

Interparfums

Half-year
Report
2022
Interparfums

Half-year Report 2022 Interparfums

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Translation disclaimer

This document is a free translation of the original French language version of the interim financial report (rapport semestriel) provided solely for the convenience of English-speaking readers. This report should consequently be read in conjunction with, and construed in accordance with French law and French generally accepted accounting principles. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's Statutory Auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Interparfums^{SA} expressly disclaims all liability for any inaccuracy herein.

1 Consolidated management report

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1 — Review of operations

Activity in H1 2022 was impacted by:

- an international economic and geopolitical environment severely affected by the war in Ukraine and its effects in Eastern Europe;
- supply chain disruptions triggered by raw material shortages, sourcing delays for certain components of up to 15 months and labor shortages at our industrial partners;
- customer service quality impacted by partial shipments and longer lead times;
- significant logistics difficulties in the United States resulting from a change in shipping software by our local partner.

But also:

- the continuing strength of the global perfume market despite adverse economic trends;
- growing demand for the group's top-selling brands.

In this context, the strong growth momentum of 2021 remained on track in H1 2022, with revenue reaching €318.7 million, up 19.7% at current exchange rates and 14.4% at constant exchange rates compared to one year earlier.

1.1 — Highlights by brand

€m	Q2		H1		22/21
	2021	2022	2021	2022	
Montblanc	36.9	44.4	69.4	87.0	+25%
Jimmy Choo	30.0	35.5	60.1	70.0	+16%
Coach	26.1	33.3	52.3	67.6	+29%
Lanvin	12.0	12.3	26.6	26.7	- %
Rochas	9.1	9.3	17.6	17.8	+1%
Karl Lagerfeld	4.5	6.5	8.8	11.1	+26%
Van Cleef & Arpels	3.7	3.0	7.9	10.3	+30%
Kate Spade	2.7	3.1	7.9	9.7	+23%
Moncler	-	4.4	-	8.4	na
Boucheron	3.3	3.6	7.9	7.6	-4%
Other	5.3	0.9	7.8	2.5	ns
Revenue	133.6	156.3	266.3	318.7	+20%

With €87 million in sales, up 25%, Montblanc fragrances continue to be driven by the underlying strength of all *Montblanc Legend* lines, and most recently reinforced by the addition of *Montblanc Legend Red* at the beginning of the year.

Jimmy Choo fragrances had sales of €70 million, up 17% in response to continuing demand for all the established lines and strong recurring sales for the *I Want Choo* line launched in 2021.

Bolstered by continuing growth in demand for nearly all Coach women's and men's lines introduced in recent years, Coach fragrances had sales of nearly €68 million, as another strong increase of nearly 30% confirmed their growth potential, primarily in the United States and Asia.

Despite the particularly challenging market conditions in Eastern Europe, Lanvin fragrances held its ground, as did Rochas fragrances, which benefited from the strength of *Eau de Rochas* and *Rochas Girl* an eco-responsible line which won another award in 2022.

1.2 — Highlights by region

€m	Q2		H1		22/21
	2021	2022	2021	2022	
Africa	1.1	0.7	2.8	2.1	-25%
North America	54.1	57.3	101.4	110.7	+9%
South America	11.4	14.5	21.2	28.3	+33%
Asia	21.0	27.7	42.2	54.9	+30%
Eastern Europe	11.5	8.6	23.5	19.4	-17%
Western Europe	18.2	26.7	37.9	55.1	+45%
France	8.2	8.6	16.6	19.3	+16%
Middle East	8.1	12.2	20.7	28.9	+40%
Revenue	133.6	156.3	266.3	318.7	+20%

Performances by region were particularly uneven:

- North America, with a perfumes and cosmetics market that remains buoyant, delivered a mixed performance with a 9% increase in sales that reflected shipping difficulties in the first half;
- South America (+33%) and the Middle East (+39%) are gradually returning to higher levels of growth centered upon the portfolio's top-selling brands;
- growth in Asia was driven by the performances of Coach, Jimmy Choo and Lanvin fragrances (+30%). And while business in China was adversely impacted by lockdowns in certain cities, sales nevertheless accelerated sharply during the period (+45%);

- even though the war in Ukraine inevitably weighed on business in Eastern Europe, the decline was limited to 17%. After sales in Russia fell by 50% in H1, this market now accounts for only 2.6% of the company's total revenue;
- Montblanc, Jimmy Choo and Rochas perfumes experienced very strong growth in Western Europe (+45%);
- in France, the performances of Rochas and Boucheron fragrances contributed to growth of 16% in the period.

2 — Consolidated financial highlights

€m	H1 2021	H1 2022	22/21
Sales	266.3	318.7	+19.7%
Gross margin % of sales	171.4 64.4%	208.4 65.4%	+21.6%
Operating profit % of sales	65.6 24.6%	71.8 22.5%	+9.5%
Net income % of sales	45.5 17.1%	54.2 17.0%	+19.1%

Despite higher raw material, packaging and transport costs, the gross margin for the first half of 2022 was up from one year earlier, benefiting from an overall increase in sales prices at the beginning of the year and the favorable evolution in the euro/dollar exchange rate.

While marketing and advertising spending focused on both the flagship lines and the launches of the

period rose 60% from last year to €59 million in H1 2022, operating profit in the first half was up more than 9% to €72 million from one year earlier, resulting in an operating margin of 22.5%.

Net income topped €54 million, up more than 19% from H1 2021 with the net margin reaching 17% for the period.

€m	12/31/2021	06/30/2022
Intangible and tangible assets	277.4	295.7
Cash + other current financial assets	257.7	163.4
Shareholders' equity (attributable to the parent)	541.4	546.3
Borrowings and financial liabilities	109.8	100.2

While the €54 million dividend distribution in May 2022 for fiscal 2021 and the €17 million for the acquisition of additional office space temporarily impacted cash flow, longer lead times for the sourcing of certain raw materials and the resulting effect on packaging

operations significantly increased inventories with a €61 million impact on cash.

However, with net cash of €63 million and shareholders' equity of €546 million at June 30, 2022, the balance sheet remains extremely solid.

3 — Half-year milestones

January

- Launch of the fragrance line, *Montblanc Legend Red*

The famous *Montblanc Legend* fragrance goes red as it celebrates its 10-year anniversary and returns with a new woody fruity iteration, *Montblanc Legend Red*.

- Launch of the *Kate Spade Sparkle* line

Kate Spade Sparkle celebrates a captivating and confident facet of the Kate Spade woman, reflecting the sensual and empowering spirit of the second chapter of the brand's fragrance story.

- Launch of *Patchouli Blanc* in the Van Cleef & Arpels *Extraordinary Collection*

The *Patchouli Blanc* spirit is a light and airy reinterpretation of a crystal-clear patchouli and the third "white wood" fragrance of the Collection.

February

- Launch of *Coach Wild Rose*

Delicate and poetic, the Eau de Parfum draws its inspiration from the free-spirited beauty of a meadow of wild flowers.

- Introduction of the new refillable bottle of the *Rochas Girl* eco-friendly line

Using the *Refill Good With Girl* provides savings of 40% in glass, 46% in plastics, 35% in cardboard and 66% in metal. A small gesture for you and for the planet.

March

- Karl Lagerfeld: launch of the third *Places by Karl* duo

Karl Lagerfeld fragrances added two new olfactory destinations inspired by the designer's creative travels. *Rome – Divino Amor* (for women) and *Vienna – Opera* (for men).

- Interparfums headquarters

Interparfums moved into its new Paris headquarters at 10 rue de Solférino at the end of March, a 3,700 sqm high environmental performance office complex.

- Free share plan

Exemplifying its corporate culture as a responsible employer, Interparfums set up its third employee stock ownership plan for all group employees, following those of 2016 and 2019.

April

- SBF 120 index

The company's long-standing commitment to quality financial communications was rewarded by the inclusion of Interparfums' shares in the CAC Mid 60 and SBF 120 indices.

- Launch of the *Jimmy Choo Man Aqua* line

Jimmy Choo Man expands its line with a new invigorating fragrance: *Jimmy Choo Man Aqua*, a refreshing Eau de Toilette which is laced with a marine-soaked breeze.

May

- Dividend

The company paid a dividend of €0.94 per share representing a ratio of 75% of consolidated net income.

June

- Bonus share issue

The company proceeded with its 23rd bonus share issue on the basis of one new share for every ten shares held.

- *Rochas Girl* as a two-time winner of the "Fragrance Foundation Awards"

The Fragrance Foundation Awards ceremony represents an annual celebration of fragrance. Juries comprised of consumers and professionals selected the *Rochas Girl* line for both the Professional Prize as well as the Public Prize in the Best Women's Launch category.

- Launch of the *Mon Éclat* line of Lanvin

Mon Éclat opens a new chapter of *Éclat Arpège* as a radiant and cheerful composition designed for all lovers of life.

4 — Outlook

With sales of nearly €320 million, the company exceeded its initial expectations by achieving significant growth in the 2022 first half. This figure might have been even higher were it not for the difficulties experienced in the United States, increased sourcing delays and the situation in Eastern Europe. And even though the current environment remains volatile, highlighting its

continuing confidence, the company raised its annual revenue guidance for 2022 to between €630 million and €640 million.

For the full year, reflecting the traditionally higher level of marketing and advertising expenses in the second half, an operating margin of around 16% is expected.

5 — Risk factors and information on related parties

5.1 — Risk factors

— Risks related to the war in Ukraine

For many years, in the Russian, Belarusian and Ukrainian markets, the company's products have been sold by an independent agent with a network of retail outlets. The Group has no industrial or commercial operations and no employees in these three countries.

In 2021, revenue from Russia, Belarus and Ukraine represented only 5.9% of Group sales, with an accounts receivable balance at December 31 of €13.5 million.

In the 2022 first half, revenue from this region accounted for less than 3% of Group sales with an accounts receivable balance at June 30 of this year of almost zero.

Because of its long-standing commercial relations of more than 30 years with its partner in this region, the company has chosen to maintain a minimum level of activity combined with agreements with respect to the collection of receivables, thereby minimizing its exposure to risks, in compliance with the sanctions adopted by the European Union and in particular the export restrictions imposed by Council Regulation (EU) 2022/428 of 15 March 2022.

Information on market risks and their management are presented in note 2.16 of the consolidated interim financial statements included in this report.

Other risk factors are of the same nature as those presented in note 3 "Risk factors" of the "Consolidated Management Report" (section 1) included in the 2021 Universal Registration Document filed on March 31, 2022 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There have been no significant changes in these risk factors in the 2022 first half.

5.2 — Related party transactions

In the 2022 first half, relations between Interparfums and affiliated companies were comparable with those of fiscal 2021 presented in Note 6.5 "Information on Related Parties" of the "Consolidated Financial Statements" (section 3) included in the 2021 Universal Registration Document filed on March 31, 2022 with the AMF.

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

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

None.

2 Condensed consolidated financial statements

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1 — Consolidated income statement

<i>€ thousands, except per share data which is in units</i>	Notes	H1 2021	H1 2022
Sales	3.1	266,255	318,702
Cost of sales	3.2	(94,837)	(110,310)
Gross margin		171,418	208,392
<i>% of sales</i>		64.4%	65.4%
Selling expenses	3.3	(93,105)	(124,163)
Administrative expenses	3.4	(10,694)	(12,443)
Current operating income		67,619	71,786
<i>% of sales</i>		25.4%	22.5%
Other operating expenses		(1,986)	-
Operating profit		65,633	71,786
<i>% of sales</i>		24.7%	22.5%
Financial income		295	931
Interest and similar expenses		(920)	(1,358)
Net finance costs		(625)	(427)
Other financial income		2,199	14,531
Other financial expense		(1,246)	(8,412)
Charges to/reversals of financial provisions		-	(5,425)
Net financial income/(expense)	3.5	328	267
Income before income tax		65,961	72,053
<i>% of sales</i>		24.8%	22.6%
Income tax	3.6	(20,316)	(18,013)
<i>Effective tax rate</i>		30.8%	25.0%
Share of profit from equity-accounted companies		82	406
Net income		45,727	54,446
<i>% of sales</i>		17.2%	17.1%
Net income (loss) attributable to non-controlling interests		196	234
Net income attributable to parent company shareholders		45,531	54,212
<i>% of sales</i>		17.1%	17.0%
Basic earnings per share ⁽¹⁾	3.7	0.86	0.94
Diluted earnings per share ⁽¹⁾	3.7	0.86	0.94

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

2 — Consolidated statement of comprehensive income and expense

<i>€ thousands</i>	H1 2021	H1 2022
Consolidated net profit for the period	45,727	54,446
Available-for-sale assets	-	-
Currency hedges	(106)	(1,835)
Deferred tax arising from items able to be recycled	27	474
Items able to be recycled in profit or loss	(79)	(1,361)
Actuarial gains and losses	1,106	2,589
Deferred taxes on items unable to be recycled	(286)	(669)
Items unable to be recycled in profit or loss	820	1,920
Other comprehensive income total	741	559
Comprehensive income for the period	46,468	55,005
Attributable to non-controlling shareholders	196	234
Attributable to equity holders of the parent	46,272	54,771

3 — Consolidated balance sheet

ASSETS

€ thousands	Notes	12/31/2021	06/30/2022
Non-current assets			
Net trademarks and other intangible assets	2.1	149,777	148,959
Net property, plant, equipment	2.2	127,669	146,701
Right-of use assets	2.3	15,243	13,350
Long-term investments	2.4	4,047	3,794
Other non-current financial assets	2.4	2,066	1,816
Equity-accounted investments	2.5	12,722	13,127
Deferred tax assets	2.13	9,228	12,903
Total non-current assets		320,752	340,650
Current assets			
Inventory and work-in-progress	2.6	102,136	147,642
Trade receivables and related accounts	2.7	125,430	151,215
Other receivables	2.8	14,280	11,718
Corporate income tax		1,730	1,768
Current financial assets	2.9	141,280	138,290
Cash and cash equivalents	2.9	116,404	25,079
Total current assets		501,260	475,712
Total assets		822,012	816,362

SHAREHOLDERS' EQUITY & LIABILITIES

€ thousands	Notes	12/31/2021	06/30/2022
Shareholders' equity			
Share capital		171,562	188,718
Retained earnings		298,752	303,320
Net income for the year		71,095	54,212
Equity attributable to parent company shareholders		541,409	546,250
Non-controlling interests		1,920	1,763
Total shareholders' equity	2.10	543,329	548,013
Non-current liabilities			
Provisions for non-current commitments	2.11	8,771	6,566
Non-current borrowings	2.12	96,712	88,716
Non-current lease liabilities	2.12	12,562	11,372
Deferred tax liabilities	2.13	3,302	4,224
Total non-current liabilities		121,347	110,878
Current liabilities			
Trade payables and related accounts	2.14	92,148	93,216
Current borrowings	2.12	13,102	11,476
Current lease liabilities	2.12	3,067	2,574
Provisions for contingencies and expenses	2.11	5,114	-
Income tax		3,789	10,816
Other liabilities	2.14	40,116	39,389
Total current liabilities		157,336	157,471
Total shareholders' equity and liabilities		822,012	816,362

4 — Statement of changes in consolidated shareholders' equity

€ thousands	Number of shares	Share capital	Paid-in capital	Other comprehensive income	Retained earnings and income	Total equity		Total
						Group share	Non-controlling interests	
As of December 31, 2020⁽¹⁾	51,795,064	155,965	-	(1,180)	337,704	492,489	1,629	494,118
Bonus share issues	5,198,840	15,597	-	-	(15,597)	-	-	-
2021 earnings	-	-	-	-	71,095	71,095	585	71,680
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	892	-	892	-	892
Remeasurement of financial instruments at fair value	-	-	-	(1,156)	-	(1,156)	-	(1,156)
2020 dividend paid in 2021	-	-	-	-	(28,508)	(28,508)	(294)	(28,802)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Treasury shares	5,825	-	-	-	2,388	2,388	-	2,388
Currency translation adjustments	-	-	-	-	4,209	4,209	-	4,209
As of December 31, 2021⁽¹⁾	56,999,729	171,562	-	(1,444)	371,291	541,409	1,920	543,329
Bonus share issues	5,718,724	17,156	-	-	(17,156)	-	-	-
2022 half-year earnings	-	-	-	-	54,212	54,212	234	54,446
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	1,920	-	1,920	-	1,920
Remeasurement of financial instruments at fair value	-	-	-	(1,361)	-	(1,361)	-	(1,361)
2021 dividend paid in 2022	-	-	-	-	(53,565)	(53,565)	(391)	(53,956)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Treasury shares	(109,905)	-	-	-	(2,849)	(2,849)	-	(2,849)
Currency translation adjustments	-	-	-	-	6,484	6,484	-	6,484
As of June 30, 2022⁽¹⁾	62,608,548	188,718	-	(885)	358,417	546,250	1,763	548,013

(1) Excluding treasury shares.

5 — Consolidated statement of cash flows

<i>€ thousands</i>	06/30/2021	12/31/2021	06/30/2022
Cash flows from operating activities			
Net income	45,726	71,680	54,446
Depreciation, amortization and other	5,103	15,179	18,797
Share of profit from equity-accounted companies	(82)	255	(405)
Net finance costs	625	5	427
Tax charge of the period	20,316	29,676	18,014
Operating cash flows	71,688	116,795	91,279
Interest expense payments	(706)	(1,992)	(1,309)
Tax payments	(7,794)	(28,571)	(11,746)
Cash flow after interest expense and tax	63,188	86,232	78,224
Change in inventory and work in progress	(6,499)	(12,480)	(61,085)
Change in trade receivables and related accounts	(35,149)	(37,355)	(26,209)
Change in other receivables	(35,577)	(8,688)	1,841
Change in trade payables and related accounts	15,678	40,872	1,068
Change in other current liabilities	(1,034)	8,585	(5,109)
Change in working capital requirements	(62,581)	(9,066)	(89,494)
Net cash flows provided by (used in) operating activities	607	77,166	(11,270)
Cash flows from investing activities			
Net acquisitions of intangible assets	(781)	(1,253)	(1,159)
Net acquisitions of property, plants and equipment	(99,026)	(116,767)	(21,613)
Net acquisitions of property, plants and equipment – right-of-use assets	(8,413)	(9,381)	5,326
Acquisition of equity interests	-	-	-
Net acquisitions of marketable securities (> 3 months)	(21,045)	(36,198)	(2,000)
Changes in investments and other non-current assets	(1,137)	(713)	503
Net cash flows provided by (used in) investing activities	(130,402)	(164,312)	(18,943)
Cash flows from financing activities			
Issuance of borrowings and new financial debt	134,204	134,204	-
Debt repayments	(14,000)	(34,204)	(6,001)
Net change in lease liabilities	8,949	6,638	(1,683)
Dividend payments to shareholders	(28,508)	(28,508)	(53,565)
Treasury shares	663	454	137
Net cash flows provided by (used in) financing activities	101,308	78,584	(61,112)
Change in net cash	(28,487)	(8,562)	(91,325)
Opening cash and cash equivalents	124,966	124,966	116,404
Closing cash and cash equivalents	96,479	116,404	25,079

The reconciliation of total cash and cash equivalents breaks down as follows:

<i>€ thousands</i>	06/30/2021	12/31/2021	06/30/2022
Cash and cash equivalents	96,479	116,404	25,079
Current financial assets	124,621	141,280	138,290
Total cash and cash equivalents and current financial assets	221,100	257,684	163,369

3 Notes to the consolidated financial statements

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Half-year milestones

January

- Launch of the fragrance line,
Montblanc Legend Red

The famous *Montblanc Legend* fragrance goes red as it celebrates its 10-year anniversary and returns with a new woody fruity iteration, *Montblanc Legend Red*.

- Launch of the *Kate Spade Sparkle* line

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- Launch of *Patchouli Blanc* in the Van Cleef & Arpels Extraordinary Collection

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- Launch of *Coach Wild Rose*

Delicate and poetic, the Eau de Parfum draws its inspiration from the free-spirited beauty of a meadow of wild flowers.

- Introduction of the new refillable bottle of the *Rochas Girl* eco-friendly line

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- Karl Lagerfeld: launch of the third *Places by Karl* duo

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- Interparfums headquarters

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- Free share plan

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April

- SBF 120 index

The company's long-standing commitment to quality financial communications was rewarded by the inclusion of Interparfums' shares in the CAC Mid 60 and SBF 120 indices.

- Launch of the *Jimmy Choo Man Aqua* line

Jimmy Choo Man expands its line with a new invigorating fragrance: *Jimmy Choo Man Aqua*, a refreshing Eau de Toilette which is laced with a marine-soaked breeze.

May

- Dividend

The company paid a dividend of €0.94 per share representing a ratio of 75% of consolidated net income.

June

- Bonus share issue

The company proceeded with its 23rd bonus share issue on the basis of one new share for every ten shares held.

- *Rochas Girl* as a two-time winner of the "Fragrance Foundation Awards"

The Fragrance Foundation Awards ceremony represents an annual celebration of fragrance. Juries comprised of consumers and professionals selected the *Rochas Girl* line for both the Professional Prize as well as the Public Prize in the Best Women's Launch category.

- Launch of the *Mon Éclat* line of Lanvin

Mon Éclat opens a new chapter of *Éclat Arpège* as a radiant and cheerful composition designed for all lovers of life.

1 — Accounting principles

1.1 — Compliance statement

The interim condensed consolidated financial statements for the six-month period ending June 30, 2022 were adopted by the Board of Directors on September 8, 2022. They have been prepared in compliance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards and notably IAS 34 on interim financial reporting as endorsed by the European Union. These standards have been consistently applied over the periods presented. The interim financial statements were prepared on the basis of these same rules and methods used to produce the annual financial statements.

This interim condensed financial report must be read in conjunction with the consolidated annual financial statements for the fiscal year ended December 31, 2021. In addition, the comparability of interim and annual financial statements may be affected by seasonal trends of Group business and notably the impact of launch phases of new fragrance lines.

Financial information presented herein is based on:

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

1.2 — Changes in accounting standards

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the financial statements for the period ending June 30, 2022.

1.4 — Basis of consolidation

Interparfums ^{SA}		Ownership interest (%)/ Controlling interest (%)	Consolidation method
Interparfums Suisse Sarl	Switzerland	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 SL 51%-held by Interparfums is fully consolidated based on the exercise of exclusive control over this company.

The subsidiary, Interparfums Srl, is in the process of being liquidated. While included in the consolidation scope it no longer had commercial operations in 2022.

The following standards, amendments or interpretations that entered into effect on January 1, 2022 were applied by the company in preparing its consolidated financial statements for the fiscal year ended June 30, 2022:

- Annual improvements (2018-2020 cycle) "Standards Improvement Process"

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

1.3 — Impact of the Russia/Ukraine war

For many years, in the Russian, Belarusian and Ukrainian markets, the company's products have been sold by an independent agent with a network of retail outlets. The Group has no industrial or commercial operations and no employees in these three countries.

In 2021, revenue from Russia, Belarus and Ukraine represented only 5.9% of Group sales, with an accounts receivable balance at December 31 of €13.5 million.

In the 2022 first half, revenue from this region accounted for less than 3% of Group sales with an accounts receivable balance at June 30 of this year of almost zero.

Because of its long-standing commercial relations of more than 30 years with its partner in this region, the company has chosen to maintain a minimum level of activity combined with agreements with respect to the collection of receivables, thereby minimizing its exposure to risks, in compliance with the sanctions adopted by the European Union and in particular the export restrictions imposed by Council Regulation (EU) 2022/428 of 15 March 2022.

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.

2 — Notes to the balance sheet

2.1 — Trademarks and other intangible assets

— Nature of intangible assets

€ thousands	12/31/2021	+	-	06/30/2022
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	15,591	757	(194)	16,154
Registration of trademarks	570	-	-	570
Software	3,999	401	(190)	4,210
Total gross amount	210,654	1,158	(384)	211,428
Amortization and impairment				
Indefinite useful life intangible assets				
Rochas Fashion trademark	(1,986)	-	-	(1,986)
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	(948)	(33)	-	(981)
Boucheron upfront license fee	(11,000)	(496)	-	(11,496)
Karl Lagerfeld upfront license fee	(10,970)	(316)	-	(11,286)
Other intangible assets				
Rights on molds for bottles and related items	(12,879)	(564)	-	(13,443)
Registration of trademarks	(500)	-	-	(500)
Software	(3,125)	(183)	-	(3,308)
Total amortization and impairment	(60,877)	(1,592)	-	(62,469)
Net total	149,777	(434)	(384)	148,959

In the absence of any indications of impairment in the period for the brands and licenses, no additional impairment charges were recognized.

2.2 — Property, plant and equipment

€ thousands	12/31/2021	+	-	Reclassification	06/30/2022
Fixtures, improvements, fittings	4,596	804	(2,991)	1,606	4,015
Office and computer equipment and furniture	2,495	949	(325)	583	3,702
Molds for bottles and caps	18,433	2,649	-	(2,292)	18,790
Land		5,173		56,000	61,173
Buildings	120,193	12,038	-	(56,000)	76,231
Other	549	-	(8)	103	644
Total gross amount	146,266	21,613	(3,324)	-	164,555
Amortization and impairment	(18,597)	(2,435)	3,178	-	(17,854)
Net total	127,669	19,178	(146)	-	146,701

The "buildings" and "land" line item concerns the company's acquisition of its new headquarters. The amounts presented are allocated by component. This allocation is partial, as its delivery under an off-plan purchase agreement (VEFA or *Vente en l'État Futur d'Achèvement*) has not been finalized. On that basis, €5.2 million not yet paid is presented under other receivables.

2.3 — Right-of use assets

The main leases to be recognized as assets in accordance with IFRS 16, concern the office premises in New York and Singapore, the warehousing facility in Rouen and the leased vehicles.

At June 30, 2022, "right-of use assets" broke down as follows:

€ thousands	12/31/2021	+	-	06/30/2022
Gross value				
Property leases	24,702	107	(5,417)	19,392
Vehicle leases	479	58	(74)	463
Total gross amount	25,181	165	(5,491)	19,855
Amortization				
Property leases	(9,666)	(1,999)	5,417	(6,248)
Vehicle leases	(272)	(59)	74	(257)
Total amortization	(9,938)	(2,058)	5,491	(6,505)
Net total	15,243	(1,893)	-	13,350

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

2.4.1 — Long-term investments

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

2.4.2 — 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 is discounted over the license agreement term and reduced accordingly to €1.8 million at June 30, 2022.

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

2.5 — Equity-accounted investments

At June 30, 2020, Interparfums acquired 25% of the capital of Divabox, specialized in e-commerce for beauty products through the website *my-origines.com*.

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 (%)	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 of prior period earnings	521
Dividend distribution	(300)
Share of earnings of the period	406
Equity-accounted investments	13,127

The amount of goodwill has been definitively set as of December 31, 2020.

2.6 — Inventory and work-in-progress

€ thousands	12/31/2021	06/30/2022
Raw materials and components	60,192	90,280
Finished goods	47,871	62,894
Total gross amount	108,063	153,174
Allowances for raw materials	(1,928)	(2,334)
Allowances for finished goods	(3,999)	(3,198)
Accumulated provisions for impairment	(5,927)	(5,532)
Net total	102,136	147,642

2.7 — Trade receivables and related accounts

€ thousands	12/31/2021	06/30/2022
Total gross amount	127,607	153,816
Impairment	(2,177)	(2,601)
Net total	125,430	151,215

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

€ thousands	12/31/2021	06/30/2022
Not due	102,816	107,077
0-90 days	22,980	44,827
91-180 days	1,348	1,812
181-360 days	354	57
More than 360 days	109	43
Total gross amount	127,607	153,816

2.8 — Other receivables

€ thousands	12/31/2021	06/30/2022
Prepaid expenses	1,204	3,901
Advances and down payments	7,900	5,176
Value-added tax	2,823	2,400
Hedging instruments	1,750	1
License royalties	-	95
Other	603	145
Total	14,280	11,718

"Advances and down payments" include the balance held in escrow relating to the acquisition of the company's headquarters building and distributed in installments as the work progresses.

2.9 — Current financial assets, cash and cash equivalents

€ thousands	12/31/2021	06/30/2022
Current financial assets	141,280	138,290
Cash and cash equivalents	116,404	25,079
Current financial assets, cash and cash equivalents	257,684	163,369

2.9.1 — Current financial assets

Current financial assets in the form of short-term investments break down as follows:

€ thousands	12/31/2021	06/30/2022
Term deposit accounts	40,304	42,347
Capital redemption contracts	78,897	79,281
Shares	21,637	16,212
Other current financial assets	442	450
Current financial assets	141,280	138,290

2.9.2 — Cash and cash equivalents

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

€ thousands	12/31/2021	06/30/2022
Interest-bearing accounts	-	-
Term deposit accounts	20,001	-
Interest-bearing bank accounts	10,278	1,264
Bank accounts	86,125	23,815
Cash and cash equivalents	116,404	25,079

2.10 — Shareholders' equity

2.10.1 — Share capital

As of June 30, 2022, Interparfums' capital was comprised of 62,905,973 shares fully paid-up with a par value of €3, 72.47%-held by Interparfums Holding.

For the period under review, capital increases result from the bonus issue of June 20, 2022 for 5,718,724 shares on the basis of one new share for every ten existing shares held.

2.10.2 — Performance share awards

— Plan 2018

With regard to the plan set up on December 31, 2018, the maximum number of shares to be awarded on inception was 133,000 shares for senior executives and managers and 26,000 shares for all other employees.

Shares purchased by the company on the market will be vested by their beneficiaries on June 30, 2022 after a vesting period of three and a half years and without a holding period.

Actual transmission of the securities was 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.

This remittance concerned 211,955 shares with a value of €6.7 million.

At June 30, 2022, the cumulative expense since the beginning of the plan was €4,372,000.

— Plan 2022

A new plan for the award of performance shares to employees was set up on March 16, 2022. This plan covers a total of 88,400 shares.

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

The shares awarded without consideration and fully vested will be transferred on the final award date, i.e. June 16, 2025, without the application of a holding period.

Actual transmission of the securities is contingent on the presence of the employee on June 16, 2025 and on the achievement of performance criteria relating to consolidated revenue for fiscal 2024 for 50% of restricted stock units awarded, and consolidated operating profit for the other 50%.

To ensure the availability of shares for remittance to employees on maturity, the company purchased 63,281 shares on the market on June 30, 2022 for a total amount of €2.8 million. These shares are presented as a deduction from shareholders' equity.

As of June 30, 2022, and taking into account the distribution of restricted stock units on the basis of one new share for every 10 shares held on June 20, 2022, the estimated number of shares to be delivered amounts to 67,400 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 €53.80. The fair value applied on the award date is €49.89 after taking into account future dividends. The total expense to be spread over the duration of the plan (3.5 years) amounted to €3.0 million.

At June 30, 2022, the cumulative expense since the beginning of the plan was €274,000.

2.10.3 — Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 29, 2022, 30,260 Interparfums shares with a nominal value of €3 per share were held by the company as of June 30, 2022 or 0.05% of the share capital.

Changes in the period break down as follows:

<i>€ thousands</i>	Average exch. rate	Number of shares	Book Value
At December 31, 2021	53.18	28,260	1,503
Acquisition	48.84	100,676	4,917
Bonus share issue of June 20, 2022	-	3,179	-
Sales	49.53	(101,855)	(5,045)
Impairment	-	-	(9)
At June 30, 2022	45.14	30,260	1,366

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 €125 per share, excluding execution costs;
- the total number of shares acquired may not exceed 2.5% of the company's capital stock.

2.10.4 — 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	12/31/2021	06/30/2022
Reserves attributable to non-controlling interests	1,335	1,529
Earnings attributable to non-controlling interests	585	234
Non-controlling interests	1,920	1,763

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

In May 2022, for fiscal 2021, the company paid a dividend of €0.94 per share representing a payout ratio of more than 75% of the previous year's earnings (€0.55 for the previous year).

2.10.5 — Information on equity

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

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 2020, a 10-year €120 million loan was obtained to finance the acquisition of the company's new headquarters complex in Paris.

Since 1998, Interparfums has been distinguished by a dividend policy designed to reward shareholders while at the same time associating them with the Group's expansion.

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

2.11 — Provisions for contingencies and expenses

€ thousands	12/31/2021	Allowances	Actuarial gains/losses	Provisions used the period	Reversal of unused provisions	06/30/2022
Provisions for retirement severance payments	8,771	316	(2,589)	-	-	6,498
Provision for expenses ⁽¹⁾	-	68	-	-	-	68
Total provisions for expenses > 1 year	8,771	384	(2,589)	-	-	6,566
Provision for expenses	784	626	-	(1,410)	-	-
Provisions for lawsuit contingencies	4,330	870	-	(5,200)	-	-
Total provisions for contingencies > 1 year	5,114	1,496	-	(6,610)	-	-
Total provisions for contingencies and expenses	13,885	1,880	(2,589)	(6,610)	-	6,566

(1) The provision for expenses concerns the social contribution payable in connection with the restricted share unit plan of 2022.

Interparfums and Repetto decided, by mutual agreement, to terminate the perfume license agreement signed on December 2, 2011, effective September 29, 2022. Under the terms of this agreement, the company retains

the right to sell the products in inventory until midnight on September 28, 2022. In this context, the provision for litigation of €5.2 million was therefore recovered.

— Tax risk

During the 2021 first half, pursuant to discussions with the tax authorities on the subject of transfer pricing with Interparfums Suisse, the company recognized an additional tax charge of €2.5 million over the period, paid in the 2021 4th quarter.

As of June 30, 2022, no control was exercised over the entire Group.

2.12 — Borrowings, financial liabilities and lease liabilities

— Borrowings and financial liabilities

In April 2021, to finance the acquisition of the company's headquarters, for an amount of €125 million, the company obtained a 10-year €120 million loan.

This loan is repayable in fixed monthly installments of €1 million each for the principal beginning in April 2021. This loan will be subject to interest equal to the 1-month Euribor plus the applicable margin.

This debt was recognized on inception at fair value to which were allocated the €1.1 million in transaction costs directly attributable to the acquisition, in compliance with IFRS 9.

The outstanding balance at June 30, 2022 was €105 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 leases included are those for the New York and Singapore offices and the warehousing facility in Rouen.

2.12.1 — Changes in finance costs

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

€ thousands	12/31/2021	Cash flow	Non-cash items			06/30/2022
			Net acquisitions	Changes in fair value	Amortization	
Borrowings	111,000	(6,000)	-	-	-	105,000
Loan acquisition costs	(979)	-	-	-	100	(879)
Interest rate swap	(207)	-	(3,722)	-	-	(3,929)
Total borrowings and other financial liabilities	109,814	(6,000)	(3,722)	-	100	100,192
Lease liabilities	15,630	-	58	-	(1,742)	13,946
Total financial debt	125,444	(6,000)	(3,664)	-	(1,642)	114,138

2.12.2 — Borrowings, financial liabilities and lease liabilities by maturity

€ thousands	Total	Up to 1 year	1 to 5 years	5 years or more
Borrowings and financial liabilities	100,192	11,476	44,392	44,324
Lease liabilities	13,946	2,574	8,215	3,157
Total financial debt	114,138	14,050	52,607	47,481

2.12.3 — Covenants and special provisions

There are no covenants associated with the loan to acquire the new headquarters.

No other special provision is attached to this loan.

€80 million of the loan amount is backed by a fixed-rate swap guaranteeing a maximum interest rate of 2%.

2.13 — 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:

<i>€ thousands</i>	12/31/2021	Changes through reserves	Changes through profit or loss	06/30/2022
Deferred tax assets				
Timing differences between financial and tax accounting	3,555	-	(1,161)	2,394
Provisions for retirement liabilities	134	(669)	669	134
Loss carryforwards	1,141	-	(447)	694
Forward hedging instruments	334	474	(227)	581
Derivatives	-	-	461	461
Right-of use assets	-	-	4	4
Leases	1	-	(1)	-
Intra-group inventory margin	4,488	-	3,176	7,664
Advertising and promotional costs	716	-	923	1,639
Bonus shares	-	118	(92)	26
Total deferred tax assets before amortization	10,369	(77)	3,305	13,597
Depreciation of deferred tax assets	(1,141)	-	447	(694)
Net deferred tax assets	9,228	(77)	3,752	12,903
Deferred tax liabilities				
Acquisition costs	(1,118)	-	(392)	(1,510)
Right-of use assets	(37)	-	37	-
Levies imposed by governments	(186)	-	(28)	(214)
Borrowing costs associated with the headquarters building acquisition	(253)	-	26	(227)
Capitalization of costs associated with the acquisition of headquarters building	(1,258)	-	-	(1,258)
Gains (losses) on treasury shares	-	20	(20)	-
Unrealized capital gains on securities	(385)	-	385	-
Derivatives	(12)	-	12	-
Swap instrument	(53)	-	(962)	(1,015)
Total deferred tax liabilities	(3,302)	20	(942)	(4,224)
Total net deferred tax	5,926	(57)	2,810	8,679

2.14 — Trade payables and other current liabilities

2.14.1 — Trade payables and related accounts

<i>€ thousands</i>	12/31/2021	06/30/2022
Trade payables for components	20,207	37,817
Other trade payables	71,941	55,399
Total	92,148	93,216

2.14.2 — Other liabilities

<i>€ thousands</i>	12/31/2021	06/30/2022
Accrued credit notes	2,498	2,137
Tax and employee-related liabilities	16,879	12,184
Accrued royalties	13,061	12,680
Hedging instruments	1,808	5,394
Interparfums Holding current accounts	1,473	1,827
Accrued expenses	671	1,195
Other liabilities	3,726	3,972
Total	40,116	39,389

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

2.15 — Financial instruments

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

€ thousands	Notes	2022			2021	
		At amortized cost	Carrying value	Fair value	Carrying value	Fair value
Other non-current financial assets						
Long-term investments	2.4	3,794	3,794	3,794	4,047	4,047
Total non-current financial assets	2.4	1,816	1,816	1,816	2,066	2,066
Current financial assets						
Trade receivables and related accounts	2.7	151,215	151,215	151,215	125,430	125,430
Other receivables	2.8	11,722	11,718	11,718	14,280	14,280
Other current financial assets	2.9	138,290	138,290	138,290	141,280	141,280
Cash and cash equivalents	2.9	25,079	25,079	25,079	116,404	116,404
Non-current financial liabilities						
Non-current borrowings and financial liabilities ⁽¹⁾	2.12	75,830	88,716	88,716	96,712	96,712
Current liabilities						
Trade payables and related accounts	2.14	93,216	93,216	93,216	92,148	92,148
Current borrowings and financial liabilities ⁽¹⁾	2.12	11,268	11,476	11,476	13,102	13,102
Other liabilities	2.14	39,393	39,389	39,389	40,116	40,116

(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.

Derivative instruments documented as hedges are recorded at fair value through equity.

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

2.16 — Management of financial risks

The primary risks related to the Group's business and organization concern interest rate and foreign exchange

rate exposures that are hedged using derivative financial instruments. The potential impacts of other risks on the company's financials are not material.

2.16.1 — 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.

2.16.2 — Liquidity risks

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

€ thousands	Up to 1 year	1 to 5 years	> 5 years	Total
Other non-current financial assets	500	1,316	-	1,816
Current financial assets	79,281	58,559	450	138,290
Cash and cash equivalents	25,079	-	-	25,079
Total financial assets	104,860	59,875	450	165,185
Borrowings and financial liabilities	(11,813)	(47,496)	(44,812)	(104,121)
Total financial liabilities	(11,813)	(47,496)	(44,812)	(104,121)
Net position before hedging	93,047	12,379	(44,362)	61,064
Hedging of assets and liabilities (swaps)	337	3,104	488	3,929
Net position after hedging	93,384	15,483	(43,874)	64,993

2.16.3 — Foreign exchange risks

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

€ thousands	USD	GBP	JPY
Assets	60,411	6,984	623
Liabilities	(6,281)	(549)	-
Net position before hedging at the closing price	54,130	6,435	623
Net position hedged	(26,957)	(3,496)	-
Net position after hedging	27,173	2,939	623

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (49.2% of sales) and to a

lesser extent the Pound sterling (4.3% of sales) and the Japanese yen (1.3% of sales).

3 — Notes to the income statement

3.1 — Breakdown of consolidated sales by brand

€ thousands	H1 2021	H1 2022
Montblanc	69,440	86,911
Jimmy Choo	60,087	69,979
Coach	52,336	67,644
Lanvin	26,572	26,762
Rochas	17,610	17,828
Karl Lagerfeld	8,844	11,054
Van Cleef & Arpels	7,953	10,300
Kate Spade	7,927	9,692
Moncler	-	8,452
Boucheron	7,932	7,560
Other	7,554	2,520
Sales	266,255	318,702

3.2 — Cost of sales

€ thousands	H1 2021	H1 2022
Raw materials, trade goods and packaging	(97,413)	(165,064)
Changes in inventory and allowances for impairment	10,577	62,405
POS advertising	(861)	(1,354)
Staff costs	(3,551)	(3,625)
Allowances and reversals/impairment	(2,559)	(1,208)
Property rental expenses	(62)	(83)
Transportation costs	(358)	(582)
Other expenses related to the cost of sales	(610)	(799)
Total cost of sales	(94,837)	(110,310)

3.3 — Selling expenses

€ thousands	H1 2021	H1 2022
Advertising	(36,816)	(59,125)
Royalties	(21,490)	(25,904)
Staff costs	(16,318)	(15,722)
Service fees/subsidiaries	(3,657)	(2,455)
Subcontracting	(3,057)	(3,419)
Transportation costs	(2,820)	(4,561)
Travel and entertainment expenses	(1,008)	(2,300)
Allowances for and reversals of provisions, amortization and depreciation	(5,303)	(5,867)
Tax and related expenses	(1,795)	(1,039)
Sales commissions	(537)	(1,052)
Property rental expenses	917	(117)
Other selling expenses	(1,221)	(2,602)
Total selling expenses	(93,105)	(124,163)

3.4 — Administrative expenses

€ thousands	H1 2021	H1 2022
Purchases and external costs	(3,617)	(3,240)
Staff costs	(5,644)	(6,193)
Property rental expenses	(181)	(210)
Allowances and reversals	(608)	(1,740)
Travel expenses	(118)	(236)
Other administrative expenses	(526)	(824)
Total administrative expenses	(10,694)	(12,443)

3.5 — Net financial income/(expense)

€ thousands	H1 2021	H1 2022
Financial income	295	931
Interest and similar expenses	(920)	(1,358)
Net finance costs	(625)	(427)
Currency losses	(1,244)	(8,413)
Currency gains	2,197	10,809
Net currency gains (losses)	951	2,396
Other financial income and expenses	2	(1,702)
Net financial income/(expense)	328	267

3.6 — Income tax

€ thousands	H1 2021	H1 2022
Current income tax – France	(12,218)	(16,284)
Current income tax – Foreign operations	(7,200)	(4,539)
Total current income tax	(19,418)	(20,823)
Deferred tax- France	(784)	1,926
Deferred tax- Foreign operations	(114)	884
Total deferred taxes	(898)	2,810
Total income taxes	(20,316)	(18,013)

3.7 — Earnings per share

In thousands of euros, except number of shares and earnings per share in euros	H1 2021	H1 2022
Consolidated net income	45,531	54,212
Average number of shares	52,232,953	57,372,388
Basic earnings per share⁽¹⁾	0.87	0.94
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	52,232,953	57,372,388
Diluted earnings per share⁽¹⁾	0.87	0.94

(1) Adjusted for bonus shares granted in 2021 and 2022.

4 — Segment reporting

4.1 — Business lines

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

However, a separate presentation is not provided for income statement aggregates as the "Fashion" business represents 0.1% 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 gross amount of €105,825,000.

Segment assets consist of operating assets used primarily in France.

4.2 — Geographical segments

Sales by geographical sector break down as follows:

<i>€ thousands</i>	H1 2021	H1 2022
North America	101,335	110,595
South America	21,224	28,332
Asia	42,154	54,946
Eastern Europe	23,510	19,439
Western Europe	37,880	55,112
France	16,683	19,275
Middle East	20,710	28,860
Africa	2,759	2,143
Sales	266,255	318,702

5 — Off balance sheet commitments

5.1 — Off balance sheet commitments given

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

<i>€ thousands</i>	Main characteristics	12/31/2021	06/30/2022
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	319,998	293,105
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses to be paid regardless of sales volume for the period.	-	32,828
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.	10,391	8,936
Total commitments given in connection with operating activities		330,389	334,869

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

Commitments with respect to forward currency sales at June 30, 2022 amounted to US\$28,000,000 and £3,000,000.

Commitments with respect to forward currency sales at June 30, 2022 budgeted in the 2022 second half amounted to US\$75 million.

5.1.3 — Commitments given by maturity at June 30, 2022

<i>€ thousands</i>	Total	Up to 1 year	1 to 5 years	5 years or more
Guaranteed minima on trademark royalties	293,105	18,933	148,308	125,864
Guaranteed minima for warehousing and logistics	32,828	15,085	17,743	-
Firm component orders	8,936	8,936	-	-
Total commitments given	334,869	42,954	166,051	125,864

5.2 — Off balance sheet commitments received

Commitments in connection with forward currency purchases at June 30, 2022 amounted to €24,824,000 for US dollar hedges and €3,492,000 for Pound sterling hedges representing total commitments of €28,316,000.

Commitments with respect to forward currency purchases at June 30, 2022 budgeted in the 2022 second half amounted to €67,770,000 for US dollar hedges.

6 — Information on related parties

In the 2022 first half, there were no changes with respect to relations between Interparfums and affiliated undertakings (parent company and subsidiaries) and those disclosed in the notes to the consolidated

financial statements in the 2021 Universal Registration Document. This is also the case for relations between members of the Management Committee and the Board of Directors.

7 — Other information

7.1 — License agreements

	Nature of license	License inception date	Duration	Expiration date
Boucheron	Inception	January 2011	15 years	December 2025
Coach	Inception	June 2016	10 years	June 2026
Jimmy Choo	Inception	January 2010	12 years	-
	Renewal	January 2018	13 years	December 2031
Karl Lagerfeld	Inception	November 2012	20 years	October 2032
Kate Spade	Inception	January 2020	10 years and 6 months	June 2030
Moncler	Inception	January 2021	6 years	December 2026
Montblanc	Inception	July 2010	10 years and 6 months	-
	Renewal	January 2016	5 years	December 2025
Repetto	Inception	January 2012	13 years	September 28, 2022 in advance
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
Van Cleef & Arpels	Inception	January 2007	12 years	-
	Renewal	January 2019	6 years	December 2024

Interparfums and Repetto decided, by mutual agreement, to terminate the perfume license agreement signed on December 2, 2011, effective September 29, 2022.

Under the terms of this agreement, the company retains the right to sell the products in inventory until midnight on September 28, 2022.

7.2 — 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).

7.3 — Employee-related data

Changes in the workforce by department break down as follows:

Number of employees at	06/30/2021	06/30/2022
Executive Management	5	5
Production & Operations	48	54
Marketing	61	67
Export	75	78
France	40	42
Finance & Corporate Affairs	58	60
Rochas fashion	4	2
Total	291	308

7.4 — Post-closing events

None.

Certificate of the company officer responsible for the interim financial report

I hereby declare that to the best of my knowledge the condensed financial statements presented for the first six months were prepared in accordance with applicable accounting standards and give a true and fair view of the financial position and results of Interparfums and its consolidated subsidiaries and that the interim management report included herein

presents a true and fair view of the important events occurring during the first six months of the fiscal year, their impact on the interim financial statements, the main transactions with related parties and the principal risks and uncertainties for the remaining six months of the fiscal year.

Paris, September 8, 2022

Philippe Santi
Executive Vice President

Executive officer responsible for financial information

Philippe Santi
Executive Vice President

Statutory Auditors' review report on the interim financial statements

This is an unsigned free translation into English of the Auditor's review report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

Pursuant to our appointment as Statutory Auditors by your shareholders' Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("*Code Monétaire et Financier*"), we hereby report to you on:

- the limited review of the accompanying condensed consolidated interim financial statements of Interparfums for the six-month period from January 1, 2022 to June 30, 2022;
- the verification of the information given in the interim management report.

These condensed consolidated interim financial statements were prepared under the responsibility of your Board of Directors. Our responsibility is to express a conclusion on these statements on the basis of our limited review of these financial statements.

I — Conclusion on the financial statements

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

A review of interim financial information consists of making inquiries, primarily with persons responsible

for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than for an audit conducted in accordance with generally accepted audit standards in France. As such, it provides a moderate assurance that the financial statements as a whole are free of material misstatements that is lower than that which would result from an audit.

Based on our limited review, we have identified no material irregularities that would indicate that the condensed consolidated interim financial statements are inconsistent with IAS 34, the IFRS adopted in the European Union for interim financial reporting.

II — Specific verifications

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

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

Courbevoie and Paris, September 8, 2022

The Statutory Auditors
French original signed by:

Mazars
Francisco SANCHEZ

SFECO& FIDUCIA AUDIT
Gilbert BERDUGO

Boucheron
Coach
Jimmy Choo
Karl Lagerfeld
Kate Spade
Lanvin
Moncler
Montblanc
Repetto
Rochas
S.T. Dupont
Van Cleef & Arpels

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