 December 31, 2020.

The following standards, amendments or interpretations that entered into force on January 1, 2020 were applied by the company in preparing its consolidated financial statements for the period ended December 31, 2020.

— Amendments to IFRS Conceptual Framework

These amendments have no impact on the financial statements are presented.

— Amendments to IAS 1 and IAS 8 “Definition of material”

These amendments do not have an impact in the financial statements here presented as the company has never been required to make economic decisions based on the material nature of financial information.

— Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest rate benchmark reform”

These amendments have no impact in the financial statements here presented as the as these loan interest rates are not covered by hedging instruments.

1.3 — Basis of consolidation

Interparfums SA		Ownership & controlling interests %	Consolidation method
Interparfums Suisse Sarl	Switzerland	100%	Full consolidation
Inter España Parfums et Cosmetiques Sl	Spain	100%	Full consolidation
Parfums Rochas Spain	Spain	51%	Full consolidation
Interparfums Srl	Italy	100%	Full consolidation
Interparfums Luxury Brands	United States	100%	Full consolidation
Interparfums Asia Pacific pte Ltd	Singapore	100%	Full consolidation
Divabox	France	25%	Equity method

Parfums Rochas S.L 51%-held by Interparfums is fully consolidated based on the exercise of exclusive control over this company.

At June 30, 2020, Interparfums acquired 25% of the capital of Divabox, specialized in e-commerce for beauty products. Divabox is consolidated by the Group according to the equity method because it exercises significant influence but not control.

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.

1.4 — Translation method

The company’s operating currency and currency for the presentation of financial statements is the Euro.

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Payables and receivables in foreign currency are translated at the exchange rate in force on December 31, 2020. Translation losses and gains arising from the conversion of accounts denominated in foreign currencies on December 31, 2020 are recorded in the income statement. Hedged transactions are translated at the negotiated exchange rate.

The main exchange rates applied for the translation of subsidiaries’ accounts in relation to the Euro are as follows:

	Closing exchange rate		Average exchange rate	
Currency	2019	2020	2019	2020
US dollar (USD)	1.1234	1.2271	1.1195	1.1422
Singapore dollar (SGD)	1.5111	1.6218	1.5273	1.5742
Swiss franc (CHF)	1.0854	1.0802	1.1124	1.0705

1.5 — Use of estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions for the valuation of certain balance sheet and income statement balances. These concern primarily the valuation of intangible assets, amounts to be set aside for provisions for contingencies and expenses and provisions for inventory losses. Although these estimates are based on management's best knowledge of current events and situations, actual results may ultimately differ from these estimates.

1.6 — Revenue

Revenue includes principally ex-warehouse sales to distributors and agents and direct sales to retailers for the portion realized by Group subsidiaries.

Revenue from perfume and cosmetics products is presented net of all forms of discounts and rebates.

Revenue is recognized on the basis of conditions of transfer to the buyer of the risks and rewards incident to ownership. Amounts invoiced at year-end when the actual transfer of title occurs in the following year are not recognized under revenue of the year in progress.

1.7 — Trademarks and other intangible assets

Trademarks and other intangible fixed assets, including trademarks under licensing contracts and acquired trademarks are recorded at cost. These legally protected trademarks are classified as indefinite life intangible assets and are not amortized.

Finite life intangible assets such as upfront license fees are amortized on a straight-line basis over the duration of the license.

Rights on molds for bottles and related items are classified as finite life intangible assets and amortized over a period of between three and five years.

Licenses and upfront license fees are remeasured whenever there is any indication of impairment. Their recoverable value is determined according to the discounted cash flow method defined as the present value of estimated future cash flows expected to arise from the continuing use of these assets calculated according to their estimated or actual length. Data used originates from the annual and multi-year budgets for duration of the license agreements drawn up by Management.

Own brands are also tested for impairment at least once a year by comparing their net carrying value with their recoverable value. The recoverable value represents the higher of fair value less costs to sell and its value in use on the basis of the present value of estimated future cash flows derived from five year budgets discounted to infinity.

A provision for impairment is recorded if this value is lower than the carrying value.

The discount rate before tax applied for remeasurement is the weighted average cost of capital (WACC) of 6.99% at December 31, 2020 compared to 7.94% at December 31, 2019. This ratio is determined on the basis of a negative long-term interest rate of 0.04% corresponding to the average rate for 10-year OAT French fungible treasury bonds of the last quarter, the rate expected by an investor in this sector and the specific risk premium for this sector. The perpetuity growth rate used is 0% at December 31, 2020 and 1.4% at December 31, 2019.

Costs generated on acquisition analyzed as directly attributable costs are included in the cost of the acquired assets.

Other intangible assets are amortized over their useful lives and subject to impairment testing when an indication of impairment exists.

All license agreements provide for international rights of use. Other intangible assets, in particular rights on molds for bottles are mainly used in France by our subcontractors.

1.8 — Property, plant and equipment

Tangible fixed assets are valued at cost (purchase price plus acquisition-related costs) and depreciated over their estimated useful lives on a straight-line basis (2 to 5 years). Tangible fixed assets include molds for caps.

The majority of tangible fixed assets are used in France.

1.9 — Inventory and work-in-progress

Inventories are valued at the lower of cost or probable resale value. A provision for impairment is recorded when their probable resale value is lower than the carrying value.

The cost of inventories of raw materials and supplies is valued on the basis of average weighted prices.

The cost of finished products includes the cost of materials used, production expenses and a share of indirect costs valued at a standard rate.

At the end of every year, these standard rates are compared with the effective rate obtained based on actual figures at year-end.

1.10 — Other non-current financial assets

The line item "non-current financial assets" consist mainly of a royalties advance on the Karl Lagerfeld license agreement that is charged against future royalties every year. This advance was remeasured at present value according to the amortized cost method over the license agreement's term and the corresponding offset is recognized by increasing the amortization of upfront license fees.

1.11 — Receivables

Accounts receivable are recorded at face value. A provision for impairment is recorded on a case-by-case basis when the probable recovery value is deemed to be less than the carrying value.

1.12 — Deferred tax

Timing differences between the tax base of consolidated assets and liabilities and tax on restatements on consolidation give rise to the recognition of deferred taxes under the liability method based on the known year-end tax conditions.

Potential tax savings resulting from loss carry forwards are recorded under deferred tax assets only when their use in the short term is deemed likely, and subject to depreciation when appropriate, are maintained in the balance sheet.

1.13 — Current financial assets

Current financial assets consist of investments in the form of certificates of deposits, term deposits, capital redemption contracts or any other vehicles having maturities of more than three months.

1.14 — Equity-accounted investments

The line item "Equity-accounted investments" includes the 25% share of the capital of Divabox acquired in June 2020 (see note 3.5).

1.15 — Cash and cash equivalents

The item "Cash and cash equivalents" includes marketable securities and cash at bank and in hand that consist of highly liquid investments with maturities of less than three months readily convertible to a known cash amount and subject to an insignificant risk of changes in value.

1.16 — Treasury shares

Interparfums shares held by the Group are recorded as a deduction from equity at cost.

If sold, the proceeds are recorded directly under equity net of tax.

1.17 — Provisions for contingencies and expenses

— Retirement severance benefits

This reserve is maintained to honor employee pension benefit commitments and corresponds to the present value of the payments to which employees are entitled, under the collective bargaining agreement, once they retire.

For the measurement of retirement severance benefits, Interparfums has adopted the procedure for voluntary severance agreements introduced by Ordinance 20171387 published in the French Official Journal of September 23, 2017 and Decree 20171398 published in the French Official Journal of September 26, 2017. This procedure provides for the systematic signature of a severance agreement by the employer and the employee specifying the terms and conditions of the termination. Because the method in force prior to the end of the reporting period involved compulsory retirement, the impact of this change in the assumptions used for calculation was recognized under past service costs. The projected unit credit was applied. This method takes into account rights and wages projected to term, the probability of payment as well as the prorated amount of seniority so that commitments correspond to the value of service already rendered by employees.

Accordingly, the calculation of commitments for severance benefits involves estimating the probable present value of projected benefit obligations (PBO), i.e. the rights of employees at the time of departure taking into account the probability of departure and death of the employees before term as well as the impact of revaluations and discounts. This projected benefit obligation is then prorated to take into account the seniority of the employees of the company on the calculation date.

— Provisions for other contingencies and expenses

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and a reliable estimate can be made of the amount of the obligation.

1.18 — Financial instruments

Derivative financial and hedging instruments are used by the Group to reduce exposure to interest rate and foreign exchange risks. Such instruments are not used for speculative purposes.

— Currency hedges

The company has recourse to forward exchange contracts and cash flow hedges put into place at the time receivables or payables are recognized. These contracts have maturities of three to six months according to the maturities of the corresponding receivables and payables in foreign currencies (primarily the US dollar and Sterling pound). Currency gains and losses from these instruments are recognized in the income statement when the receivables are booked.

1.19 — Borrowings

On initial recognition, borrowings are measured at fair value to which are added transaction costs directly attributable to the issuance of the liability.

At year-end, borrowings are recognized at amortized cost according to the effective interest rate method.

1.20 — Other liabilities

Other financial debt and operating liabilities are measured at fair value on initial recognition. These amounts generally correspond to the amounts of the invoices in the case of short-term payables.

1.21 — Performance share awards

IFRS 2 requires that a charge be recorded in the income statement with a corresponding increase to reserves representing the market value of restricted stock awards to employees, estimated on the grant date. This value also takes into account assumptions relating to the departure of beneficiaries and the rate of probability of achieving performance criteria to be eligible for the shares. Changes occurring after the grant date do not have an impact on this initial valuation. This expense is amortized and adjusted upon each exercise for changes in assumptions regarding the presence of the beneficiaries over the vesting period.

1.22 — Registration of trademarks

Under IAS 38, expenses incurred in connection with the registration of each trademark are not capitalized and are expensed under "research and consulting costs".

1.23 — Earnings per share

Basic earnings per share are calculated using the weighted average number of shares outstanding during the year after subtracting treasury shares.

Fully-diluted earnings per share are calculated based on the average number of shares outstanding in the period, after subtracting only treasury shares destined to be held on a long-term basis and adjusted for the effects of all potential diluted ordinary shares resulting from the exercise of stock options in the period.

To ensure the comparability of information, basic and diluted earnings per share of the prior year are systematically recalculated to take into account bonus share grants in the year in progress.

2 — Principles of presentation

2.1 — Presentation of the income statement

The consolidated income statement of the Group is presented by function. Under this format, expenses and income are broken down by function (cost of sales, selling expenses, administrative expenses) and not according to the nature of the origin of expenses and income.

2.2 — Presentation of the balance sheet

The consolidated balance sheet is presented according to a breakdown between assets and liabilities defined as current or non-current.

2.3 — Segment information

Segment information presented in this report is based on the segments used by management to monitor Group operations.

2.3.1 — Business lines

The company's main activity is "Perfumes". Because the financial performance indicators of each brand making up this business are similar, the Group's income statement and balance sheet in consequence represent the "Perfumes" business as a whole.

The company also manages a "Fashion" business of small size and representing the operations generated by the fashion component of the Rochas brand. However because the "Fashion" business accounts for less than 0.5% of revenue, it is not presented separately in the income statement.

Significant balance sheet items relating to the "fashion" business are presented in note 5.1.

2.3.2 — Geographical segments

The Group has a significant international dimension and analyses sales by geographic segment.

All assets necessary for the company's activity are located in France.

3 — Notes to the balance sheet

3.1 — Trademarks and other intangible assets

3.1.1 — Nature of intangible assets

€ thousands	**2019**	**+**	**–**	**2020**
Gross value				
Indefinite useful life intangible assets				
Lanvin trademark	36,323	-	-	36,323
Rochas Fragrances trademark	86,739	-	-	86,739
Rochas Fashion trademark	19,086	-	-	19,086
Finite useful 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	13,642	1,086	-	14,728
Registration of trademarks	570	-	-	570
Software	3,551	346	(101)	3,796
Total gross amount	**208,257**	**1,432**	**(101)**	**209,588**
Amortization and impairment				
Indefinite useful 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	(815)	(66)	-	(881)
Boucheron upfront license fee	(9,000)	(1,000)	-	(10,000)
Karl Lagerfeld upfront license fee	(9,700)	(635)	-	(10,335)
Other intangible assets				
Rights on molds for bottles and related items	(10,816)	(954)	-	(11,770)
Registration of trademarks	(500)	-	-	(500)
Software	(2,978)	(170)	93	(3,055)
Total amortization and impairment	**(53,278)**	**(2,825)**	**93**	**(56,010)**
Net total	**154,979**	**(1,393)**	**(8)**	**153,578**

Own brands

— Lanvin trademark

As Interparfums acquired ownership for the Lanvin trademark and brand name for class 3 products (perfumes) in July 2007 no amortization was recognized in its balance sheet.

— Rochas trademark

As Interparfums acquired ownership for the Rochas trademark and brand name for products of class 3 (perfumes) and class 25 (fashion) in May 2015, no amortization was recognized in its balance sheet.

Licensed brands

— S.T. Dupont upfront license fee Dupont

The total upfront license fee of €1,219,000 has been fully amortized since June 30, 2011.

— Van Cleef & Arpels upfront license fee

An upfront license fee of €18 million paid on January 1, 2007 has been fully amortized since December 31, 2018.

An amendment agreement extending the partnership between Van Cleef & Arpels and Interparfums was signed in May 2018 for six additional years. This amendment does not provide for an additional upfront license fee.

— Montblanc upfront license fee

The upfront license fee of €1 million paid on June 30, 2010 is amortized over the 15.5 year term of the Montblanc license agreement.

— Boucheron upfront license fee

The upfront license fee of €15 million paid on December 17, 2010 is amortized over the 15 year term of the Boucheron license agreement.

— Karl Lagerfeld upfront license fee

The upfront license fee of €13 million was recognized in 2012 and is amortized over the term of the Lagerfeld license agreement or 20 years starting from January 1, 2012.

The upfront license fee includes the difference between the nominal value and the present value of the advance on royalties for €3,287,000 (See note 3.4.2. Other non-financial assets).

This upfront license fee was amortized in the amount of €5.1 million.

— Rights on molds for bottles and related items

Rights on molds for bottles and related items are amortized over 5 years. Related design costs are amortized over 3 years.

3.1.2 — Impairment tests

In response to the significant decrease in revenue in 2020 linked to the Covid-19 pandemic, the company updated its impairment tests at December 31, 2020. These updates however did not call into question the valuation of its brands and licenses. No provision was recorded for impairment in 2020.

These impairment tests were carried out at the level of each brand.

For all discounts, the weighted average cost of capital (WACC) of 6.99% is applied.

— Own brands

A valuation was performed of the Lanvin and Rochas brands on December 31, 2020 by discounting future cash flows to infinity. No provision was recorded.

— Upfront license fees

All upfront license fees were measured on December 31, 2020 using the discounted cash flow method over the term of the licenses.

— Analysis of sensitivity

An increase in the discount rate before tax or the perpetuity growth rate would not result in a significant impairment charge on trademarks and other intangible assets.

3.2 — Property, plant and equipment

€ thousands	**2019**	**+**	**–**	**2020**
Fixtures, improvements, fittings	4,677	89	(232)	4,534
Office and computer equipment and furniture	2,487	235	(196)	2,526
Molds for bottles and caps	14,173	1,969	(117)	16,025
Other	549	6,250	-	6,799
Total gross amount	**21,886**	**8,543**	**(545)**	**29,884**
Amortization and impairment	(14,805)	(2,137)	356	(16,586)
Net total	**7,081**	**6,406**	**(189)**	**13,298**

The change in the line item "Other" concerns the recognition of earnest money security deposit in connection with the acquisition of the company's future headquarters.

3.3 — Right-of use assets

The main lease agreements identified which are required to be recognized in the balance sheet under assets in application of IFRS 16 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 December 31, 2020, "right-of use assets" broke down as follows:

€ thousands	**2019**	**+**	**–**	**2020**
Gross value				
Property leases	14,602	634	-	15,236
Vehicle leases	499	137	(72)	564
Total gross amount	**15,101**	**771**	**(72)**	**15,800**
Amortization				
Property leases	(3,755)	(3,327)	-	(7,082)
Vehicle leases	(308)	(133)	72	(369)
Total amortization	**(4,063)**	**(3,460)**	**72**	**(7,451)**
Net total	**11,038**	**(2,689)**	**-**	**8,349**

3.4 — Long-term investments and other non-current financial assets

3.4.1 — Long-term investments

Long-term investments consist primarily of deposit guarantees on property.

3.4.2 — Other 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 was discounted over the license agreement term and reduced accordingly to €2.6 million at December 31, 2020.

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

3.5 — Equity-accounted investments

At June 30, 2020, Interparfums acquired 25% of the capital of Divabox, specialized in e-commerce for beauty products.

Divabox is consolidated by the Group according to the equity method because it exercises significant influence but not control.

In accordance with IAS 28, the reconciliation of financial information with the carrying value of the Group's interest in this joint venture breaks down as follows:

€ thousands	
Divabox's shareholders equity at June 30, 2020	19,231
Group ownership interest (%) in Divabox	*25%*
Share in net equity	4,808
Goodwill	7,692
Carrying value of the Group's ownership interest in the joint-venture at June 30, 2020	**12,500**
Share in earnings from July 1 to December 31, 2020	477
Equity-accounted investments	**12,977**

The amount of goodwill is definitively set at December 31, 2020.

3.6 — Inventory and work-in-progress

€ thousands	**2019**	**2020**
Raw materials and components	43,924	41,578
Finished goods	66,174	57,736
Total gross amount	**110,098**	**99,314**
Allowances for raw materials	(1,342)	(3,076)
Allowances for finished goods	(2,287)	(3,718)
Accumulated provisions for impairment	**(3,629)**	**(6,794)**
Net total	**106,469**	**92,520**

The decrease in inventory is mainly attributable to, on the one hand higher inventory at the end of 2019 consisting of the new Jimmy Choo *I want Choo* line, launched in the 2020 first quarter and, on the other hand, the readjustment of purchasing and production planning taking into account the current public health situation.

3.7 — Trade receivables and related accounts

€ thousands	**2019**	**2020**
Total gross amount	**95,723**	**90,252**
Impairment	(2,023)	(4,291)
Net total	**93,700**	**85,961**

Even though sales achieved by the company in the last quarter were comparable to the same quarter of the prior year, the decrease and trade receivables is mainly due to time lags in invoicing that were issued at the beginning of the last quarter of 2020 with significant receipts at year-end compared to 2019 invoicing which was more evenly spread out over the entire quarter.

The increase in impairment charges is mainly due to an impairment charge of approximately €1.7 million for our Mexican distributor currently in liquidation and additional impairment charges for retailers in the United States for which there exists a risk of default for a portion of the receivables for approximately €400,000.

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

€ thousands	**2019**	**2020**
Not due	72,370	61,011
0-90 days	21,536	25,823
91 -180 days	876	934
181 -360 days	41	30
More than 360 days	900	2,454
Total gross amount	**95,723**	**90,252**

3.8 — Other receivables

€ thousands	**2019**	**2020**
Prepaid expenses	2,668	2,304
Interparfums Holding current accounts	-	-
Value-added tax	1,756	1,410
Hedging instruments	126	1,010
License royalties	592	423
Other	438	151
Total	**5,580**	**5,298**

3.9 — Current financial assets, cash and cash equivalents

€ thousands	**2019**	**2020**
Current financial assets	106,607	103,192
Cash and cash equivalents	99,062	124,966
Current financial assets, cash and cash equivalents	**205,669**	**228,158**

3.9.1 — Current financial assets

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

€ thousands	**2019**	**2020**
Term deposit accounts	53,602	49,563
Capital redemption contracts	52,562	53,194
Other current financial assets	443	435
Current financial assets	**106,607**	**103,192**

Capital redemption contracts, until 2019 under classified “Cash and cash equivalents” were analyzed as financial instruments designed as medium or long-term investments, and were accordingly classified under current financial assets. However, it is noted that these contracts are liquid and readily convertible into cash by the company at any moment. In compliance with IAS 7, this reclassification was applied to all years presented.

3.9.2 — Cash and cash equivalents

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

€ thousands	**2019**	**2020**
Interest-bearing accounts	-	-
Term deposit accounts	20,829	24,604
Current interest-bearing accounts	25,481	8,759
Bank accounts	52,752	91,603
Cash and cash equivalents	**99,062**	**124,966**

3.10 — Shareholders’ equity

3.10.1 — Share capital

As of December 31, 2020, Interparfums’ capital was comprised of 51,988,409 shares fully paid-up with a par value of €3, 72.63%-held by Interparfums Holding.

Capital increases in 2020 are the result of the bonus share issue of October 13, 2020 in the amount of 4,726,219 shares on the basis of one new share for every ten shares held.

3.10.2 — Performance share awards

— Plan 2016

After a three-year vesting period, performance shares (*actions gratuites* or restricted stock units) of the 2016 plan were remitted to employees present on September 6, 2019.

— Plan 2018

The maximum number of shares to be awarded on the inception date of the plan implemented on December 31, 2018 is 133,000 shares for senior executives and managers and 26,000 shares for all other employees.

Shares previously purchased by the company on the market will be vested by their beneficiaries after a vesting period of three and a half years.

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 the other 50% awarded to senior executive and manager beneficiaries.

In the current environment characterized by a significant decline in sales in 2020 with an important decrease expected in 2021, and in order to enable employees to acquire all or part of these securities, on June 24, 2020, pursuant to the proposal of the Chairman-CEO, the Board of Directors decided to review the conditions of performance set for this plan.

To ensure the availability of shares for remittance to employees on maturity, the company purchased 144,782 shares on the market on December 31, 2020 for a total amount of €5.2 million. These shares are presented as a deduction from shareholders' equity.

At December 31, 2020, the estimated number to be remitted was 158,707 shares.

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 €3.9 million.

At December 31, 2020, the cumulative expense since the beginning of the plan was €2,263,000.

3.10.3 — Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of June 24, 2020, 48,563 Interparfums shares with a nominal value of €3 per share were held by the company as of December 31, 2020 or 0.09% of the share capital.

Changes in the period break down as follows:

€ thousands	Average exchange rate	Number of shares	Book value
At December 31, 2019	**37.00**	**75,127**	**2,780**
Acquisition	37.70	237,357	8,948
Bonus issue of October 13, 2020	-	4,442	-
Sales	37.01	(268,363)	(9,931)
Impairment	-	-	159
At December 31, 2020	**40.28**	**48,563**	**1,956**

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 €50 per share, excluding execution costs;
— the total number of shares acquired may not exceed 5% of the company's capital stock.

3.10.4 — Non-controlling interests

Non-controlling interests concern the percentage not held in the European subsidiary, Parfums Rochas Spain Sl (49%). that break down as follows:

€ thousands	2019	2020
Reserves attributable to non-controlling interests	2,072	1,943
Earnings attributable to non-controlling interests	(463)	(314)
Non-controlling interests	**1,609**	**1,629**

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

3.10.5 — Information on equity

In compliance with the provisions of article L.225123 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 represent approximately 65% of consolidated earnings, destined to reward shareholders while at the same time associating them with the Group's expansion.

Due to the impact of the Covid-19 pandemic on the Group's activity and the absence of visibility with respect to business, on June 24, 2020, pursuant to the proposal of the Board of Directors, the Annual General Meeting voted to appropriate net income for fiscal 2019 without a distribution of dividends.

Given its financial structure, the Group has the ability 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, 2020, this loan was paid back in full.

At the end of June 2020, a one year €12 million loan was obtained for the acquisition of a 25% equity stake in Divabox.

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.

3.11 — Provisions for contingencies and expenses

€ thousands	2019	Allowances	Actuarial gains/losses	Provisions used the period	Reversal of unused provisions	2020
Provisions for retirement severance payments	9,103	675	(8)	-	-	9,770
Provision for expenses [1]	235	204	-	-	-	439
Provisions for operating losses	-	2,775	-	-	-	2,775
Total provisions for expenses > 1 year	**9,338**	**3,654**	**(8)**	**-**	**-**	**12,984**
Provision for expenses	-	-	-	-	-	-
Provisions for operating losses	-	925	-	-	-	925
Other provisions for contingencies < 1 year	178	-	-	(178)	-	-
Total provisions for contingencies < 1 year	**178**	**925**	**-**	**(178)**	**-**	**925**
Total provisions for contingencies and expenses	**9,516**	**4,579**	**(8)**	**(178)**	**-**	**13,909**

(1) The provision for expenses concerns the social contribution payable in connection with the restricted share unit plan of 2018.

The provision for operating losses concerns the risk of future losses for the activity of a minor brand of the portfolio for which the probability of generating a net decline in revenue is high. This provision is calculated over the remaining term of the license agreement. It will be recognized each year as the actual losses are incurred in the accounts.

3.11.1 — Provisions for retirement severance payments

For the measurement of retirement severance benefits, Interparfums has adopted the procedure for voluntary severance agreements introduced by Ordinance 2017-1387 published in the French Official Journal of September 23, 2017 and Decree 2017-1398 published in the French Official Journal of September 26, 2017.

For 2020, the following assumptions were applied:

— a negotiated termination at age 65;
— a rate of 50% for employer payroll contributions for all employees;
— a 3% average rate for annual salary increases;
— an employee turnover rate depending on the age of employees;
— the TH 0002 mortality table for men and the TF 0002 mortality table for women; and
— a discount rate for the 10 year IBOXX corporate bond index of 0.35%.

On the basis of these assumptions, the annual expense of €674,000 recorded under current income breaks down as follows:

— service costs: €576,000;
— financial expense: €98,000.

Actuarial gains and losses in 2020 resulted in a gain of €8,000 recorded under reserves resulting primarily from changes in assumptions and experience adjustments.

A 0.5% increase in the discount rate would result in a €11,000 reduction in the present value of rights at December 31, 2020 versus a 0.35% decrease resulting in a €7,000 increase.

3.11.2 — Other contingencies

In recent years, Interparfums[SA] has been subject to tax audits concerning notably the activity of Interparfums Suisse, without however calling into question the legal basis for this company.

In 2018, tax authorities raised questions about the potential tax in France of all or part of the earnings generated by Interparfums Suisse. Because the territoriality of this company had never, at any time, been challenged, Interparfums[SA] did not consider recording a provision for tax contingencies in the financial statements for the period ended December 31, 2018 to be necessary.

In February 2020, the French tax authorities continue to review this matter by issuing a new audit notification.

Based on the conclusions of its attorneys and legal and tax advisors, the company did not modify its position and in consequence has not recorded a provision for tax contingencies in the accounts for the period ended December 31, 2020.

3.12 — Borrowings, financial liabilities and lease liabilities

— Borrowings and financial 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.

As of May 31, 2020, this loan was fully reimbursed.

At June 30, 2020, a €12 million loan repayable over a period of 12 months as from December 1, 2020 was obtained to acquire the 25% stake in Divabox.

This loan is repayable in fixed monthly installments of €1 million each for the principal. This loan will be subject to interest equal to the 3-month Euribor plus the applicable margin.

The outstanding balance at December 31, 2020 was €11 million.

— Lease liabilities

“Lease liabilities ”includes liabilities representing the present value of future these payments recognized as assets in accordance with IFRS 16. The main lease contracts included under this heading are those relating to the premises of the Paris headquarters, the New York and Singapore offices and the warehousing facility in Rouen.

3.12.1 — Changes in finance costs

In accordance with IAS 7, cash flows relating to changes in borrowings and financial liabilities break down as follows:

			Non-cash items			
€ thousands	2019	Cash flow	Net acquisitions	Changes in fair value	Amortization	2020
Borrowings	10,000	1,000	-	-	-	11,000
Loan acquisition costs	(9)	-	-	-	9	-
Interest rate swap	27	-	-	(27)	-	-
Total borrowings and other financial liabilities	**10,018**	**1,000**	**-**	**(27)**	**9**	**11,000**
Lease liabilities	11,631	2,246	65	(4,951)	-	8,991
Total financial debt	**21,649**	**3,246**	**65**	**(4,978)**	**9**	**19,991**

3.12.2 — Borrowings, financial liabilities and lease liabilities by maturity

€ thousands	Total	< 1 year	1 to 5 years	> 5 years
Borrowings and financial liabilities	11,000	11,000	-	-
Lease liabilities	8,991	2,852	6,139	-
Total at December 31, 2020	**19,991**	**13,852**	**6,139**	**-**

3.12.3 — Covenants

The Divabox loan is contractually subject with a covenant imposing compliance with the leverage ratio (Consolidated net debt/EBITDA).

No other special provision is attached to this loan.

3.13 — Deferred tax

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

€ thousands	2019	Changes through reserves	Changes through income	2020
Deferred tax assets				
Timing differences between financial and tax accounting	4,536	-	(1,327)	3,209
Provisions for retirement liabilities	179	(3)	(42)	134
Loss carryforwards	288	-	6	294
Forward hedging instruments	-	31	(31)	-
IFRS 16 – right-of-use assets	72	-	(19)	53
Leases	2	-	-	2
Intra-group inventory margin	4,069	-	(489)	3,580
Advertising and promotional costs	698	-	306	1,004
Other	-	-	-	-
Total deferred tax assets before amortization	**9,844**	**28**	**(1,596)**	**8,276**
Depreciation of deferred tax assets	(288)		(6)	(294)
Net deferred tax assets	**9,556**	**28**	**(1,602)**	**7,982**
Deferred tax liabilities				
Acquisition costs	556	-	(140)	416
Bonus shares	-	(69)	69	-
Levies imposed by governments	223	-	(91)	132
Borrowing costs associated with the Rochas brand acquisition	5	-	(5)	-
Capitalization of costs associated with the Rochas brand acquisition	1,677	-	(419)	1,258
Gains (losses) on treasury shares	-	45	(45)	-
Impairment of treasury shares	55	-	(55)	-
Forward hedging instruments	11	-	(11)	-
Derivatives	77	-	30	107
Other	-	-	-	-
Total deferred tax liabilities	**2,604**	**(24)**	**(667)**	**1,913**
Total net deferred tax	**6,952**	**52**	**(935)**	**6,069**

3.14 — Trade payables and other current liabilities

3.14.1 — Trade payables and related accounts

€ thousands	2019	2020
Trade payables for components	20,019	10,054
Other trade payables	43,645	41,222
Total	**63,664**	**51,276**

3.14.2 — Other liabilities

€ thousands	2019	2020
Accrued credit notes	6,646	2,335
Tax and employee-related liabilities	15,144	12,451
Accrued royalties	9,322	11,218
Hedging instruments	12	803
Interparfums Holding current accounts	1,752	1,681
Other liabilities	1,687	4,160
Total	**34,563**	**32,648**

As required by IFRS 15, it is specified that the other liabilities include liabilities for a contract in for non-significant amounts (less than 2% of other liabilities).

3.15 — Financial instruments

Financial instruments according to IFRS 9 classifications for measurement break down as follows:

€ thousands	Notes	At amortized cost	Fair value through profit or loss	2020 Carrying value	2020 Fair value	2019 Carrying value	2019 Fair value
Other non-current financial assets							
Long-term investments	3.4	2,834	-	2,834	2,834	2,862	2,862
Total non-current financial assets	3.4	2,566	-	2,566	2,566	3,066	3,066
Equity-accounted investments	3.5	12,977	-	12,977	12,977	-	-
Current financial assets							
Trade receivables and related accounts	3.7	85,961	-	85,961	85,961	93,700	93,700
Other receivables	3.8	4,288	-	5,298	5,298	5,580	5,580
Derivative instruments subject to hedge accounting (based documentation establishing the hedging relationship)		1,010	-	-	-	-	-
Other current financial assets	3.9	103,192	-	103,192	103,192	106,607	106,607
Cash and cash equivalents	3.9	124,966	-	124,966	124,966	99,062	99,062
Non-current financial liabilities							
Non-current borrowings	3.12	-	-	-	-	-	-
Current liabilities							
Trade payables and related accounts	3.14	51,276	-	51,276	51,276	63,664	63,664
Current borrowings and financial liabilities [1]	3.12	10,957	-	11,000	11,000	10,018	10,018
Other liabilities	3.14	31,845	-	32,648	32,648	34,563	34,563
Derivative instruments subject to hedge accounting (based documentation establishing the hedging relationship)		803	-	-	-	-	-

(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.

3.16 — 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 Group's financials are not material.

3.16.1 — Interest rate risks

The Group's interest rate exposure is related principally to debt. The objective of the Group's policy is to ensure a stable level of financial expense through the use of hedges in the form of interest rate swaps (fixed rate swaps). These financial instruments are not eligible for hedge accounting under IFRS 9. The Group nevertheless considers that these transactions are not speculative in nature and are necessary to effectively manage its interest rate exposure.

3.16.2 — 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	66	2,566
Current financial assets	62,664	38,519	2,009	103,192
Cash and cash equivalents	124,966	-	-	124,966
Total financial assets	**188,130**	**40,519**	**2,075**	**230,724**
Borrowings and financial liabilities	(11,000)	-	-	(11,000)
Total financial liabilities	**(11,000)**	**-**	**-**	**(11,000)**
Net position before hedging	**177,130**	**40,519**	**2,075**	**219,724**
Hedging of assets and liabilities (swaps)	-	-	-	-
Net position after hedging	**177,130**	**40,519**	**2,075**	**219,724**

3.16.3 — Foreign exchange risks

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

€ thousands	USD	GBP	JPY
Assets	25,150	4,375	560
Liabilities	(1,354)	(1)	-
Net position before hedging at the closing price	**23,796**	**4,374**	**560**
Net position hedged	325	(2,058)	-
Net position after hedging	**24,121**	**2,316**	**560**

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (46.6% of sales) and to a lesser extent the Pound sterling (5.2% of sales) and the Japanese yen (1.1% of sales).

— Foreign exchange risk management policy

The Group's exchange rate risk management policy seeks to cover budget exposures considered highly probable related to monetary flows resulting from US dollar sales, as well as trade receivables in the period in US dollars, Pound sterling and Japanese yens.

To this purpose, the Group has recourse to forward exchange sales, according to procedures that prohibit speculative trading:

- all forward currency hedging must be backed in terms of amount and maturity by an identified economic underlying asset;
- all budget exposures are identified.

At December 31, 2020, 47% of the Group's payables in Pound sterling were hedged.

— Sensitivity to foreign exchange risk

A 10% fluctuation in the exchange rate of the US dollar and the Pound sterling in relation to the euro represents a pertinent risk factor that may reasonably occur within a given year. An immediate upswing in the exchange rate (US dollar and Pound sterling) of 10% would result in a maximum positive currency effect of €19.3 million on sales and €16.0 million on operating income. A 10% decrease of these same exchange rates would have an inverse negative effect.

3.16.4 — Counterparty risk

Financial instruments and cash deposits used by the Group to manage interest rate and foreign exchange risks are obtained from top-tier counterparties with benchmark ratings.

4 — Notes to the income statement

In light of the current public health crisis and the measures adopted in response, the income and expense aggregates forming the operating profit were subject to significant variations in the period.

Certain expenses directly linked to business activity such as royalties or transportation costs mechanically decreased significantly as a result.

Other expenses, more flexible in nature, were able to be adjusted. These concern mainly advertising campaigns that were canceled or postponed and provisions linked to variable compensation that were reduced, reflecting the company's goal of preserving all jobs.

No other non-recurring expenses directly linked to the management of the current health crisis have been recorded in the income statement.

4.1 — Breakdown of consolidated sales by brand

€ thousands	2019	2020
Montblanc	140,729	99,961
Jimmy Choo	103,498	73,761
Coach	86,477	81,107
Lanvin	52,082	32,943
Rochas	34,546	29,696
Boucheron	18,295	12,018
Van Cleef & Arpels	15,339	10,381
Karl Lagerfeld	13,937	11,415
Paul Smith	5,557	3,653
S.T. Dupont	4,715	3,179
Kate Spade	-	2,734
Repetto	2,781	1,371
Other	4,350	3,826
Perfume sales	**482,306**	**366,045**
Rochas fashion license revenues	1,954	1,320
Total revenue	**484,260**	**367,365**

4.2 — Cost of sales

€ thousands	2019	2020
Raw materials, trade goods and packaging	(171,182)	(120,882)
Changes in inventories	10,736	(5,101)
POS advertising	(3,493)	(1,559)
Staff costs	(6,109)	(5,118)
Allowances and reversals	(3,993)	(6,024)
Property rental expenses	(232)	(850)
Transportation costs	(844)	(672)
Other expenses related to the cost of sales	(324)	(87)
Total cost of sales	**(175,441)**	**(140,293)**

4.3 — Selling expenses

€ thousands	2019	2020
Advertising	(109,538)	(71,794)
Royalties	(36,254)	(29,578)
Staff costs	(30,986)	(26,641)
Service fees/subsidiaries	(6,712)	(5,897)
Subcontracting	(6,566)	(4,322)
Transportation costs	(5,854)	(3,778)
Travel and entertainment expenses	(7,577)	(2,203)
Allowances and reversals	(4,867)	(11,021)
Tax and related expenses	(3,793)	(3,087)
Commissions	(1,601)	(840)
Property rental expenses	(560)	(376)
Other selling expenses	(2,670)	(3,106)
Total selling expenses	**(216,978)**	**(162,643)**

The increase in allowances/impairment charges is mainly due to the recognition of an allowance for operating losses from a brand license (See note 3.11 point) and also an impairment charge for trade receivables of approximately €1.7 million for our Mexican distributor currently in liquidation an additional impairment charges for distributors in the United States for which there exists a risk of default for a portion of the receivables for approximately €400,000.

4.4 — Administrative expenses

€ thousands	2019	2020
Purchases and external costs	(6,440)	(6,152)
Staff costs	(9,411)	(9,012)
Property rental expenses	(118)	(147)
Allowances and reversals	(1,466)	(1,431)
Travel expenses	(603)	(199)
Other administrative expenses	(734)	(579)
Total administrative expenses	**(18,772)**	**(17,520)**

4.5 — Net financial income (expense)

€ thousands	2019	2020
Financial income	2,090	1,759
Interest and similar expenses	(1,199)	(901)
Net finance costs	**891**	**858**
Currency losses	(5,095)	(6,051)
Currency gains	4,288	4,045
Net currency gains (losses)	**(807)**	**(2,006)**
Other financial income and expenses	-	-
Net financial income/(expense)	**84**	**(1,148)**

The change in the foreign exchange result reflects significant strengthening of the Euro against the US dollar in the second half of 2020.

4.6 — Income tax

4.6.1 — Analysis of income taxes

€ thousands	2019	2020
Current income tax – France	(17,817)	(8,989)
Current income tax – Foreign operations	(5,437)	(5,298)
Total current income tax	**(23,254)**	**(14,287)**
Non-current income tax	**-**	**-**
Deferred tax- France	1,541	(1,331)
Deferred tax- Foreign operations	(344)	398
Total deferred taxes	**1,197**	**(933)**
Total income taxes	**(22,057)**	**(15,220)**

4.6.2 — Reconciliation of the effective tax expense and theoretical tax expense

The difference between the effective tax recorded and the theoretical tax expense calculated by applying the tax rate of 32.02% and 34.43% applicable in France for fiscal 2020 and 2019 respectively to pre-tax income reflects the following.

€ thousands	2019	2020
Tax base	**73,153**	**45,761**
Theoretical tax calculated at the parent company rate	(25,187)	(14,653)
Effect of tax rate differences	3,151	1,013
Recognition of tax income not previously classified as tax assets	-	-
Tax adjustments	-	(1,398)
Permanent non-deductible differences	(21)	(182)
Income tax	**(22,057)**	**(15,220)**

4.7 — Earnings per share

In thousands of euros, except number of shares and earnings per share in euros	2019	2020
Consolidated net income	50,633	30,704
Average number of shares	45,520,857	48,046,776
Basic earnings per share[(1)]	**1.11**	**0.64**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	45,520,857	48,046,776
Diluted earnings per share[(1)]	**1.11**	**0.64**

(1) Adjusted for bonus shares granted in 2019 and 2020.

5 — Segment reporting

5.1 — Business lines

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

Intangible assets relating to the Rochas trademark include €86,739,000 for fragrances and €19,086,000 for fashion or a total of €105,825,000.

Segment assets consist of operating assets used primarily in France.

5.2 — Geographical segments

Sales by geographical sector break down as follows:

€ thousands	2019	2020
North America	151,715	126,046
Western Europe	91,576	66,848
Asia	67,883	51,730
Middle East	51,172	34,176
France	36,907	31,752
South America	35,023	25,606
Eastern Europe	42,580	25,556
Africa	5,450	4,331
Perfume sales	**482,306**	**366,045**
Rochas fashion license revenues	1,954	1,320
Total	**484,260**	**367,365**

6 — Other information

6.1 — Off-balance sheet commitments

The following presentation of off-balance sheet commitments is based on AMF recommendation No. 2010-14 of December 6, 2010.

6.1.1 — Off-balance sheet commitments in connection with the company's operating activities

€ thousands	Main characteristics	2019	2020
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	329,043	257,664
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses to be paid regardless of sales volume for the period	-	4,891
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.	5,042	4,155
Total commitments given in connection with operating activities		**334,085**	**266,710**

6.1.2 — Off-balance sheet commitments in connection with the company's financing activities

Commitments with respect to forward currency sales at December 31, 2020 amounted to US$11,000,000 and £1,850,000.

Commitments with respect to forward currency purchases at December 31, 2020 amounted to US$11,400,000.

6.1.3 — Off balance sheet commitments

A purchase option ("promesse d'achat") was signed at the end of December 2020 to acquire an office complex for the company's future headquarters. This purchase option concerns an amount of €121,800,000 including transfer duties and after deducting the €6.2 million earnest money security deposit paid. This commitment will expire on the date when the final deed of purchase is signed planned for early April 2021.

6.1.4 — Commitments given by maturity at December 31, 2020

€ thousands	Total	Up to 1 year	1 to 5 years	5 years or more
Guaranteed minima on trademark royalties	257,664	29,851	126,158	101,655
Guaranteed minima for warehousing and logistics	4,891	4,891	-	-
Firm component orders	4,155	4,155	-	-
Total commitments given	**266,710**	**34,006**	**126,158**	**101,655**

Maturities are defined on the basis of the contract terms (license agreements, logistic agreements, etc.).

6.1.5 — Commitments received

Commitments in connection with forward currency purchases at December 31, 2020 amounted to €10,128,000 for US dollar hedges and €2,051,000 for Pound sterling hedges representing total commitments of €12,179,000.

Commitments with respect to forward currency sales for US dollar hedges at December 31, 2020 amounted to €10,185,000.

6.2 — 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	-
	Renewal	January 2020	3 years	December 2022
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
Moncler	Inception	January 2021	6 years	December 2026

In June 2020, Interparfums and Moncler entered into an exclusive global fragrance license agreement for a contractual period of 6 years and with the possibility for an extension for 5 years.

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 the Moncler brand retail stores.

The launch of the first fragrance line is planned during the first quarter of 2022.

6.3 — Own 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.

Interparfums and Lanvin concluded a technical and creative assistance agreement in view of developing new perfumes effective until June 30, 2019 and based on net sales. 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 the Rochas brand (perfumes and fashion) from Procter & Gamble.

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

6.4 — Employee-related data

The increase in the number of employees in the year is linked to the growth in business.

6.4.1 — Workforce by department

Number of employees at	12/31/2019	12/31/2020
General Management	2	2
Production & Operations	48	45
Marketing	62	66
Export	79	74
France	41	42
Finance & Corporate Affairs	61	57
Rochas fashion	7	4
Total	**300**	**290**

6.4.2 — Headcount by region

Number of employees at	12/31/2019	12/31/2020
France	218	213
North America	64	59
Asia	18	18
Total	**300**	**290**

6.4.3 — Staff costs

€ thousands	2019	2020
Staff costs	30,226	29,057
Social security charges	10,759	9,489
Profit-sharing	3,840	2,357
Restricted stock awards	1,778	1,349
Total wages and benefits	**46,603**	**42,252**

In addition €587,000 in supplemental retirement benefits for Executive Management were paid in 2020.

6.5 — Information on related parties

No new agreements were entered into in the period, involving a significant amount or that were not in accordance with normal market conditions, between the parent company and its subsidiaries.

6.5.1 — Management Committee members

The members of the Management Committee exercise responsibilities in the areas of strategy, the management and oversight. They have employment contracts and receive compensation as follows:

€ thousands	2019	2020
Wages and social charges	7,314	6,672
Share based payment expenses	571	311

Total gross compensation for the three corporate officers breaks down as follows:

€ thousands	**2019**	**2020**
Gross wages	2,076	2,037
Benefits in-kind	19	19
Supplemental retirement contribution	45	45
	2,140	**2,101**

The executive officers Philippe Benacin and Jean Madar, co-founders of Interparfums[SA] are also executive officers and majority shareholders of the parent company Interparfums Inc.

6.5.2 — Board of Directors

The members of the Board of Directors exercise responsibilities in the areas of strategy, management consulting, acquisitions and oversight. Only outside Directors receive compensation which breaks down as follows:

€ thousands	**2019**	**2020**
Compensation received by Directors [1]	146	264

(1) Calculated on the basis of actual Board meeting attendance.

6.5.3 — Relations with the parent company

The accounts of Interparfums[SA] and its subsidiaries, through Interparfums Holding, are fully consolidated into the accounts of Interparfums Inc., whose registered office is located at 551 Fifth Avenue, New York, NY 10176, United-States. No material transaction exists between Interparfums[SA] and Interparfums Inc. or Interparfums Holding.

6.6 — Statutory Auditors' fees

Total auditors' fees expensed in the income statement relating to their engagement as Statutory Auditors break down as follows:

	Mazars				**SFECO & Fiducia Audit**			
€ thousands	**2019**	**%**	**2020**	**%**	**2019**	**%**	**2020**	**%**
Statutory auditing, certification of accounts, review of separate and consolidated accounts								
For the issuer	330	67%	316	68%	103	100%	92	100%
For fully consolidated subsidiaries	129	26%	115	25%	-	-	-	-
Services other than for the certification of accounts								
For the issuer	8	2%	3	1%	-	-	-	- %
For fully consolidated subsidiaries	28	6%	28	6%	-	-	-	- %
Total	**495**	**100%**	**462**	**100%**	**103**	**100%**	**92**	**100%**

Services other than account certification relate to statements certificates issued at the request of the company for bank covenants and sales for our licensors and suppliers.

In accordance with applicable regulations, these assignments were approved by the Audit Committee.

6.7 — Post-closing events

None.

4 Corporate Governance

This report is prepared in accordance with the provisions of article L 225-37 of the French Commercial Code and was approved by the Board of Directors on March 13, 2021.

1 — Corporate governance (articles L.225-37-4, L.22-10-8 to L.22-10-12 of the French Commercial Code)

1.1 — Rules of governance

1.1.1 — Adoption of the Middlenext Code

Since 2010, the company refers to the Middlenext Corporate Governance Code of December 2009 and revised in September 2016. Available for consultation at www.Middlenext.com, (section Publications – Corporate governance), the company complies with its 19 recommendations. This decision was made by the Board of Directors in relation with the shareholder structure, of which 72.63% of the share capital at December 31, 2020 was held by the parent company, Interparfums Holding.

In accordance with the recommendations, and in particular recommendation No. 19, Board members also took cognizance of the "points to be watched" set forth therein and review each year main questions that must be addressed to ensure effective governance.

1.1.2 — Charter of the Board of Directors

In compliance with Middlenext Code recommendation No. 7, the Board of Directors established a Charter (Rules of Procedure) defining the operating rules of the Board and the terms of a code of conduct for Directors that supplements the provisions provided for by law and the company's bylaws.

The full text of this Charter is available at the company' website.

The main provisions of this Charter are as follows:

- the composition, role, organization and operating procedures of the Board of Directors;
- the rules of conduct applicable to members of the Board of Directors;
- compensation of Directors;
- the obligations relating to possession of inside information in connection with the prevention of insider misconduct and trading;
- the rules governing trading in the company's shares in accordance with European market abuse regulations and the provisions of the French Monetary and Financial Code and the AMF General Regulation;
- the protection provided to Directors and officers: Directors and officers liability insurance (D&O insurance);
- the succession planning information for the manager and key persons.

This Board Charter is destined to regularly evolve to take into account the application of new regulations and recommendations in the area of Corporate Governance and respond to proposals by Directors in order to ensure the optimal effectiveness of the Board's work.

The Charter was last updated pursuant to the Board's decision, meeting on July 7, 2020.

1.2 — Organization of Executive Management and the Board of Directors

1.2.1 — Executive Management

1.2.1.1 — Procedures for exercising Executive Management – Limitations on the powers of the Chief Executive Officer

In order to effectively take into account the changing and highly competitive environment of the sector in which the company operates, the Board decided not to separate the functions of Chairman of the Board of Directors from that of Chief Executive Officer (*Directeur Général*): Philippe Benacin is the Chairman-Chief Executive Officer (*Président-Directeur Général*) of Interparfums[SA]. Having an in-depth knowledge of the company that he cofounded with his partner, Jean Madar, CEO of the US company, Interparfums Inc., he has a very clear vision of the future prospects of the company. His active involvement in running company operations was a decisive factor in the Board's choice. This option has contributed to efficient corporate governance by promoting an alignment between the strategy and operating functions that is necessary for a responsive and efficient decision-making process.

The limitations of the Chief Executive Officer's powers are set forth in the Charter.

This Charter stipulates that the following transactions are subject to the Board's prior authorization:

- any financial commitment (immediate or deferred) for an amount exceeding €10 million per transaction and having a material impact on the company's scope of consolidation, including mainly the acquisition or disposal of assets or equity investments in companies;
- any decision, regardless of the amount involved, that could potentially materially affect the strategy of the company or materially modify the scope of its normal activity.

1.2.1.2 — Management Committee members

The purpose of the Management Committee, led by the Chairman and Chief Executive Officer, is to address operational issues related to the development of the company.

The composition of the Management Committee at December 31, 2020 was as follows:

Philippe Benacin Chairman and Chief Executive Officer.

Stanislas Archambault Executive Director – Operational & Digital Marketing.

Renaud Boisson Managing Director of Interparfums Asia Pacific.

Pierre Desaulles Managing Director of Interparfums Luxury Brands.

Frédéric Garcia-Pelayo Executive Vice President and Chief International Officer.

Axel Marot Vice President, Supply Chain & Operations.

Angèle Ory-Guénard Executive Director – International Sales.

Delphine Pommier Executive Director – Marketing Development & Communication.

Philippe Santi Executive Vice President and CFO Chief Financial and Legal Officer.

Jérôme Thermoz Vice President, French Distribution.

Véronique Duretz Vice President of Human Resources.

In 2020, the meetings of this committee addressed the following items of business: Adaptation of the company to the pandemic context, equity investment in the Origines-parfums.fr e-commerce site, Moncler license agreement, digital strategy, preparation of 2021 launches, 2021 budget, formation of an additional unit in the warehouse, export customers update, ramp-up of the SAP, project for relocating the headquarters, examination of environmental issues and eco-friendly trends in the beauty market.

The company decided to form an expanded Management Committee, including all head office line management and support departments and the managers of subsidiaries, representing a total of 11 persons.

1.2.2 — Composition of the Board of Directors

On December 31, 2020, the Board of Directors had ten members, four of which are independent.

To date, the Board includes two members with the status of employee resulting from an employment contracts predating their appointment as Directors and Executive Vice President, notably Philippe Santi and Frédéric Garcia-Pelayo.

The Directors have diverse and complementary profiles reflecting their broad and diversified backgrounds. Accordingly, in addition to their expertise in finance, management and corporate strategy, their knowledge of the luxury and cosmetics sectors contributes to the quality and professionalism of the Board's discussions.

1.2.3 — The exercise of multiple offices and terms

By accepting the Charter, the Directors undertake to respect the rules governing holding multiple offices provided by articles L225-21 and L 225-94 of the French Commercial Code.

At December 31, 2020, the number of offices held by each of the Directors was in compliance with the applicable laws.

The term of the office is set at 5 years. As an exception, and in order to permit the implementation and maintain the staggering of Directors' terms of office, the General Meeting may appoint one or more Directors for terms of three (3) years in accordance with the Middlenext Code: recommendation No. 9 that recommends the practice of staggering when renewing terms of office.

At the next General Meeting of April 23, 2021, shareholders will be asked to amend the bylaws to reduce the term of office to 4 years, in compliance with the Middlenext Code recommendations, and concerning the possibility to appoint Directors for a shorter period in order to make it possible to stagger the terms of office, to provide that henceforth this term may be 2 or 3 years (compared to previously 3 years only).

In addition, the company considers that, in light of its size and the composition of its Board, a term of 4 years will contribute to ensuring the experience of Directors in terms of knowledge of the company, its market and its activities in their decision-making, without diminishing the quality of oversight and that the ability to appoint Directors for terms of 2 and 3 years in order to stagger their terms will leave the company with flexibility in managing its governance.

The company adheres to recommendation No. 8 of the Middlenext Code by providing at shareholders' meetings information on the experience and skills of each Director at the time of their appointment or the renewal of their terms of office.

The appointment of each Director and the renewal of their terms of office are the subject of a distinct resolution.

1.2.4 — Members of the Board of Directors on December 31, 2020

— **Philippe Benacin**
Chairman and Chief Executive Officer

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Philippe Benacin, 62, a graduate of the ESSEC Business School and co-founder of the Company with his partner Jean Madar, has served as Chairman-CEO of Interparfums SA since its creation in 1989.

Philippe Benacin steers the strategic course of the Paris-based Interparfums SA Group and the development of the brands' portfolio: Lanvin, Rochas, Jimmy Choo, Montblanc, Repetto, Van Cleef & Arpels, Karl Lagerfeld, Paul Smith, S.T. Dupont, Boucheron, Coach, Kate Spade and Moncler.

Current offices:

- President and Vice Chairman of the Board of Interparfums Inc.;
- Chairman of the Board of Directors and Director of Interparfums Holding;
- Managing Partner and President of Interparfums Suisse;
- Director of Interparfums Asia Pacific Pte Ltd (Singapore);
- Chairman of the Board of Directors of Parfums Rochas Spain Sl;
- Sole Director of Interparfums Luxury Brands Inc. (United States);
- Director of Inter España Parfums et Cosmétiques Sl (Spain);
- Director of Interparfums Srl (Italy);
- Vice Chair of the Supervisory Board and Chair of the Corporate Governance, Nominations and Remuneration Committee of Vivendi.

Offices having expired in the last five years: none.

— **Jean Madar**
Director

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Jean Madar, 60, a graduate of the ESSEC Business School, is the co-founder of the company with his partner Philippe Benacin. Jean Madar steers the strategic course for the New York-based Group Interparfums Inc. and the development of the brands of the portfolio: Anna Sui, Dunhill, Oscar de la Renta, Abercrombie & Fitch, Hollister, MCM, Guess and Graff.

Current offices:

— Chief Executive Officer and Director of Interparfums Holding;
— Chief Executive Officer and Vice President of Interparfums Holding.

Offices having expired in the last five years: none.

— **Philippe Santi**
Director and Executive Vice President

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Philippe Santi, 59, graduate of the Neoma Business School *(École Supérieur de Commerce of Reims)* with a degree as a public accountant, has served as the Chief Financial and Administrative Officer of Interparfums SA since 1995 and as Executive Vice President since 2004.

Current office:

— Director of Interparfums Inc.;
— Director of Middlenext.

Offices having expired in the last five years: none.

— **Frédéric Garcia-Pelayo**
Director and Executive Vice President

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Frédéric Garcia-Pelayo, 62, EPSCI international exchange program graduate of the ESSEC Business School, has been Vice President for Export Sales of Interparfums SA since 1994 and Executive Vice President since 2004.

Current offices:

— Director of Interparfums Srl (Italy);
— Director of Inter España Parfums et Cosmétiques Sl (Spain);
— Director and Vice President of Finance of TFWA.

Offices having expired in the last five years: none.

— **Patrick Choël**
Director & Audit Committee member

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Patrick Choël, 77, a graduate of Sciences Po Paris, was Chairman of the Fragrance and Cosmetics division of LVMH from 1995 to 2004.

Current offices:

— Director of Interparfums Inc.;
— Director of Parfums Christian Dior (unlisted company).

Offices having expired in the last five years:

— Director of Modelabs;
— Director of SGD;
— Director of ILEOS;
— Director of Guerlain (November 2019).

— **Véronique Gabaï-Pinsky**
Director

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Véronique Gabaï-Pinsky, 58, a business school graduate of ESSEC, began her career at L'Oréal and was Vice President of Marketing for Giorgio Armani. She subsequently served as Vice President of Marketing and Communication for Guerlain, then spent 12 years at the Estee Lauder Companies as the Global President for Aramis and Designers Fragrances Until June 2018, she was Chair of the US company, Vera Wang, operating in the luxury ready-to-wear sector.

Current offices:

— Director of Interparfums Inc.;
— Member of The Committee of 200 (Fashion Group International and Cosmetic of Executive Women).

Offices having expired in the last five years:

— Chair of the Vera Wang Group.

— **Maurice Alhadève**
Independent Director & Audit Committee member

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Maurice Alhadève, 78, a graduate of Sciences Po Paris and Northwestern University (Chicago) was the Chief Executive Officer of the Luxury division of "Française de soins et Parfums" (Unilever Group), and then, a manager for several companies specialized in the creation of fragrance concentrates: International Flavors and Fragrance (IFF), Créations Aromatiques and Haarmann & Reimer. He was head of the ISIPCA, the school for the creation of fragrances, cosmetics and flavors, located in Versailles, France. He is today the cofounder and President of the École Supérieure du Parfum de Paris, providing specialized programs in the fields of creation and management for the perfume industry.

Current offices: none.

Offices having expired in the last five years: none.

— **Chantal Roos**
Independent Director

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Chantal Roos, 77, served as Vice-President for International Marketing then Deputy Chief Executive Officer within the Yves Saint Laurent Parfums Group, then Chair of Beauté Prestige Internationale.

She joined the Gucci group in 2000 as President of the Yves Saint Laurent Beauté division, becoming subsequently in 2007, Strategic Adviser to the Chairman and Chief Executive Officer. In 2008, she launched her own company specialized in the creation and development of fragrance and cosmetic brands.

Current offices:

— Managing Partner of CREA;
— Managing Partner of Roos&Roos.

Offices having expired in the last five years: none.

— **Dominique Cyrot**
Independent Director & Audit Committee member

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Dominique Cyrot, 69, has a master's degree in management from University Paris IX Dauphine. She spent her career from 1973 to 2011 with the French insurer AGF from, which has become today ALLIANZ GI, where she was responsible for managing the group's UCTIS for French large caps then for all French and European Mid Caps. She has served on the boards of investment funds well as numerous SICAVs of the AGF group and also external SICAVs.

Current offices:

— Director of FIME (SA) since April 16, 2015.

Offices having expired in the last five years:

— Director of SECHE Environnement (office expired in April 2015).

— **Marie-Ange Verdickt**
Independent Director & Audit Committee Chair

Professional address: 4, rond-point des Champs-Élysées 75008 Paris, France.

Biography: Marie-Ange Verdickt, 58, has a business degree from École Supérieure de Commerce de Bordeaux – KEDGE (1984), and is a member of the French Society of Financial Analysts (SFAF). She began her career as an auditor with Deloitte, then management controller for the computer group, Wang.

In 1990 she joined Euronext as a financial analyst and was subsequently appointed as head of the office of financial analysis. From 1998 until 2012, she joined the asset management company, Financière de l'Échiquier, as a manager of equity funds specialized in French and European Mid-Caps. She also contributed to developing socially responsible investment practices. Since 2012, she has been an independent Director in different companies.

Current offices:

— Member of the supervisory Board of Wavestone (ex Solucom) (September 26, 2012);
— Member of the supervisory Board of CapHorn Invest (May 31, 2013);
— Director of ABC Arbitrage (April 2013);
— Director of Bonduelle (December 2019).

Offices having expired in the last five years:

— Member of the supervisory Board of Bonduelle (from December 3, 2015 to December 5, 2019).

1.2.5 — Audit Committee members

Name and function	Independent Director	Date of 1st appointment	Date of last reappointment	Date of expiration	Number of shares held	Audit Committee	Experience and expertise
Philippe Benacin Chairman and Chief Executive Officer	No	1989	2018	2023	6,420	-	Co-founder
Jean Madar Director, CEO Interparfums Inc.	No	1993	2018	2023	6,367	-	Co-founder
Philippe Santi Director – Executive Vice President	No	2004	2018	2023	10,248	-	Finance and accounting
Frédéric Garcia-Pelayo Director – Executive Vice President	No	2009	2018	2023	12,375	-	Knowledge of the business sector and distribution
Patrick Choël Director	No	2004	2018	2021	2,336	Member	Knowledge of the business sector
Véronique Gabaï-Pinsky Director	No	2017	-	2021	399	-	Knowledge of the business sector
Maurice Alhadève Director	Yes	2004	2018	2021	484	Member	Knowledge of the business sector
Chantal Roos Director	Yes	2009	2018	2023	1,105	-	Knowledge of the business sector
Dominique Cyrot Director	Yes	2012	2020	2025	3,453	Member	Finance and accounting
Marie-Ange Verdickt Director	Yes	2015	2018	2023	3,578	Chair	Finance and accounting

In compliance with the provisions of article 4.8 of the Board Charter, all Directors hold at least 300 shares of the company.

1.2.6 — The diversity policy of the Board of Directors

Criteria applied	Targets	Procedures implemented and results obtained in the period
Gender balance	Balanced representation of men and women on the Board of Directors in compliance with article L.225-18-1 of the French Commercial Code	Increase in the percentage of women on the Board: — 25% since the 2012 General Meeting — 33% since the 2015 General Meeting Since the General Meeting of April 28, 2017, 40% of the Board members were women.
Nationality, qualifications and background	Study of orientations to be set to ensure the best possible balance by seeking complementary profiles in terms of international background and diversity in terms of nationality, expertise and experience.	Foreign Directors: — 10% since the 2017 General Meeting Experience: — Knowledge of the business sector: appointments of Maurice Alhadève and Patrick Choël in 2004 — Finance, Strategy, Economics: Appointment of Dominique Cyrot in 2012 and Marie-Ange Verdickt in 2015 — Marketing/consumer behavior: appointment of Chantal Roos in 2009 and Véronique Gabaï-Pinsky in 2017 All Directors listed above possessed considerable international experience
Independence of Directors	At least 2 independent Directors (see Middlenext Code Recommendation No. 3)	4 independent Directors (40%)
Age of Directors	Not more than one third of the Directors over than 80	Objective met

1.2.6.1 — Expertise

The Board of Directors attaches a particular attention to the selection of its members. In addition to their complementarity and respective technical expertise, Directors are also selected for their international experience and ability to address the strategic issues of the market in which the company operates.

1.2.6.2 — Director ethics

In accordance with Middlenext Code recommendation No. 1, each Director is informed of the responsibilities arising from their appointment and encouraged to comply with the rules of ethics relating to the obligations of their office which are described in detail in the Charter: notably those provided for by law on holding several offices (the Middlenext Code recommends that when the Director holds a position as a "manager", he or she should not accept more than two other offices as Directors in listed companies), informing the Board in the event of a conflict of interest arising after their appointment, participate actively and diligently in all Board meetings and attend shareholders' meetings, ensuring that they have obtained all necessary information on the subjects to be addressed in meetings before rendering any decisions and observe strict professional secrecy.

1.2.6.3 — Independence of Directors

With respect to the criteria set forth in Middlenext Code recommendation No. 3, a Director is characterized as independent by the absence of any significant financial, contractual or family relationship likely to affect his/her independence of judgment. The Middlenext Code recommends that the Board has at least 2 independent members.

On this basis, the Board of Directors has four independent members, with respect to the following criteria:

- criteria of independence No. 1: They must not have been during the last five years an employee or executive officer of the company or a company in its Group;
- criteria of independence No. 2: They must not have or had any material business relationship with the company or its Group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- criteria of independence No. 3: They must not be a reference shareholder of the company or hold a significant percentage of voting rights;
- criteria of independence no. 4: they must not have a close relationship or close family ties with a corporate officer or a reference shareholder;
- criteria of independence No. 5: They must not have been an auditor of the company within the previous three years.

	Criteria of independence					Qualification of independence
	No. 1	No. 2	No. 3	No. 4	No. 5	
Maurice Alhadève	X	X	X	X	X	Yes
Philippe Benacin		X		X	X	No
Patrick Choël		X	X	X	X	No
Dominique Cyrot	X	X	X	X	X	Yes
Frédéric Garcia-Pelayo		X	X	X	X	No
Jean Madar		X		X	X	No
Chantal Roos	X	X	X	X	X	Yes
Philippe Santi		X	X	X	X	No
Marie-Ange Verdickt	X	X	X	X	X	Yes
Véronique Gabaï-Pinsky		X	X	X	X	No

As at December 31, 2020, the independent Directors did not have any relations of any nature with the company that could compromise their independence.

1.3 — Preparation and organization of the work of the Board of Directors and Audit Committee

1.3.1 — Board meetings

The number of meetings held is in compliance with the provisions of Middlenext Code recommendation 5. It meets as often as the interests of the company require and at least four times a year at the request of the Chairman and according to a calendar jointly established that may be modified at the request of Directors or when justified by unforeseen events.

The Chairman organizes the work of the Board and reports on this work to the General Meeting. The work of the Board is carried out in a collegial framework and in a manner that complies with the laws, regulations and recommendations. Accordingly, the Chairman of the Board of Directors ensures Directors are provided with information in advance and on a regular basis, that constitutes an essential condition for the performance of their duties.

In 2020 and in the particular context of the health crisis, projects for external growth were presented to the Company and the Board of Directors met 10 times (in-person, through videoconferencing and written consultation) with an attendance rate of 100% and with meetings lasting on average 3 hours, addressing the following items of business:

— review and approval of the separate parent company and consolidated financial statements for the fiscal year ended December 31, 2019 and the notice of the Annual General Meeting;
— implementation of the share buyback program;
— review and approval of the 2020 interim financial statements;
— review of the fiscal year 2020 budget and outlook and the forward-planning documents;
— capital increase through the capitalization of reserves and the grant of bonus shares to shareholders *(actions gratuites)*;
— compensation policy for executive officers;
— analysis of financial information disclosed by the company to shareholders and the market;
— analysis and definition of the major strategic, economic and financial priorities of the company;
— review and authorization of external growth projects with the signature of a license agreement with the Moncler brand and an equity investment in Divabox (Origines Parfums);
— discussions on the company's policies on workplace and wage equality and CSR;
— review of the issue of succession planning for the manager.

In addition, in compliance with the Act No. 2019-486 of May 22, 2019 *(Loi Pacte)*, the Board of Directors adopted a new procedure for the annual review of ordinary agreements entered into under normal conditions, providing for their evaluation comparable to the practice for reviewing regulated agreements.

Auditors attend Board of Directors' meetings held to consider the company's accounts or any other matters regarding which they may provide Board members with an informed opinion. Each of the meetings of the Board called to adopt the annual and half year accounts was preceded by an Audit Committee meeting.

On the date of this Universal Registration Document, the Board of Directors met twice since the beginning of 2021 to consider, on the one hand, the compensation policy for corporate officers, and on the other hand, the review and closing of the annual and consolidated financial statements for the year ended December 31, 2020 and the notice for the Annual General Meeting of 2021.

1.3.2 — Audit Committee meetings

The Board of Directors, taking into account the Middlenext Code recommendation No. 6 and in light of the company's size and operating procedures, on June 11, 2018, created an independent Audit Committee.

The Audit Committee is tasked primarily with the following missions:

— monitoring matters relating to the preparation and control of accounting and financial information: it supervises procedures related to the preparation of financial information and, if need be, formulates recommendations in order to ensure its integrity. It reviews the draft versions of the interim and annual consolidated financial statements of the group, the annual financial statements of the company and the presentation of management describing the exposure to risks and significant off-balance sheet commitments as well as the accounting options adopted;

— monitoring the effectiveness of internal control and risk management systems as well as, as applicable, Internal Audit, regarding procedures for the preparation and processing of accounting and financial information, without however compromising its independence. After strengthening its missions for monitoring risks, it conducts a review once a year of all the main risks to which the group may be exposed;

— monitoring the statutory audit of the consolidated annual and interim financial statements of the Group, the annual financial statements of the company and ensuring the compliance by the Statutory Auditors of the conditions of independence under the conditions and according to the procedures provided for by regulation and, more generally, monitoring the conduct of their mission and taking into account, as applicable, the observations and conclusions of the French auditors supervisory body *(Haut Conseil du Commissariat aux Comptes)* pursuant to audits performed in accordance with regulations;

— issuing a recommendation for the appointment of Statutory Auditors submitted to the General Meeting. This recommendation sent to the Board is prepared according to regulations. It issues as well a recommendation to the Board when the reappointment of the auditor's term is considered under the conditions defined by regulation;

— it approves the provision of services other than statutory audit work in compliance with applicable regulations;

— implementing a procedure of prior approval for a specified period, for a restrictive list of services other than statutory audit, where each category is based on work of the same nature;

— it reports regularly to the Board of Directors of the committee's mission. It also reports on the results of the audit, on how this mission has ensured integrity of the financial information and the role played by the committee in this process. The Chair informs the Board of any difficulties encountered.

The majority of the Audit Committee members are independent Directors, of which the Chair.

Members of the Audit Committee were appointed for terms corresponding to their terms as Director (see above paragraph 1.2.5.).

Their expertise and professional background enables the Committee to fulfill its mission based on the requisite experience.

The Audit Committee adopted a Charter approved by the Board of Directors on June 11, 2018, and amended on March 1, 2021, describing its organization, operating procedures, areas of competence and functions.

In the period ended December 31, 2020, the Audit Committee met four times with an attendance rate of 100%, and reviewed the following points relating to the audit of the consolidated annual and interim financial statements:

— the assessment of the accounting policies, the consistency of their application and compliance with IFRS;
— the implementation of audit programs and financial information defined in relation to the risks identified after evaluating the accounting and internal control systems and notably asset impairments (accounts receivable, inventory) and provisions (legal and tax risks) and impacts relating to foreign exchange;
— adoption of measures to comply with the provisions of the European General Data Protection Regulation (GDPR);
— the validation of financial information;
— the review of Services other than Statutory Audit;
— the review of insurance policies;
— prioritization of company risks;
— the computer security audit.

The Audit Committee transmitted to the Board of Directors the results of the audit, and provided explanations to the Board on how the statutory audit contributed to the integrity of financial reporting and defined the role it exercised in this process.

1.3.3 — Evaluation of the work of the Board of Directors and Audit Committee

In accordance with Middlenext Code Recommendation 11, each year Board members perform their self-evaluation on the practices of the Board, the Audit Committee and the preparation of their work through a questionnaire sent to each Director on notably:

— the missions assigned to the Board;
— the functioning and composition of the Board;
— the Board of Directors and the strategy;
— the missions and work of the Audit Committee;
— the meetings and quality of the discussions;
— Directors' access to information.

Based on the feedback received, the Board and the Audit Committee reviewed its membership and evaluated, in total independence and freedom of judgment, its organizational and operating effectiveness. In light of the above, a favorable assessment was issued for the operating procedures of the Board and the Audit Committee and the quality of the information provided before the proceedings, in compliance with the spirit of the Middlenext recommendations. The members of the Board also issued a favorable assessment of the environment in which they effectively exercise their functions and responsibilities.

1.4 — Powers and missions of the Board of Directors

The Board of Directors determines strategic, economic, social and financial priorities of the company and ensures that they are implemented. Subject to the powers granted to shareholders' meetings and within the limits of the company's Charter, the Board considers any matter relating to the proper management of the company.

It issues decisions concerning the holding of multiple appointments or the separation of the appointments of Chief Executive Officer (*Directeur Général*) and Chairman of the Board, appoints corporate officers, imposes possible limits on the authorities of the Chief Executive Officer (see paragraph 1.2.1.1), adopts the report on Corporate Governance, performs controls and verifications it considers appropriate, in respect to management control and the fair presentation of accounts, reviews and approves the financial statements, and ensures the quality of financial information provided to shareholders and the market.

1.4.1 — Transmission of information to Directors

Directors are provided with all relevant documents and information to effectively perform their duties. Before each Board meeting, Directors receive:

- a meeting agenda established by the Chairman in coordination with Executive Management and, when applicable, Directors proposing items to be discussed;
- an information file concerning issues to be addressed under the agenda requiring particular analysis for the purpose of an informed discussion, during which Directors may ask relevant questions to ensure their adequate understanding of the matters addressed;
- and, when useful, press releases that have been published by the company as well as significant press articles and reports of financial analysts.

In compliance with Middlenext Code recommendation No. 4, outside of Board meetings, and when justified by events of the Company, Directors are regularly provided with all important information about the company that could have an impact on its commitments and financial position, notably through a dedicated gateway. They may request any explanation or the issuance of additional information, and in general, formulate any requests for access to information they may consider useful.

The Directors who are members of the Audit Committee organize preparatory work for the Board meetings and may on occasion meet to address questions relating to their missions and operating procedures.

1.4.2 — Representations concerning Directors and Executive Management

1.4.2.1 — Convictions

To the best of the Company's knowledge and on the date this document was prepared, in the last five years none of the members of the Board of Directors and Executive Management of the company have been:

- convicted for fraud or subject to accusations or penalties and/or any official public sanction for infractions rendered by statutory or regulatory authorities (including designated professional bodies);
- involved in a bankruptcy, receivership or liquidation receiving or been placed in official receivership, while serving as a member of a Board of Directors, Executive Management or Supervisory Board;
- has not been disqualified by a court of law from serving as a member of the Board of Directors, Executive Management or Supervisory Board or from intervening in the management of the operations of an issuer.

1.4.2.2 — Potential conflict of interest

To the best of the Company's knowledge and on the date this document was prepared, no conflicts of interest have been identified between the duties towards the company and the personal interests and/or other duties of one of the members of the Board and the Executive Management.

In compliance with the Board Charter, it is noted that in exercising their office, each Director must make decisions in accordance with the corporate interest of the company.

Each Director is obligated to inform the Board of any situation involving a conflict of interest, even a potential conflict of interest, and must abstain from participating or voting in the proceedings relating thereto, and if necessary, resign.

Directors are asked each year to update information about their functions, and executive, administrative and management offices currently held or that have been held in the last five years. In addition, they are requested to return a sworn statement attesting to the absence of any conflict of interest and convictions.

Insofar as the company is aware and on the date this document was prepared, no arrangements or agreements existed with the principal shareholders or with customers, suppliers or other parties by virtue of which any members of the Board of Directors and the Executive Management have been appointed on the basis of their status as such.

Insofar as the company is aware and on the date this document was prepared, in the last five years none of the members of the Board of Directors and Executive Management have accepted any restrictions relating to the sale of their holdings, within a certain period of time, the shares of the company they hold, with the exception of the lock-up obligation to hold 20% of the restricted stock units *(actions gratuites)* awarded to the Chairman-CEO and the Executive Vice Presidents until such time as they no longer exercise their functions.

1.4.2.3 — Service contracts with members of the Board and corporate governance bodies

Insofar as the company is aware, no benefits have been granted under the terms of service contracts binding one of the members of the Board and corporate governance bodies to the company or one of its subsidiaries.

1.4.2.4 — Family ties between corporate officers

No family ties exist among members of corporate officers

1.5 — Summary of delegations of authority and financial authorizations granted by the General Meeting to the Board of Directors (Art. L.225 129-1 and L.225-37-4 of the French Commercial Code)

— Summary of delegations of authority and financial authorizations in force

Nature of the delegations of authority and authorizations	Limits of the issue	Delegations of authority and authorizations used	Expiration date
Delegations of authority and authorizations granted by the Annual General Meeting of April 26, 2019			
Delegation of authority to increase the capital by capitalizing reserves, earnings or premiums (12th resolution)	Within the limit of €50,000,000	Delegation of authority used by the Board of Directors on April 26, 2019 resulting in the creation of 4,296,562 new shares for a nominal amount of €12,889,686 and on September 7, 2020 resulting in the creation of 4,726,219 new shares for a nominal amount of €14,178,657.	06/25/2021
Authorization to grant stock options to employees or selected corporate officers (13th resolution)	Within the limit of 1% of the share capital on the grant date	Unused	06/25/2022
Authorization to award restricted share awards (*actions gratuites* or bonus shares) to employees and/or selected corporate officers (14th resolution)	Within the limit of 3% of the share capital on the grant date	Unused	06/25/2022
Delegations of authority and authorizations granted by the Annual General Meeting of June 24, 2020			
Delegation of authority to issue shares or securities, maintaining shareholders' preferential subscription rights (12th resolution)	Within the limit of €30,000,000 (shares) and €100,000,000 (debt securities)	Unused	08/23/2022
Delegation of authority to issue securities canceling shareholders' preferential subscription rights by a public offering (with the exception of offers covered by paragraph 1 of article L.411-2 of the French financial and monetary code) and/or as consideration for security tendered in connection with a public exchange offer (13th resolution)	Within the limit of €9,000,000 (1) (shares) and €50,000,000 (debt securities)	Unused	08/23/2022
Delegation of authority to issue shares or securities giving access to the capital of the company, canceling shareholders' preferential subscription rights through an offering covered by section 1 of article L.411-2 of the French Monetary and Financial Code (14th resolution)	Within the limit of €9,000,000 (1) (shares) and €15,000,000 (debt securities)	Unused	08/23/2022
Increase in the number of shares to be issued in the case of a capital increase maintaining or canceling shareholders preemptive subscription rights (15th resolution)	Within the limit of 10% of the initial issue	Unused	08/23/2022
Authorization to issue shares or securities giving access to the capital as consideration in payment for in-kind contributions of equity securities (17th resolution)	Within the limit of 10% of the share capital on the date of the AGM (1)	Unused	08/23/2022
Delegation of authority to issue shares reserved for employees of the Group participating in a company savings plan (18th resolution)	Within the limit of 2% of the share capital on the issue date (1)	Unused	08/23/2022

(1) Included within the total ceiling of 10% of the share capital on the issue date (19th resolution of the 2020 AGM).

1.6 — Participation in shareholders meetings

Under the terms of article 19 of the company's bylaws all shareholders have a right to participate in General Meetings, personally or through a proxy, regardless of the number of shares they hold. The right to attend the shareholders meetings is contingent on registration of the shares in the name of the shareholder or the registered intermediary acting on the shareholder' behalf, on the second business day prior to the meeting at midnight (CET).

In the context of the Covid-19 epidemic and the government measures implemented to limit or ban public gatherings for health reasons, the procedures for organizing and the participation of shareholders in the General Meeting of June 24, 2020 were adapted. On that basis this Meeting was held in closed session without the physical presence of the shareholders, proxyholders and other persons entitled to attend.

2 — Compensation of Directors and officers

2.1 — Compensation policy for corporate officers (9th and 10th resolutions of the AGM of April 23, 2021)

In light of the recommendations of the Middlenext Code of corporate governance and in accordance with provisions of articles L 22-10-8 and R.22-10-14 of the French Commercial Code, the Board of Directors has established a compensation policy for each corporate officer of the Company in the interest of the company by contributing to its long-term development and in line with its commercial strategy as described in section 1 "Consolidated management report", paragraph 1 "the company's business and strategy" of this Universal Registration Document.

No component of compensation of any nature may be set, allocated or paid by the Company and no undertaking may be made by the Company if not in compliance with the approved compensation policy or, in the absence thereof, with compensation or practices existing within the Company.

The Board sets, revises and implements the compensation policy for each corporate officer. When the Board of Directors rules on a component of compensation or a commitment for the benefit of its Chairman, Chief Executive Officer *(Directeur Général)* or an Executive Vice President *(Directeur Général Délégué)*, the party thus concerned abstains from participating in the proceedings or voting on the components of compensation or commitment in question.

The determination, revision and application of the compensation policy for each corporate officer take into account changes in the conditions of compensation and employment of the Company's employees.

2.1.1 — Compensation policy for the Chairman-Chief Executive Officer or any other executive officer

The policy described below applies to the Chairman-CEO as well as any other executive officer to whom compensation may be allocated on the basis of their office.

In this respect, it is specified, for information purposes, that the current Executive Vice Presidents do not receive any compensation with respect to their offices. These officers are tied to the company through a permanent employment contracts whose characteristics are described in paragraph 2.1.3.

The compensation policy for the Chairman-CEO, in line with the Company's interest, is designed to ensure that the latter's total compensation is coherent with the Company's performance.

The fixed, variable and special components of total compensation and benefits of any nature attributable to the Chairman-CEO on the basis of his office, as well as their respective importance are as follows:

2.1.1.1 — Variable and fixed compensation

— Fixed compensation

The fixed compensation of the Chairman-CEO is provided as consideration for the responsibilities associated with this type of corporate office.

This is determined each year in relation to changes in responsibilities or events affecting the company, the environment for the business and the market of reference, and must be proportionate to the situation of the company and will be paid through monthly payments.

The fixed compensation, which is not subject to systematic annual increases, serves as a reference to determine the percentage of the annual variable compensation.

The Chairman-CEO's annual fixed compensation set by the Board of Directors on January 25, 2021 was €468,000, unchanged in relation to the prior year.

— Annual variable compensation

Procedures for determining compensation
The Board of Directors ensures at each meeting that the percentage of the Chairman-CEO's variable compensation is based on performance criteria that are precisely defined and sufficiently important relative to his fixed compensation.

This annual variable compensation is based on clearly defined, quantifiable and operational objectives and is contingent on the achievement of financial objectives on the one hand, and non-financial objectives on the other. It is equal, subject to achieving the objectives, to 30% of the fixed compensation.

His compensation was set by the Board of Directors on January 25, 2021 as follows:

— 50% of the objectives based on the financial performances achieved by the Company in the period ended, and namely a target for consolidated revenue and consolidated operating profit, with each of these targets of equal weigh in determining the percentage of variable compensation;
— 50% of the objectives based on non-financial objectives, precisely defined and directly linked to the growth strategy of the Company and its subsidiaries, relations with the brands and the development of a CSR and governance policy.

It is calculated and set by the Board of Directors after the financial year to which it applies has been closed.

To this purpose, each year in the first quarter following the closing of the financial year for which the variable compensation is granted, the Board of Directors reviews the different objectives, their weighting and the level of performances expected and sets:

— the level below which no variable compensation is paid;
— the target level for variable compensation payable when each objective has been met, and
— the criteria for evaluating quantitative performances.

The degree of achievement expected for the financial and non-financial criteria has been previously established by the Board of Directors though not rendered public for reasons of confidentiality and in light of the sensitivity of this information with respect to strategy and the competition.

Conditions for payment
As required by law, payment of annual variable compensation is subject to approval by the Annual General Meeting of the components of compensation paid in the period ended or granted for the same period to the interested party.

2.1.1.2 — Other compensation

— Multi-annual variable compensation

There are no plans for the payment of multi-year variable compensation.

— Exceptional compensation

The Board of Directors may decide to grant the Chairman-CEO exceptional compensation in light of specific circumstances. Payment of this type of compensation must be justified by an event such as completion of a major transaction for the Company or the Group. The amount of exceptional compensation thus granted may not exceed 20% of total annual fixed compensation.

As required by law, such exceptional compensation is subject to in any event, approval by the Annual General Meeting of the components of compensation paid in the period ended or granted for the same period to the interested party.

— Performance share awards – stock options

The shareholders' AGM of April 26, 2019 authorized the Board of Directors to award restricted stock units and/or stock options and/or stock purchase options of the company to members of personnel and/or selected corporate officers. In this framework, the Chair-CEO may be awarded in 2021 restricted stock units and/or stock options and/or stock purchase options subject to conditions of performance and holding periods linked to his term as officer of the company.

— Compensation awarded to Directors on the basis of their office

The Chairman-CEO and Executive Vice Presidents, in their capacity as Directors, have expressly waived their right to receive compensation to which they might be entitled as members of the Board.

— Benefits of any nature

The Chairman-CEO benefits from the use of a company car representing a benefit in kind.

No other benefits in kind are granted to him.

2.1.2 — Compensation policy for Board members

The compensation policy for Board members is based on an allocation reserved exclusively to outside non-executive Directors serving on the Board of Directors. The other Directors exercising executive functions expressly waived their entitlement to receive compensation.

Compensation of each Director will be limited and the criteria for allocating the total annual amount by the General Meeting to Board members were set by the Board and based on meeting attendance and membership of the Audit Committee.

No other form of compensation is paid to non-executive Directors.

2.1.3 — Information on offices and employment contracts and/or service agreements of corporate officers with the Company

The terms of the offices of the Company' corporate officers are presented above in paragraph 1.

The following table indicates the terms of offices of corporate officers of the Company and, as applicable, employment contracts or service agreements entered into with the Company, the notice periods and the conditions for revocation or termination applicable thereto.

Officers of the Company	Philippe Benacin	Frédéric Garcia-Pelayo	Philippe Santi
Office(s) exercised	Chairman-Chief Executive Officer	Executive Vice President	Executive Vice President
Term of office(s)	At the end of the AGM to be held in 2023 called to approve the financial statements for the period ended		
Employment contract entered into with the company (specify its term)	No	Yes – permanent employment contract for the position of "Chief International Officer"	Yes – permanent employment contract for the position of "Chief Financial and Legal Officer"
Service agreements entered into with the Company	No	No	No
Notice periods	N/A	3 month notice period for salaried positions	
Conditions for revocation or termination	Revocation of the office as provided by law and jurisprudence	Termination of the office as provided by law and jurisprudence Termination of the employment contract as provided by law and jurisprudence	

2.2 — Disclosures required by article L.22-10-9 of the French Commercial Code for each officer of the Company (11th resolution of the AGM of April 23, 2021)

It is specified that the total compensation of the Chairman-CEO and the Directors is in compliance with the compensation policy relating thereto as approved by the 6th and 7th resolutions of the Annual General Meeting of June 24, 2020. Readers are reminded that the Company's two Executive Vice Presidents (*Directeurs Généraux Délégués*) receive compensation exclusively on the basis of their employment contract.

2.2.1 — Summary of compensation, stock options and shares awarded to each executive officer

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Philippe Benacin – Chairman and Chief Executive Officer			
Compensation allocated for the year	€599,800	€589,800	€592,300
Valuation of options granted in the period (Interparfums Inc. Plan)	$366,500	$353,000	- $
Valuation of multi-year variable compensation granted in the period	N/A	N/A	N/A
Valuation of performance shares granted in the period	€119,360	-	-

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Philippe Santi – Director – Executive Vice President			
Compensation allocated for the year	€714,000	€710,000	€664,750
Valuation of options granted in the period (Interparfums Inc. Plan)	$189,760	$141,200	-
Valuation of multi-year variable compensation granted in the period	N/A	N/A	N/A
Valuation of performance shares granted in the period	€119,360	-	-
Frédéric Garcia-Pelayo – Director – Executive Vice President			
Compensation allocated for the year	€721,800	€717,800	€674,300
Valuation of options granted in the period (Interparfums Inc. Plan)	$189,760	$141,200	-
Valuation of multi-year variable compensation granted in the period	N/A	N/A	N/A
Valuation of performance shares granted in the period	€119,360	-	-

No other compensation or benefits of any kind were granted to the Chairman-CEO and the Executive Vice Presidents in 2020 from controlled companies and the controlling company.

2.2.2 — Summary of compensation for each executive officer

	Fiscal 2018		Fiscal 2019		Fiscal 2020	
	Compensation allocated for the year	Compensation paid during the year	Compensation allocated for the year	Compensation paid during the year	Compensation allocated for the year	Compensation paid during the year
Philippe Benacin – Chairman and Chief Executive Officer						
Fixed compensation	444,000	444,000	456,000	456,000	468,000	468,000
Annual variable compensation	145,000	147,000	123,000	146,000	113,500	124,000
Multi-annual variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Compensation allocated on the basis of his office as Board member	-	-	-	-	-	-
Benefits in kind (vehicle)	10,800	10,800	10,800	10,800	10,800	10,800
Total	**599,800**	**601,800**	**589,800**	**612,800**	**592,300**	**602,800**

	Fiscal 2018		Fiscal 2019		Fiscal 2020	
	Compensation allocated for the year	Compensation paid during the year	Compensation allocated for the year	Compensation paid during the year	Compensation allocated for the year	Compensation paid during the year
Philippe Santi – Director – Executive Vice President						
Fixed compensation	384,000	384,000	396,000	396,000	408,000	408,000
Annual variable compensation	330,000	318,000	314,000	331,500	256,750	298,500
Multi-annual variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Compensation allocated on the basis of his office as Board member	-	-	-	-	-	-
Benefits in kind (vehicle)	-	-	-	-	-	-
Total	**714,000**	**702,000**	**710,000**	**727,500**	**664,750**	**706,500**
Frédéric Garcia-Pelayo – Director – Executive Vice President						
Fixed compensation	384,000	384,000	396,000	396,000	408,000	408,000
Annual variable compensation	330,000	318,000	314,000	331,500	256,750	298,500
Multi-annual variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Compensation allocated on the basis of his office as Board member	-	-	-	-	-	-
Benefits in kind (vehicle)	7,800	7,800	7,800	7,800	9,550	9,550
Total	**721,800**	**709,800**	**717,800**	**735,300**	**674,300**	**716,050**

2.2.3 — Attendance' fees received by non-executive Directors

Non-executive officers	Compensation granted in 2019 and paid in 2020	Compensation granted in 2020 and paid in 2021	Compensation granted in 2020 and paid in 2021 subject to approval of the 2021 AGM(1)
Maurice Alhadève	€32,000	€33,600	€14,400
Patrick Choël	€28,000	€33,600	€14,400
Dominique Cyrot	€22,000	€33,600	€14,400
Chantal Roos	€20,000	€28,000	€12,000
Marie-Ange Verdickt	€28,000	€33,600	€14,400
Véronique Gabaï-Pinsky	€16,000	€28,000	€12,000

(1) The 13th resolution of the ordinary Annual General Meeting of April 27, 2018 had set as compensation for members of the Board an annual amount of €200,000 valid for the 2018 financial year and subsequent years, until a new decision by the Annual General Meeting.

At the Annual General Meeting of April 23, 2021, the shareholders will be asked to vote to increase the total annual amount of compensation for members of the Board of Directors to €250,000, valid starting from the fiscal year 2020 and subsequent years, until a new decision to be issued by the Annual General Meeting.

In fiscal year 2020, within the context of an unprecedented health crisis, the Board of Directors was required to meet more frequently than in 2019. For that reason, the total budget for annual compensation of €200,000 was deemed insufficient in light of the compensation policy adopted by the Annual General Meeting of June 24, 2020 and the allocation criteria set by the Board of Directors based on meeting attendance and membership of the Audit Committee.

This concerns solely compensation paid on the basis of their offices as Director.

Mr. Madar's compensation for his functions within Interparfums Inc. is presented in paragraph 2.4 point For information, Mr. Madar receives no compensation from Interparfums SA.

2.2.4 — Summary of employment contracts, specific retirement benefits, severance benefits and non-compete clauses of executive officers

	Employment contract	Supplemental retirement plan	Compensation or benefits that may be due on termination or following a change of position	Compensation resulting from a non-compete clause
Philippe Benacin – Chairman and Chief Executive Officer Date of last reappointment: 04/27/2018 End of term: AGM 2023	No	Yes	No	No
Philippe Santi – Director – Executive Vice President Date of last reappointment: 04/27/2018 End of term: AGM 2023	Yes	Yes	No	No
Frédéric Garcia-Pelayo – Director – Executive Vice President Date of last reappointment: 04/27/2018 End of term: AGM 2023	Yes	Yes	No	No

Senior executives benefit from a supplemental retirement plan in the form of a defined contribution annuity fund.

The benefits of this defined benefit plan were subsequently extended to management employees of the company. This contribution to a private defined contribution pension fund is paid in part by the beneficiaries and in part by the employer for an amount equal four times French Social Security ceiling. The annual contribution to this fund per executive officer beneficiary is €15,000. The supplemental retirement plan is part of the overall compensation policy adopted by the Company for senior executives and managers.

No executives benefit from forms of remuneration, indemnities or benefits owed or which could be owed resulting from the assumption, termination or change of functions of corporate officer of the company or subsequent to these events.

2.2.5 — Pay ratios

These ratios are calculated in compliance with article L.22-10-9 of the French Commercial Code for the purpose of complying with new requirements with respect to transparency regarding executive compensation.

The following summary presents, on the one hand, the ratio between the level of compensation of the Chairman-CEO and the Executive Vice Presidents of the Company (fixed and variable compensation) and the average compensation of employees (excluding officers) and on the other hand, the ratio in relation to the median for employee compensation (excluding officers) of the Company as well as the changes in these two ratios over the last five years.

		2016	2017	2018	2019	2020
Philippe Benacin – Chairman and Chief Executive Officer						
Pay ratios	Average	6.82	6.44	7.15	6.95	7.22
	Median	8.77	8.39	9.57	9.57	10.47
Philippe Santi – Executive Vice President and CFO						
Pay ratios	Average	8.05	8.75	8.50	8.40	8.62
	Median	10.35	11.41	11.36	11.57	12.50
Frédéric Garcia-Pelayo – Executive Vice President						
Pay ratios	Average	8.05	8.75	8.50	8.40	8.62
	Median	10.35	11.41	11.36	11.57	12.50

2.3 — Fixed, variable and exceptional components of total compensation and benefits of any nature paid in the period ended or awarded for the period ended to the Chairman-CEO (12th resolution of the AGM of April 23, 2021)

At the Annual General Meeting of April 23, 2021, shareholders will be asked to approve the fixed, variable or exceptional components of total compensation and benefits of any kind paid in or granted for fiscal year 2020 to Mr. Philippe Benacin, Chairman-CEO.

After determining that 100% of the objectives set for Philippe Benacin for 2020 had been met, on January 25, 2021, the Board of Directors set the amount of variable annual compensation to be granted for fiscal 2020 at €113,500.

Components of compensation paid in or granted for fiscal 2020	Amounts or accounting valuations submitted to vote	Description
Fixed compensation	€468,000 Amount paid and granted	
Annual variable compensation paid in fiscal 2020	€124,000	
Annual variable compensation allocated for fiscal 2020	€113,500 Amount to be paid after approval by the 2021 AGM	60% of the quantitative objectives (2020 consolidated revenue and operating profit) and 40% of the qualitative objectives (4 components relating notably to the growth strategy and management of the Rochas fashion business)
Exceptional compensation	-	-
Bonus share issues	-	-
Stock option grant	-	-
Benefits of any nature	€10,800 Accounting valuation	Use of a company car

2.4 — Compensation of Jean Madar, a non-executive Director (administrateur non dirigeant) for fiscal 2020 (article L.22-10-9 of the French Commercial Code)

For information, Jean Madar, co-founder of the company, receives no compensation of any nature from Interparfums SA.

Compensation is paid to Jean Madar by the parent company of the Group, Interparfums Inc. (United States) as the Chief Executive Officer of this company.

— Summary of compensation and options/shares granted to Jean Madar – Director

Jean Madar – Director	Fiscal 2019	Fiscal 2020
Compensation due for the year (Interparfums Inc.)	$630,000	$1,230,000
Valuation of options granted in the period (Interparfums Inc. Plan)	$353,000	- $
Valuation of multi-year variable compensation granted in the period	N/A	N/A
Valuation of performance shares granted in the period	-	-

— Summary of compensation

	Fiscal 2019		Fiscal 2020	
	Compensation allocated for the year	Compensation paid for the year	Compensation allocated for the year	Compensation paid for the year
Jean Madar – Director				
Fixed compensation	$630,000	$630,000	$1,230,000	$1,230,000
Annual variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated on the basis of his office as Board member	-	-	-	-
Benefits in-kind	-	-	-	-
Total	**$630,000**	**$630,000**	**$1,230,000**	**$1,230,000**

3 — Statutory Auditors' report on stock options and restricted stock unit awards

3.1 — Special report of the Board of Directors on stock options

In compliance with article L.225-184 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined shareholders' Meeting of June 24, 2020 of transactions carried out in fiscal 2019 by virtue of the provisions under articles L.225-177 to L.225-186 of said code.

Rules for the grant of options to subscribe for shares to officers are based on the level of responsibilities and the company's performance. The quantity of options to subscribe for shares granted to officers may vary from one year to another according to the performance of the company over this period.

The Board of Directors has decided that these officers must retain 10% of the shares resulting from the exercise of stock options for the duration of their terms of office in accordance with the provision of article L.225-185 of the French Commercial Code.

— Options granted on inception by Interparfums[SA] under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

No stock option plan was in effect at Interparfums[SA] at December 31, 2020.

— Options granted on inception by Interparfums Inc. under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

	Plan 2015-1	Plan 2015-2	Plan 2016	Plan 2017	Plan 2018-1	Plan 2018-2	Plan 2019
Grant date	01/28/2015	12/31/2015	12/30/2016	12/29/2017	01/19/2018	12/31/2018	12/31/2019
Subscription price	$ 25.82	$ 23.61	$ 32.83	$ 43.80	$ 46.90	$ 65.25	$ 73.09
Valuation of options granted (1)	$ 6.77	$ 5.99	$ 7.43	$ 9.89	$ 10.79	$ 14.66	$ 14.12
Options granted at inception							
Philippe Benacin	-	19,000	19,000	25,000	-	25,000	25,000
Jean Madar	-	19,000	19,000	25,000	-	25,000	25,000
Philippe Santi	1,000	6,000	6,000	6,000	4,000	10,000	10,000
Frédéric Garcia-Pelayo	1,000	6,000	6,000	6,000	4,000	10,000	10,000
Options outstanding at December 31, 2020							
Philippe Benacin	-	19,000	19,000	25,000	-	25,000	25,000
Jean Madar	-	19,000	19,000	25,000	-	25,000	25,000
Philippe Santi	400	2,400	3,600	4,800	4,000	10,000	10,000
Frédéric Garcia-Pelayo	400	2,400	3,600	4,800	4,000	10,000	10,000

(1) Valuation applied in the consolidated financial statements of Interparfums Inc. according to the Black-Scholes model.

No stock option plan was granted in 2020.

— Valuation of options granted

	In fiscal 2019			In fiscal 2020		
	Options granted	Black & Scholes valuation	Value of options	Options granted	Black & Scholes valuation	Value of options
Interparfums Inc.						
Philippe Benacin	25,000	$14.12	$353,000	-	-	-
Jean Madar	25,000	$14.12	$353,000	-	-	-
Philippe Santi	10,000	$14.12	$141,200	-	-	-
Frédéric Garcia-Pelayo	10,000	$14.12	$141,200	-	-	-
Total			**$988,400**			**-**

In 2019 and 2020, no Interparfums[SA] options have been granted.

— Options exercised by each corporate officer of the company in 2020

Interparfums Inc. options exercised in the period by officers	Number of options exercised	Subscription price	Expiration date
Philippe Benacin			
Plan of December 31, 2014	19,000	$27.80	12/30/2020
Jean Madar			
Plan of December 31, 2014	19,000	$27.80	12/30/2020
Philippe Santi			
Plan of December 31, 2014	1,000	$27.80	12/30/2020
Frédéric Garcia-Pelayo			
Plan of December 31, 2014	1,000	$27.80	12/30/2020

— Stock options granted to the top 10 employed beneficiaries of the company who are not officers and options exercised by the 10 employees of the company having exercised the greatest number in 2020

No stock option plan was in effect at December 31, 2020.

3.2 — Special report of the Board of Directors on restricted stock awards

In compliance with article L.225-197-4 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined ordinary and extraordinary general Meeting of June 24, 2020 of transactions carried out by virtue of the provisions under articles L.225-197-1 to L.225-197-3 of said code.

Over 2018, performance shares were awarded to all employees and executive officers of the French company and its subsidiaries having more than six months of seniority on the grant date.

No performance share plans were issued for the periods 2019 and 2020.

— Performance shares awarded by Interparfums SA under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

	Plan 2018
Grant date	12/31/2018
Vesting date	06/30/2022
Share price on the grant date	€33.20 (1)
Number of shares awarded on inception	
Philippe Benacin	4,000
Jean Madar	4,000
Philippe Santi	4,000
Frédéric Garcia-Pelayo	4,000
Number of shares outstanding at December 31, 2020 (2)	
Philippe Benacin	4,840
Jean Madar	4,840
Philippe Santi	4,840
Frédéric Garcia-Pelayo	4,840

(1) The valuation of shares granted amounted to €29.84 for the 2018 plan in the consolidated financial statements.
(2) The number of shares outstanding is recalculated in order to take into account the bonus share issues of 2019 and 2020

— Performance shares awarded by Interparfums[SA] to employees who are not executive officers of the company

	Plan 2018
Grant date	12/31/2018
Vesting date	06/30/2022
Share price on the grant date	€33.20 [1]
Number of shares awarded on inception	
Senior executives and managers (other than executive officers)	117,000
Other employees	27,000
Of which awards to the ten employees having received the highest number	28,000

(1) The valuation of shares granted amounted to €29.84 for the 2018 plan in the consolidated financial statements.

— Change in the number of performance shares of the 2018 plan for 2020

	Plan 2018		
	Senior executives and managers[1]	**Other employees**	**Total**
Existing at January 1, 2019	119,350	28,600	147,950
Adjusted for the bonus share issue of one new share for every ten shares held on October 13, 2020	11,825	2,728	14,553
Canceled in 2020	(1,100)	(2,002)	(3,102)
Existing at December 31, 2020	130,075	29,326	159,401

(1) Excluding officers.

— Grant terms and conditions

Shares previously purchased by the company on the market are vested by their beneficiaries after a vesting period of 3 1/2 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 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.

4 — Information that could be relevant in the event of a public offer (article L.225-10-11 of the French Commercial Code)

To the best of the company's knowledge, the items listed below are not expected to have an impact in the event of a public offering.

In light of the significant ownership interest of the founders through the parent company Interparfums Holding, the company has not identified any other significant item that might be relevant in the event of a public offer other than the items described below.

4.1 — Structure of the share capital of the company at December 31, 2020

	Shares held	% of capital	Theoretical voting rights	% of theoretical votes
Interparfums Holding[SA]	37,618,939	72.4%	75,237,878	83.8%
Other shareholders	14,176,125	27.3%	14,325,142	16.0%
Treasury shares	193,345	0.4%	193,345	0.2%
Total	**51,988,409**	**100.0%**	**89,756,365**	**100.0%**

To the Company's knowledge, there are no other shareholders that possess directly, indirectly or together, 5% or more of the capital or voting rights.

No shareholders' agreements exist at the level of Interparfums Holding.

In accordance with the provisions of article L.225-46 f the French Commercial Code and article 11 of the company's bylaws, a double voting right is granted to all fully paid up shares registered in the name of the same shareholder for at least three years

4.2 — Powers of the Board of Directors – Implementation of the share buyback program

The conditions for implementing the share buyback program are described in chapter 8 of section 1 “Consolidated management report” of this Universal Registration Document).

The delegations of authority and financial authorizations held by the Board are listed in the table presented above in paragraph 1.5.

4.3 — Restrictions under the bylaws to exercise voting rights and transfer shares or agreements brought to the attention of the company in application of article L.233-11 of the French Commercial Code

No restriction exists under the bylaws to exercise voting rights and transfer shares or agreements brought to the attention of the company in application of article L.233-11 of the French Commercial Code.

4.4 — List of the holders of any securities conferring special control rights and a description of those rights

There do not exist any holders of securities conferring special control rights. It is however specified that in application of article 11 of the bylaws, fully paid up registered shares recorded in the name of the same shareholder for at least three years carry a double voting right.

4.5 — Control procedures provided for in the event of the existence of an employee stock ownership scheme with control rights not exercised by participating employers

No control procedure is provided for in the event of the existence of an employee stock ownership scheme.

4.6 — Agreements between shareholders of which, if the Company was aware, would result in restrictions or the transfer of shares and the exercise of voting rights

There are no agreements between shareholders of which, if the Company was aware, would result in restrictions or the transfer of shares and the exercise of voting rights.

4.7 — Rules governing the appointment and replacement of Board members and the modification of the company’ bylaws

The appointment and replacement of Board members and the modification of the company’s bylaws are governed by the applicable regulations in effect.

4.8 — Agreements entered into by the company that would change or terminate if there were a change in control of the company

There are no agreements entered into by the company that would change or terminate if there were a change in control of the company.

4.9 — Agreements providing for severance benefits for members of the Board of Directors or employees should they resign or be dismissed without genuine and serious cause or if their employment ceases because of a public tender bids or exchange offer

There are no agreements providing for severance benefits for members of the Board of Directors or employees should they resign or be dismissed without genuine and serious cause or if their employment ceases because of a public tender bids or exchange offer.

5 Shareholder information

1 — Statutory information

1.1 — The company

1.1.1 — General information

Corporate name: Interparfums.

Registered office: 4, rond-point des Champs-Élysées 75008 Paris, France. Tel.: +33 (0)1 53 77 00 00.

Website: www.interparfums.fr et www.interparfums-finance.fr.

Date of incorporation: April 5, 1989.

Company term: the Company is incorporated for a period of ninety-nine years (99) effective from its date of entry in the Trade and Companies Register *(Registre du Commerce et des Sociétés)*, barring early liquidation or extension.

Legal form: A French corporation *(société anonyme)* with a Board of Directors.

Corporate purpose (article 2 of the bylaws): The company's business purpose in France and all other countries includes:

— as its principal activity, the purchase, sale, manufacture, import and export of all products related to perfumes and cosmetology;
— as a secondary activity, the purchase, sale, manufacture, import and export of all products relating to fashion:
  - the use of license agreements,
  - providing all services related to the above-mentioned activities,
  - the company's participation by all means, directly or indirectly, in all transactions that may relate to its business purpose through the creation of new companies, the contribution, subscription or purchase of company shares or rights, mergers or other, through the creation, acquisition, rental or lease management of all rights to conduct business or establishments, and through the acquisition, operation or disposal of all procedures and patents related to these activities,
  - and, generally, all commercial, industrial, financial, civil, securities and real estate transactions that relate directly or indirectly to the company's business purpose or to any similar and related activities.

Fiscal year: The fiscal year is a twelve-month running from January 1 to December 31.

Siret No.: 350 219 382 00032.

Trade register No. (RCS): 1989 B 04913.

Place of registration: Registrar of the Commercial Court of Paris.

French activity code: 46.45 Z Wholesale perfume and beauty products.

LEI code: 969500SARWF33OPQED48.

1.1.2 — Legal form of the shares and identification of shareholders (article 9 of the bylaws)

At the option of their owners, shares in France are registered in a custody-only account *(compte nominatif pur)*, a personal securities account managed by a financial intermediary *(compte nominatif adiministré)* or in bearer form identified in the records of a financial intermediary.

The Company may request at any time, from the entity providing clearing services for its securities, in accordance with applicable laws and regulations, and in return for payment at its expense, disclosure of information regarding the identity of holders of securities issued by it, which give immediate or future rights to vote in General Meetings, their identity, their address as well as the number of shares held by each and, where appropriate, any restrictions attaching to such securities.

1.2 — Main legal provisions and bylaws

1.2.1 — Shareholders' meetings (article 19 of the bylaws)

Any shareholder may attend the General Meetings in person or by proxy, regardless of the number of shares owned, subject to proof of identity, on condition that the shares are paid up in full and have been registered in the securities account in the name of the shareholder or the intermediary, in accordance with subsection 7, article L.228-1 of the French Commercial Code no later than the second business day preceding the date of the shareholders meeting at midnight Paris time, either in the registered securities account maintained by the company or the bearer share account maintained by the authorized intermediary.

All shareholders may be represented at meetings in accordance with the provisions provided for by law. A shareholder may be represented by another shareholder or by his or her spouse or civil law partner. The shareholder may be represented by any other individual or legal entity of his or her choice. The designation or revocation of a proxy holder may be notified by electronic means

Meeting attendance procedures

In the context of the Covid-19 epidemic, restrictions have been imposed on physical attendance by shareholders at the General Meeting by measures implemented by the government limiting or prohibiting travel and public gatherings for health reasons. In light of these restrictions and the number of shareholders that normally attend Interparfums' Annual General Meeting, the procedures for the organization and participation of shareholders at the Annual General Meeting to be held on April 23, 2021 have been adapted in consequence.

In accordance with the provisions of article 4 of Order No. 2020-321 of March 25, 2020 and Decree No. 2020-418 of April 10, 2020 whose application has been extended and modified, the Combined Ordinary and extraordinary general Meeting of the Company of April 23, 2021, pursuant to the decision of the Chairman-CEO, acting on the authority of the Board of Directors, will be held in closed session at the Company's registered office, in the absence of the physical presence of the shareholders, proxyholders and other persons entitled to attend.

The preliminary notice of the General Meeting, including the draft resolutions submitted to the shareholders' approval and the procedures for participating and voting in the Meeting have been published on March 19, 2021 in the French publication for legal announcements (*Bulletin des Annonces Légales Obligatoires* or BALO) and may be consulted at the Company's website: (www.interparfums-finance.fr).

Shareholders are invited to consult on a regular basis the special section for the 2021 Annual General Meeting at of the Company's website (www.interparfums-finance.fr).

1.2.2 — Special shareholder disclosure obligations (article 20 of the bylaws)

In accordance with the provisions of article L.233-7 of the French Commercial Code, all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the Company, must inform the Company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading. This notification must also be sent to the AMF no later than the fourth trading day before the close of trading following the day this threshold was crossed.

Under article L.233-7 subsection VII of the French Commercial Code, shareholders subject to the above disclosure obligations must also state their intentions with regard to share ownership for the next twelve months whenever the thresholds of one tenth or one fifth of the capital or voting rights have been crossed.

1.2.3 — Appropriation and distribution of earnings (article 24 of the bylaws)

If the financial statements approved by the shareholders' Meeting show a distributable profit as defined by law, the shareholders' Meeting decides whether to make appropriations to one or more retained earnings or reserve accounts under its control, to carry it forward or to distribute it. The shareholders' Meeting may grant shareholders the choice of receiving a dividend in cash or in shares for all or part of the dividend or interim dividends to be distributed, subject to the applicable legal provisions.

Following the approval of the financial statements by the General Meeting of the shareholders, any losses that may occur are carried forward to be offset against future earnings until these losses have been fully used.

1.2.4 — Documents on display

The bylaws, accounts, reports and other information destined for shareholders can be consulted at the company's headquarters by appointment.

1.2.5 — Legal jurisdiction

In the event of litigation, the courts having jurisdiction are those of the registered office in cases where the company is a defendant. They are designated according to the nature of the litigation, barring any contrary provisions of the new Civil Procedure Code.

2 — Capital stock

2.1 — Five-year history of capital stock transactions

Year	Transaction type	Number of shares	Shares created	Total shares	Capital *in €*
2016	Exercise of 2010 stock options	118,014	118,014	32,289,746	96,869,238
	Bonus share issues	3,219,038	3,219,038	35,508,784	106,526,352
2017	Bonus share issues	3,550,878	3,550,878	39,059,662	117,178,986
2018	Bonus share issues	3,905,966	3,905,966	42,965,628	128,896,884
2019	Bonus share issues	4,296,562	4,296,562	47,262,190	141,786,570
2020	**Bonus share issues**	**4,726,219**	**4,726,219**	**51,988,409**	**155,965,227**

As of December 31, 2020, Interparfums' capital was composed of 51,988,409 shares with a par value of €3.

2.2 — Authorized capital

The General Meeting of April 26, 2019 also authorized the Board of Directors to increase the capital by an amount not exceeding €50 million through the capitalization of earnings, additional paid-in capital and reserves.

The Board of Directors made use of this authorization at the Board meetings of April 26, 2019 resulting in the creation of 4,296,562 new shares in the amount of €12,889,686 and of September 7, 2020 resulting in the creation of 4,726,219 new shares in the amount of €14,170,657.

2.3 — Ownership of Interparfums capital stock and voting rights

2.3.1 — Situation at December 31, 2020

	Shares held	% of capital	Theoretical voting rights	% of theoretical votes	Voting rights exercisable at the AGM	% of voting rights at the AGM
Interparfums Holding[SA]	37,618,939	72.4%	75,237,878	83.8%	68,398,072	83.2%
French investors	2,579,034	5.0%	2,595,847	2.9%	2,595,847	3.2%
Foreign investors	8,238,726	15.8%	8,238,726	9.2%	8,238,726	10.0%
Individuals	2,903,973	5.6%	3,022,761	3.4%	3,022,761	3.7%
Employee shareholders	454,392	0.9%	467,808	0.5%	-	-
Treasury shares	193,345	0.4%	193,345	0.2%	-	-
Total	**51,988,409**	**100.0%**	**89,756,365**	**100.0%**	**82,255,406**	**100.0%**

Based on a survey of shareholder ownership, there were 10,665 shareholders at December 31, 2020. Excluding Interparfums Holding and treasury shares, the company's share capital breaks down as follows:

— 241 French institutional investors and mutual funds owning 5.0% of the capital stock (compared with 6.1% in 2019);
— 118 foreign investors holding 15.8% of the share capital (compared to 13.3% in 2019);
— 10,303 individual shareholders (of which employee shareholders) holding 6.5% of the capital stock (compared to 8.2% in 2019).

To the Company's knowledge, no other shareholders possess directly, indirectly or together, 5% or more of the capital or voting rights.

Four independent Directors serve on the Board of Directors providing a mechanism for preventing an abusive exercise of control of the company.

2.3.2 — Changes in Interparfums[SA]'s shareholder base

	2018	2019	2020
Interparfums Holding	72.4%	72.4%	72.4%
French investors	8.4%	8.0%	5.0%
Foreign investors	11.5%	13.2%	15.8%
Individuals	6.8%	5.4%	5.6%
Employee shareholders	0.4%	0.5%	0.9%
Treasury shares	0.5%	0.5%	0.4%
Total	**100.0%**	**100.0%**	**100.0%**

2.4 — Breakdown of Interparfums Holding's capital stock as of December 31, 2020

Interparfums Holding, whose sole equity holding is Interparfums, is itself wholly owned by Interparfums Inc., listed in New York on NASDAQ with approximately 10,600 shareholders. As of December 31, 2020 it had the following ownership structure:

— Philippe Benacin and Jean Madar: 44.40%;
— free float: 55.60%.

2.5 — Dividend

In the past, the dividend distribution represented up to 65% of consolidated annual net income, making it possible to reward shareholders while at the same time associating them with the Group's expansion.

Due to the impact of the health situation and the Group's reduced visibility at the time of the 2020 Annual General Meeting, the Board of Directors asked the General Meeting not to distribute a dividend for the year ended December 31, 2019.

In 2021, the Board of Directors will propose to the General Meeting the distribution of a dividend of €0.55 per share for the financial year ended December 31, 2020.

2.6 — Shareholders' agreements

No shareholders' agreements exist at the level of Interparfums Holding.

2.7 — Double voting right

In compliance with the provisions of article L.225-123 of the French Commercial Code, the extraordinary general 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.

2.8 — Special shareholder disclosure obligations

Thresholds are defined by article 20 of the bylaws whereby in accordance with the provisions of article L.233-7 of the French Commercial Code *(Code de Commerce)* all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must inform the Company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading. This notification must also be sent to the AMF no later than the fourth trading day before the close of trading following the day this threshold was crossed.

In 2020, no incidents of the crossing of such share ownership or voting right thresholds were reported to the company

2.9 — Key stock market data

In number of shares and euros	2016	2017	2018	2019	2020
Shares outstanding as of 31 December	35,508,784	39,059,662	42,965,628	47,262,190	51,988,409
Market capitalization as of December 31 *(€m)*	973	1,350	1,450	1,749	2,233
High (1)	27.40	38.45	45.30	49.30	44.95
Low (1)	19.60	26.02	32.35	32.10	26.70
Average (1)	23.68	30.82	37.83	41.86	37.80
Year-end closing price (1)	27.40	34.55	33.75	37.00	42.95
Average daily volume (1)	15,789	28,580	37,753	58,468	45,627
Earnings per share (1)	0.98	1.07	1.15	1.12	0.64
Dividend per share (1)	0.55	0.50	0.71	-	0.55
Average number of shares outstanding (2)	33,192,284	37,280,813	41,000,764	45,073,082	48,046,776

(1) Historical data (not restated for bonus share issues undertaken each year).
(2) Excluding treasury shares.

2.10 — Share price and trading activity trends since 2018

In euros	High	Low	Trading volume(1) *(number of shares)*	Trading value(1) *(€ millions)*
2018				
January	38.15	34.30	413,910	15,222
February	37.45	34.05	358,703	12,606
March	37.40	34.95	341,331	12,288
April	38.25	36.20	256,708	9,452
May	40.05	37.95	338,849	13,324
June	41.70	35.50	488,462	18,474
July	38.50	35.85	299,053	11,096
August	39.95	38.15	255,025	10,001
September	44.40	39.40	342,834	14,293
October	45.30	36.15	608,095	24,408
November	39.50	36.75	396,435	15,136
December	39.60	32.35	411,317	14,365
2019				
January	43.95	32.10	829,491	32,995
February	46.20	44.00	556,248	25,258
March	49.30	45.00	638,723	30,126
April	49.30	43.45	574,776	26,259
May	45.20	41.20	455,726	19,680
June	45.80	40.00	589,854	24,784
July	44.05	41.05	469,880	20,106
August	43.20	39.05	329,228	13,194
September	41.80	37.55	425,731	16,696
October	41.95	37.75	407,627	16,121
November	43.15	35.85	679,570	26,566
December	38.10	35.50	388,040	14,228
2020				
January	38.70	36.25	412,097	14,132
February	38.00	30.95	491,484	15,446
March	32.80	26.70	992,389	27,161
April	33.05	28.85	227,387	6,471
May	32.70	29.15	306,807	8,429
June	40.35	30.40	524,283	17,222
July	41.40	39.15	391,783	14,236
August	42.35	39.55	242,910	9,030
September	44.95	40.40	331,567	13,029
October	44.55	38.75	322,807	12,846
November	44.00	39.65	426,536	18,026
December	44.05	41.85	333,138	14,880
2021				
January	44.05	39.95	323,775	13,644
February	48.85	44.40	283,951	13,156

Historical data (not restated for bonus share issues).
(1) Euronext market data only.

A capital increase through a bonus share issue on the basis of one new share for ten existing shares was carried out in June 2018. This resulted in the automatic division of the share price from this date by 1.10.

A capital increase through a bonus share issue on the basis of one new share for ten existing shares was carried out in June 2019. This resulted in the automatic division of the share price from this date by 1.10.

A capital increase through a bonus share issue on the basis of one new share for ten existing shares was carried out in October 2020. This resulted in the automatic division of the share price from this date by 1.10.

3 — Combined Ordinary and Extraordinary General Meeting of April 23, 2021

3.1 — Board of Directors' report – Presentation of resolutions to the Annual General Meeting

3.1.1 — Approval of the annual and consolidated financial statements for the period ended December 31, 2020 – Approval of non-deductible expenses (Resolutions 1 and 2)

We hereby request that you approve these annual financial statements for the period ended December 31, 2020 showing a profit of €29,189,501.66 and the consolidated financial statements for the period ended December 31, 2020 as presented, showing a profit (attributable to equity holders of the parent) of €30,704,000.

We also ask you to approve the total amount of disallowed deductions under article 39-4 of the French General Tax Code of €75,649 as well as the corresponding tax.

3.1.2 — Approval of net income appropriation, setting the dividend (Resolution 3)

The appropriation of net income of our company as proposed is in compliance with the law and our bylaws.

We accordingly ask you to appropriate the profit of the period of €29,189,501.66 as follows:

Inception	
Profit of the period:	€29,189,501.66
Retained earnings:	€245,504,020.89
Appropriation	
Legal reserve:	€1,417,865.45
Dividends:	€28,593,624.90
Retained earnings:	€244,682,032.20

On that basis, the gross dividend reverting to each share would be €0.55.

For individuals with their tax residence in France, the dividend is subject to either, a flat tax (*prélèvement forfaitaire unique*) applied to the gross dividend of 12.8% (article 200 A of the French General Tax Code), or, taxation according to the progressive income tax scale, after notably applying the 40% reduction (article 200 A, 13, and158 of the French General Tax Code). This latter option must be expressly selected by the taxpayer which applies to all investment income and is irrevocable. The dividend is in addition subject to social charges of 17.2%.

The dividend payment date will be May 05, 2021 and the ex-rights date May 03, 2021.

In the event of a change in the number of shares conferring dividend rights in relation to the number of 51,988,409 shares comprising the share capital of December 31, 2020, the total amount of dividends will be adjusted in consequence and the amount allocated to "Retained earnings" will be determined on the basis of dividends actually paid.

In accordance with the provisions of article 243 bis of the French General Tax Code, the dividends for the last three financial periods are disclosed below:

For the fiscal year	Distributions eligible for the tax basis reduction: Dividends	Distributions eligible for the tax basis reduction: Other distributions	Distributions not eligible for the tax basis reduction
2017	€26,169,973 (1) or €0.67 per share		
2018	€30,505,596 or €0.71 per share		
2019	-		

(1) Including the unpaid amount of dividends relating to treasury shares and allocated to retained earnings

3.1.3 — Approval of regulated agreements (Resolution 4)

As a preliminary point, we remind you that only new agreements concluded during the last period ended and the beginning of the current in progress are submitted to this Meeting.

We hereby ask you to duly note the absence of any new agreement covered by article L.225-38 of the French Commercial Code.

3.1.4 — Directorships (Resolutions 5 to 7)

We remind you that the term of office of the members of the Board of Directors, Véronique Gabaï-Pinsky, Maurice Alhadève et Patrick Choël, expire at the end of the next Annual General Meeting.

We accordingly proposes that you renew their terms as Directors for two years, expiring at the end of the Meeting held in 2023 called for the purpose of approving the financial statements for the year ended, subject to the condition precedent of the adoption of the extraordinary fifteenth resolution of the General Meeting concerning the provisions of article 12 of the bylaws for the purpose of staggering the terms of office.

Should the above resolution not be adopted, we propose that you renew their terms as Directors for three years, expiring at the end of the Annual General Meeting that will be called in 2024 to approve the financial statements for fiscal year ended.

— Independence and gender balance

We inform you that the Board of Directors, considers that Maurice Alhadève may be considered as an independent member with respect to the criteria of the Middlenext Code referred to by the Company for the purpose of Corporate Governance. With this respect, it is notably specified that she has no business relations with the Group.

— Expertise, experience, skills and knowledge of the Group

The information concerning the expertise and experience of Board member candidates is provided in Part 4, chapter 1.2.4, of the 2020 Universal Registration Document.

Should you approve all the proposals for the renewal of appointments:

- the Board will continue to include four independent members and as such continue to comply with the recommendations of the Middlenext Code with respect to the percentage of independent Directors;
- the percentage of women on the Board will be 40% and in consequence in compliance with the law;
- the percentage of international members of the Board will be 10%, with two nationalities represented.

3.1.5 — The fixed annual amount of compensation to be allocated to Board members (Resolution 8)

In light of the increase in the number of meetings during 2020, you are asked to increase the fixed annual amount of compensation to be allocated to Directors for the prior year and until such time a new decision is issued, from €200,000 to €250,000.

3.1.6 — Say on Pay (Resolutions 9 to 12)

In accordance with the provisions of L.22-10-8 of the French Commercial Code, it is proposed to the shareholders:

- by the 9th resolution, to approve the compensation policy for members of the Board of Directors;
- by the 10th resolution to approve the compensation policy for the Chairman-Chief Executive Officer or any other executive officer.

The compensation policy of members of the Board of Directors, the Chairman-CEO and/or any other corporate officer is presented in the report on Corporate Governance included in Part 4, Chapter 2.1 of the 2020 Universal Registration Document.

— Approval of the disclosures referred to in I of article L.2210-9 of the French Commercial Code

In accordance with the provisions of article L.22-10-34 I of the French Commercial Code, shareholders at the General Meeting are asked, by the vote of the 11th resolution, to approve the disclosures mentioned in point I of article L.22-10-9 of the French Commercial Code, presented in the report on corporate governance included Part 4, Chapter 2.2, of the 2020 Universal Registration Document.

— Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid in the period ended or granted for the same period to Mr. Philippe Benacin, Chairman-Chief Executive Officer

By the vote of the 12th resolution, in accordance with the provisions of article L.22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of compensation comprising the total compensation and benefits of any nature paid in the period ended or granted for the same period to Philippe Benacin, Chairman-CEO are subject to approval of the shareholders.

These components of compensation are presented in the report on Corporate Governance included in Part 4, Chapter 2.3 of the 2020 registration document.

3.1.7 — Proposal to renew the authorization to implement the share repurchase program (Resolution 13)

We propose that under the terms of the 13th resolution, you grant the Board of Directors for a period of eighteen months, all powers necessary to purchase, on one or more occasions, at times of its choosing up to 5% shares of the Company making up the share capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

This authorization will cancel the authorization granted to the Board of Directors by the 10th ordinary resolution of the General Meeting of June 24, 2020.

Under this program, shares may be purchased for the following purposes:

- market making in the secondary market or ensuring the liquidity of the Interparfums share by an investment services provider through a liquidity agreement complying with market practice allowed by regulations, it being specified that the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares acquired, after deducting the number of shares resold;
- retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
- ensuring sufficient shares are available for stock option and/or restricted share award (*"attribution d'actions gratuites"* or bonus share) plans (or equivalent plans) for the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or all other forms of share grants to employees and/or corporate officers of the Group;
- ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
- canceling shares, as applicable, acquired in accordance with the authorization granted by the eleventh extraordinary resolution of the shareholders' General Meeting of June 24, 2020.

These shares may be purchased by any means, including through block purchases of shares, and at times deemed appropriate by the Board of Directors.

The company does not intend to make use of options or derivatives.

We propose that the maximum purchase price be set at €60 per share and in consequence the maximum amount of the program at €155,965,227.

The Board of Directors will possess all powers necessary in such matters.

3.1.8 — Delegation of authority to increase the share capital by capitalizing reserves, earnings or premiums (Resolution 14)

The Board of Directors wishes to possess the delegations of authority required to proceed, if it deems useful, with any issues that may be considered necessary in connection with the development of the Company's activities.

For that reason, you are asked to renew the delegation of authority to increase the share capital through the capitalization of reserves, earnings and/or additional paid-in capital, which is coming to expiration and which was used twice by the Board of Directors, a first time pursuant to the proceedings of the Board of Directors' meeting of April 26, 2019 resulting in the creation of 4,296,562 new shares for an amount totaling €12,889,686 and, a second time pursuant to the proceedings of the Board of Directors' meeting of September 7, 2020 with the creation of 4,726,219 new shares for €14,178,657.

In the list of delegations in progress, you will find in Paragraph 1.5 of the 2020 registration document the list of the delegations of authority and authorizations granted to the Board of Directors by your General Meeting and a summary of their use.

You are hereby asked to grant the Board of Directors for a new period of 26 months the authority to increase the share capital through the capitalization of reserves, retained earnings or additional paid-in capital or other amounts that may be capitalized, by the issuance and grant of bonus shares or the increase in the par value of existing ordinary shares, or a combination thereof.

The nominal amount of the capital increase resulting from this delegation of authority may not exceed €50 million, representing approximately 32% of the share capital on the date of the General Meeting.

This amount shall not include the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other methods for preserving rights, the rights of holders of rights or securities giving access to shares. This limit will be independent of all other limits set by other resolutions of this General Meeting.

This delegation of authority will supersede and cancel, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

3.1.9 — Modification of article 12 of the bylaws to reduce the term of office of Director's under the bylaws and modify the terms in the case of staggered terms (Resolution 15)

We propose that you reduce the Directors' term of office provided for under the bylaws from five to four years, it being specified that this reduction of the term of office will be without effect on the terms of office in progress which will continue until the expiration of their term as initially set and amend in consequence the third paragraph of the bylaws.

We also propose concerning the possibility to appoint Directors for shorter terms of office for the purpose of providing for introducing and maintaining staggered terms of office, to henceforth provide that this term may be either 2 or 3 years (compared to 3 years only in the past) and to amend in consequence the fourth paragraph of the bylaws.

3.1.10 — Harmonization of the bylaws (Resolution 16)

You are asked to harmonize the bylaws with the provisions of the French governmental order *(Ordonnance)* No. 2020-1142 of September 16, 2020 concerning the creation, within the French Commercial Code, of a section relating to companies whose shares are admitted to trading in a regulated market or traded on a multilateral trading facility:

— Concerning setting the compensation of the Chairman and the Chief Executive Officer:

We propose to harmonize articles 13 and 16 of the bylaws by eliminating the reference to article L.225-37-2 of the French Commercial Code whose provisions have been recodified, and to replace it in consequence by a reference to the regulation.

— Concerning unrestricted agreements *(conventions libres):*

We propose that you complete the textual references mentioned in article 18 of the bylaws concerning agreements excluded the scope of application of the procedure governing regulated agreements, and to add in consequence to the last sentence of the second paragraph of this article a reference to articles L.22-10-1 and L.22-10-2 of the French Commercial Code.

— Concerning purchases by the Company of its own shares:

We ask you to modify article 21 of the bylaws by replacing the reference to article L.225-209 of the French Commercial Code whose provisions were recodified, by a reference to articles L.22-10-62 *et seq.* and L.25-210 *et seq.* of the French Commercial Code.

3.2 — Draft resolutions – Combined Ordinary and extraordinary general Meeting of April 23, 2021

Ordinary resolutions

— **First resolution**
Approval of the annual financial statements for the period ended December 31, 2020, approval of non-deductible expenses

The shareholders, after having considered the reports of the Board of Directors and the Auditors for the period ended December 31, 2020, approve the financial statements as presented showing on this date net income of €29,189,501.66.

The shareholders furthermore approve the total amount of disallowed deductions under article 39-4 of the French General Tax Code of €75,649 as well as the corresponding tax.

— **Second resolution**
Approval of the consolidated financial statements for the period ended December 31, 2020

The shareholders, after having considered the reports of the Board of Directors and the Auditors on the consolidated financial statements for the period ended December 31, 2020, approve these financial statements as presented showing on this date a net profit (attributable to equity holders of the parent) of €30,704,000.

— **Third resolution**
Approval of the net income appropriation, setting the dividend

The shareholders, on the Board of Directors' proposal, decide to appropriate net income for the fiscal period ended December 31, 2020 as follows:

Inception	
Profit of the period:	€29,189,501.66
Retained earnings:	€245,504,020.89
Appropriation	
Legal reserve:	€1,417,865.45
Dividends:	€28,593,624.90
Retained earnings:	€244,682,032.20

The shareholders note for the record a total gross dividend reverting to each share of €0.55.

For individuals with their tax residence in France, the dividend is subject to either, a flat tax (*prélèvement forfaitaire unique*) applied to the gross dividend of 12.8% (article 200 A of the French General Tax Code), or, taxation according to the progressive income tax scale, after notably applying the 40% reduction (article 200 A, 13, and 158 of the French General Tax Code). This latter option must be expressly selected by the taxpayer which applies to all investment income and is irrevocable. The dividend is in addition subject to social charges of 17.2%.

The ex-dividend date will be May 3, 2021.

and the dividend payment date May 05, 2021.

In the event of a change in the number of shares conferring dividend rights in relation to the number of 51,988,409 shares comprising the share capital of December 31, 2020, the total amount of dividends will be adjusted in consequence and the amount allocated to "Retained earnings" will be determined on the basis of dividends actually paid.

In accordance with the provisions of article 243 *bis* of the French General Tax Code, the dividends for the last three financial periods are disclosed below:

For the fiscal year	Distributions eligible for the tax basis reduction: Dividends	Distributions eligible for the tax basis reduction: Other distributions	Distributions not eligible for the tax basis reduction
2017	€26,169,973 (1) or €0.67 per share		
2018	€30,505,596 or €0.71 per share		
2019	-		

(1) Including the unpaid amount of dividends relating to treasury shares and allocated to retained earnings.

— **Fourth resolution**
Statutory Auditors' special report on regulated agreements – Recognition of the absence of new agreements

The shareholders, after reviewing the auditors' special report indicating the absence of any new agreements of the type mentioned in articles L.225-38 *et seq.* of the French Commercial Code, duly note their conclusions.

— **Fifth resolution**
Reappointment of Véronique Gabaï-Pinsky as Director

The shareholders decide to renew the appointment of Véronique Gabaï-Pinsky as Director for a term of two years, expiring at the end of the Meeting held in 2023 called for the purpose of approving the financial statements for the year ended, subject to the condition precedent of the adoption of the extraordinary fifteenth resolution of the General Meeting concerning the provisions of article 12 of the bylaws for the purpose of staggering terms of office;

Should the above resolution not be adopted, the shareholders decide to renew the appointment for a term of three years expiring at the end of the Annual General Meeting that will be called in 2024 to approve the financial statements for the fiscal year ended.

— **Sixth resolution**
Renewal of Patrick Choël's term of office as Director

The shareholders decide to renew the appointment of Patrick Choël as Director for a term of two years, expiring at the end of the Meeting held in 2023 called for the purpose of approving the financial statements for the year ended, subject to the condition precedent of the adoption of the extraordinary fifteenth resolution of the General Meeting concerning the provisions of article 12 of the bylaws for the purpose of staggering the terms of office.

Should the above resolution not be adopted, the shareholders decide to renew the appointment for a term of three years expiring at the end of the Annual General Meeting that will be called in 2024 to approve the financial statements for fiscal year ended.

— **Seventh resolution**
Renewal of Maurice Alhadève's term of office as Director

The shareholders decide to renew the appointment of Maurice Alhadève as Director for a term of two years, expiring at the end of the Meeting held in 2023 called for the purpose of approving the financial statements for the year ended, subject to the condition precedent of the adoption of the extraordinary fifteenth resolution of the General Meeting concerning the provisions of article 12 of the bylaws for the purpose of staggering the terms of office.

Should the above resolution not be adopted, the shareholders decide to renew the appointment for a term of three years expiring at the end of the Annual General Meeting that will be called in 2024 to approve the financial statements for fiscal year ended.

— **Eighth resolution**
The fixed annual amount of compensation to be allocated to Board members

The shareholders decide to increase the fixed annual amount for compensation to be allocated to the Board of Directors from €200,000 to€250,000.

This decision will apply to the previous period and remains in force until such time as a new decision is issued.

— **Ninth resolution**
Approval of the compensation policy for members of the Board of Directors

The shareholders, ruling in accordance with article L.22-10-8 of the French Commercial Code, approve the compensation policy for members of the Board of Directors presented in the report on corporate governance included in part 4, paragraph 2.1 of the 2020 Universal Registration Document.

— **Tenth resolution**
Approval of the compensation policy for the Chairman-Chief Executive Officer or any other executive officer

The shareholders, ruling in accordance with article L.22-10-8 of the French Commercial Code, approve the compensation policy for the Chairman-CEO and/or any other executive officer presented in the report on corporate governance included in section 4, paragraph 2.1 of the 2020 Universal Registration Document.

— **Eleventh resolution**
Persons referred to in I of article L.22-10-9 of the French Commercial Code *(code de commerce)*

The shareholders, ruling in accordance with article L.22-10-34 I of the French Commercial Code, approve the information covered by article L.22-10-9 of the French Commercial Code mentioned in the report on Corporate Governance included in part 4, paragraph 2.2 of the 2020 Universal Registration Document.

— **Twelfth resolution**
Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid in the period ended or granted for the same period to Mr. Philippe Benacin, Chairman-Chief Executive Officer

The shareholders, ruling in accordance with article L.22-10-34 II of the French Commercial Code, approve the fixed, variable or exceptional components making up the total compensation and benefits of any nature paid in the period ended or granted for the same period to Mr. Philippe Benacin, Chairman-Chief Executive Officer, as presented in the report on Corporate Governance included in part 4, paragraph 2.3 of the 2020 Universal Registration Document.

— **Thirteenth resolution**
Authorization to be granted to the Board of Directors for dealing in its own shares within the framework of article L.22-10-62 of the French Commercial Code

The shareholders, after considering the Board of Directors' report, grant the latter an authorization for eighteen months in accordance with the provisions of articles L.22-10-62 *et seq.* and L.225-210 *et seq.* of the French Commercial Code, to purchase, on one or more occasions at times of its choosing up to 5% the number of shares of the Company making up the share capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

This authorization cancels the authorization granted to the Board of Directors by the 10th ordinary resolution of the General Meeting of June 24, 2020.

Under this program, shares may be purchased for the following purposes:

— market making in the secondary market or ensuring the liquidity of the Interparfums share by an investment services provider through a liquidity agreement complying with market practice allowed by regulations, it being specified that the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares acquired, after deducting the number of shares resold;
— retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
— ensuring sufficient shares are available for stock option and/or restricted share award ("*attribution d'actions gratuites*" or bonus share) plans (or equivalent plans) for the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or

all other forms of share grants to employees and/or corporate officers of the Group;
- ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
- canceling shares, as applicable, acquired in accordance with the authorization granted by the 11th extraordinary resolution of the shareholders' General Meeting of June 24, 2020.

These shares may be purchased by any means, including through block purchases of shares, and at times deemed appropriate by the Board of Directors.

The company does not intend to make use of options or derivatives.

The maximum purchase price is €60 per share. In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants to shareholders, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €155,965,227.

The shareholders grant all powers to the Board of Directors to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

Extraordinary resolutions

- **Fourteenth resolution**
  Authority granted to the Board of Directors to issue shares through the capitalization of additional paid-in capital, reserves or profit

The shareholders, voting in accordance with *quorum* and majority rules for ordinary shareholders meetings, after having reviewed the Board of Directors' report, and in compliance with the provisions of articles L.225-129-2, L.225-130 and L.22-10-50 of the French Commercial Code:

1. Grant the Board of Directors authority to decide to increase the share capital through one or several tranches and at times and according to procedures it shall determine through the capitalization of reserves, retained earnings or additional paid-in capital or other amounts that may be capitalized, by the issuance and grant of bonus shares or the increase in the par value of existing ordinary shares, or a combination thereof.
2. Decide if the Board makes use of this authorization, in accordance with provisions of articles L.225-130 and L.22-10-50 of the French Commercial Code, in the case of a capital increase in the form of a bonus share grant, that the fractional shares shall not be negotiable or transferable and that the corresponding security shall be sold. The proceeds of said sales will be allocated to the holders of such rights within the time limits provided for by regulation.
3. Set the duration for this authorization provided for under this resolution at twenty-six months from the date of this meeting.
4. Decide that the maximum nominal amount of the capital increase under this resolution may not exceed €50 million, without taking into account the nominal amount of the increase required, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, to preserve the rights of holders of rights or securities giving access to the Company's capital.

   This limit is independent of all other limits set by other resolutions of this General Meeting.
5. Give to the Board of Directors all powers to implement this resolution and, in general, undertake all measures and formalities necessary for the successful completion of the capital increase, record its completion and amend the bylaws in consequence.
6. Duly note that this authorization supersedes and cancels, for the unused portion, as applicable, of any prior authorization having the same purpose.

- **Fifteenth resolution**
  Modification of article 12 of the bylaws to reduce the term of office of Director's under the bylaws and modify the terms in the case of staggered term

The shareholders, after having reviewed the report of the Board of Directors, decide:

- to reduce the Directors' term of office provided for under the bylaws from 5 to 4 years, it being specified that this reduction of the term of office will be without effect on the terms of office in progress which will continue until the expiration of their term as initially set;
- concerning the possibility to appoint Directors for shorter terms of office for the purpose of staggered terms of office, to henceforth provide that this term may be either 2 or 3 years (compared to 3 years only in the past); and
- to modify in consequence as follows the third and fourth subsections of article 12 of the bylaws, with the remainder of the article unchanged:

"The term of office for Directors is four (4) years. This term shall cease at the end of the ordinary general Meeting called to approve the financial statements of the previous year held in the year it expires.

As an exception, and in order to permit the implementation and maintain the staggering of Directors' terms of office, the General Meeting may appoint one or more Directors for terms of two (2) or three (3) years".

— **Sixteenth resolution**
Updating the bylaws

The shareholders, after considering the Board of Directors' report, decide to harmonize the bylaws with the provisions of the French governmental order (*Ordonnance*) No. 2020-1142 of September 16, 2020 concerning the creation, within the French Commercial Code, of a section relating to companies whose shares are admitted to trading in a regulated market or a traded on a multilateral trading facility, as follows:

1. Concerning setting the compensation of the Chairman and the Chief Executive Officer:
   - to eliminate the reference to article L.225-37-2 of the French Commercial Code whose provisions were recodified included in articles 13 and 16 of the bylaws,
   - to modify in consequence as follows the first sentence of the first subsection of article 13 of the bylaws, with the remainder of the article unchanged: *"The Board of Directors appoints a Chair from among its members who are individuals and determines his or her compensation in accordance with the provisions provided for by regulation."*
   - to modify in consequence as follows the last sentence of the eighth subsection of article 16 of the bylaws, with the remainder of the article unchanged: *"The Board of Directors determines the compensation of the Chief Executive Officer according to the conditions provided for by regulation.*"
2. Concerning unrestricted agreements *(conventions libres)*:
   - to complete the textual references mentioned in article 18 of the bylaws concerning agreements excluded the scope of application of the procedure governing regulated agreements, and modify in consequence the last sentence of the second paragraph of article 18 of the bylaws, with the remainder of the article to remain unchanged: *"In accordance with the provisions of article L.225-39 of the French Commercial Code, the above provisions are not applicable to agreements concerning current operations entered into under normal conditions nor to agreements entered into between two companies, one of which holds, directly or indirectly, all of the share capital of the other, as applicable, less the minimum number of shares required to satisfy the requirements of article 1832 of the French civil code, or articles L.225-1, L.22-10-1, L.22-10-2 and L.226-1 of the French Commercial Code.*"
3. Concerning purchases by the Company of its own shares:
   - to replace the reference to article L.225-209 of the French Commercial Code whose provisions have been recodified, and to modify in consequence as follows the first paragraph of article 21 of the bylaws, with the remainder of the article to remain unchanged: *"When the Company's shares are traded on a regulated market, the ordinary general Meeting may authorize the Board of Directors for a period not to exceed eighteen months to purchase its own shares in accordance with articles L.22-10-62 and L.225-210 et seq. of the French Commercial Code and under the conditions set forth in those articles.*"

— **Seventeenth resolution**
Powers for formalities

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of these minutes to carry out all the publication, filing and other formalities that may be required by law.

6 Group organization

Interparfums and its subsidiaries

Commercial operations are conducted largely through Interparfums^{SA}. To pursue its international development, Interparfums set up three new subsidiaries in 2007 in the key European markets on a wholly-owned basis or in partnership with its local distributors: Italy (100%) and Spain (100%).

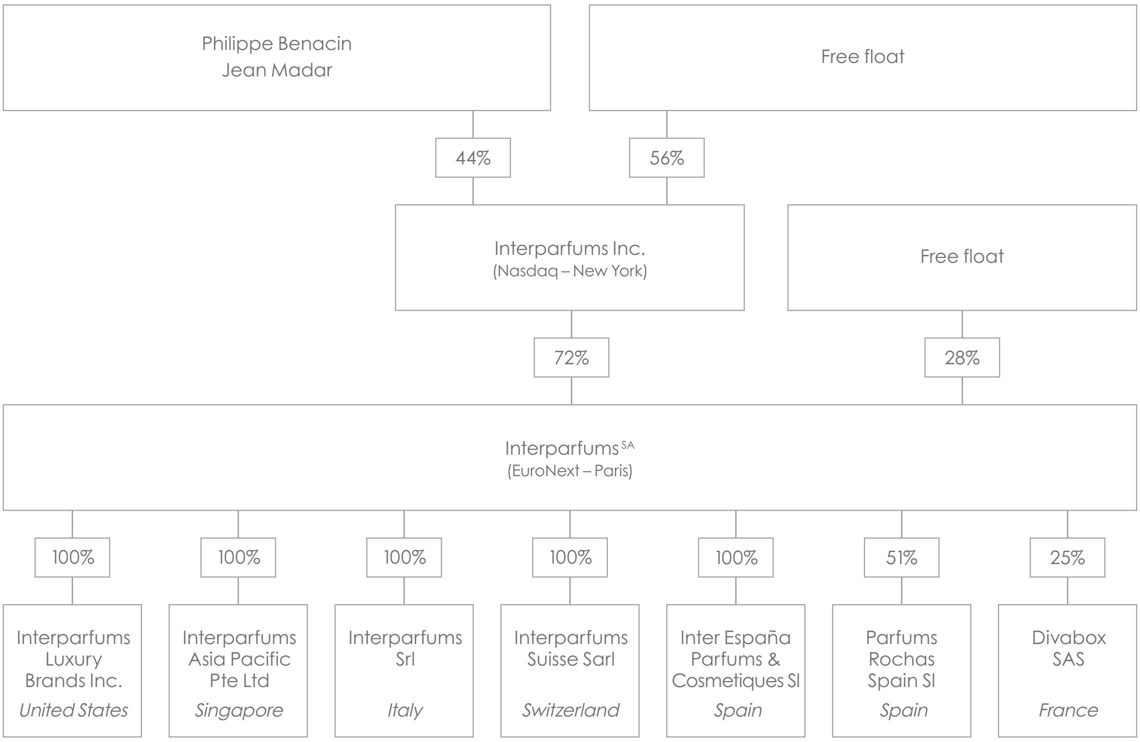
Interparfums also created a wholly-owned subsidiary in Switzerland, Interparfums Suisse Sarl. This subsidiary is the owner of the Lanvin brand name for class 3 products.

In 2010, Interparfums^{SA} further strengthened its presence in markets and major regions by creating wholly-owned distribution subsidiaries in Singapore (Interparfums Asia Pacific) and the United States (Interparfums Luxury Brands) respectively.

Pursuant to the Rochas brand acquisition in 2015, Interparfums^{SA} created a subsidiary for the distribution of fragrances under this new brand in Spain (Parfums Rochas Spain Sl). This entity is 51%-held.

At June 30, 2020, Interparfums acquired 25% of the capital of Divabox, specialized in e-commerce for beauty products.

Detailed information on the percentage of voting rights is provided in chapter 2.3 “Breakdown of share capital and voting rights” in Part 6 “ Shareholder information”.



7 History and development of the company

— 1982
Creation of Interparfums[SA] in France by Philippe Benacin and Jean Madar.

— 1985
Creation of Interparfums Inc. in the United States, parent company of Interparfums[SA] in France.

— 1988
Beginning of the Selective Perfume activity with the signature of a license agreement for the Régine's brand.
Initial public offering of Interparfums Inc. on NASDAQ in New York.

— 1993
Signature of a license agreement to create and produce perfumes under the Burberry brand and distribute them worldwide.

— 1994
Listing of Interparfums[SA] on the over-the-counter market of the Paris Stock Exchange.

— 1995
Transfer of the company from the over-the-counter market to the Second Market of the Paris Stock Exchange with a rights issue.

— 1997
Signature of a license agreement to create and produce perfumes under the S.T. Dupont brand and distribute them worldwide.

— 1998
Signature of a license agreement to create and produce perfumes under the Paul Smith brand and distribute them worldwide.

— 2004
Signature of a license agreement for the Nickel brand, specialized in skincare and personal hygiene products for men.
Signature of a license agreement to create and produce perfumes under the Lanvin brand and distribute them worldwide.

— 2007
Signature of a license agreement to create and produce perfumes under the Van Cleef & Arpels brand and distribute them worldwide.
Acquisition of the Lanvin trademark and brand name for class 3 products (fragrances and make-up).

— 2009
Signature of a license agreement to create and produce perfumes under the Jimmy Choo brand and distribute them worldwide.

— 2010
Signature of a license agreement to create and produce perfumes under the Montblanc brand and distribute them worldwide.
Signature of a license agreement to create and produce perfumes under the Boucheron brand and distribute them worldwide.

— 2011
Signature of a license agreement to create and produce perfumes under the Balmain brand and distribute them worldwide.
Signature of a license agreement to create and produce perfumes under the Repetto brand and distribute them worldwide.

— 2012
Discontinuation of the Burberry license agreement before the expiry date.
Signature of a license agreement to create and produce perfumes under the Karl Lagerfeld brand and distribute them worldwide.

— 2015
Signature of a license agreement to create and produce perfumes under the Coach brand and distribute them worldwide.
Acquisition of the Rochas trademark and brand name for class 3 (perfumes make-up) and class 25 (fashion) products.

— 2018
Extension of the Jimmy Choo license agreement.

— 2019
Signature of a license agreement to create and produce perfumes under the Kate Spade brand and distribute them worldwide.

— 2020
Signature of a license agreement to create and produce perfumes under the Moncler brand and distribute them worldwide.
Acquisition of 25% of the capital of Divabox, specialized in e-commerce for beauty products.

8 Nominations and Corporate Awards

— 1997
"Prix Cristal" for transparency in financial information
(French Institute of Statutory Auditors – *Compagnie Nationale des Commissaires aux Comptes*)

— 1999
"Grand Prize for Entrepreneurs" award for international growth
(Ernst & Young – *L'Entreprise*)

— 2005
"Grand Prize for Entrepreneurs – Région Île-de-France" award

— 2007
Investor Relations Prize for the Small and Mid Caps category
(Forum de la Communication Financière)

— 2010
Trophée Relations Investisseurs – "Best Investor Relations" Prize in the "Mid Caps" category
(Forum des Relations Investisseurs et Communication Financière)

— 2011
Special Award for Inspiration of the Great Place to Work Institute
(Great Place To Work® – *Le Figaro Économie*)

Mid Cap Corporate Governance Prize
(Agefi)

"Boldness and Creativity Prize" given at an award ceremony by French Prime Minister, François Fillon
(Fimalac – *Journal des Finances*)

— 2012
Trophée Relations Investisseurs – "Best Investor Relations" Prize in the "Mid Caps" category
(Forum des Relations Investisseurs et Communication Financière)

— 2013
Trophée Relations Investisseurs – Third Prize for the "Best Investor Relations" Prize in the "Mid Caps" category
(Forum des Relations Investisseurs et Communication Financière)

— 2015
Trophée Relations Investisseurs – "Best Investor Relations" Prize in the "Mid Caps" category
(Forum des Relations Investisseurs et Communication Financière)

— 2016
Trophée Relations Investisseurs – Third Prize for the "Best Investor Relations by a CEO"
(Forum des Relations Investisseurs et Communication Financière)

— 2017
Trophée Relations Investisseurs – Second Prize for the "Best Investor Relations" Prize in the "Mid Caps" category
(Forum des Relations Investisseurs et Communication Financière)

— 2018
Strategic Vision Prize – EY Annual Entrepreneurial Awards
(Île-de-France region)

— 2019
BFM Awards for export performance

9 Auditors and responsibility statements

1 — Auditors

The Statutory Auditors having issued reports on the parent company and consolidated financial statements are:

Mazars
61 rue Henri Renault
92400 Courbevoie
represented by Guillaume Wadoux
appointed by the AGM of December 1, 2004
reappointed by the AGM of April 26, 2019
expiration date: 2025 AGM

SFECO & Fiducia Audit
50 rue de Pipes
75012 Paris
represented by Gilbert Berdugo
appointed by the AGM of May 19, 1995
reappointed by the AGM of April 26, 2019
expiration date: 2025 AGM

Auditors' fees are described in note 6.6 to the consolidated financial statements.

2 — Responsibility statement of the person responsible for the French version of the Universal Registration Document

I declare that to the best of my knowledge the information in this Universal Registration Document is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and consolidated companies and that the management report included Part 1 this Universal Registration Document faithfully presents business trends, the results and financial position of the company and describes principal risks and uncertainties they face.

Done in Paris, March 22, 2021

Philippe Santi

Executive Vice President

3 — Executive officer responsible for financial information

Philippe Santi

Executive Vice President
psanti@interparfums.fr
+33 1 53 77 00 00

Requests for information

To receive information or be added to the company's financial communications mailing list contact the Investor Relations department (attention: Karine Marty):

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Fax: +33 (0)1 40 74 08 42
From the website: www.interparfums.fr

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

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