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Half-year Report
2023
Interparfums

Half-year Report 2023 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 to Interparfums^{SA} expressly disclaims all liability for any inaccuracy herein.

I Consolidated management report

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I — Review of operations

Factors contributing to the H1 2023 performance included:

- the continuing strength of the worldwide selective fragrance market;
- the continuing strength of the Group's top-selling brands and lines;
- high growth in volume;
- sales price increases of around 5% phased in between February and April.

In this context, the strong growth momentum of 2022 remained on track in H1 2023, with revenue reaching €396.1 million, up 24.3% at current exchange rates and 23.4% at constant exchange rates compared to one year earlier.

I.1 — Highlights by brand

€m	Q2		H1		23/22
	2022	2023	2022	2023	
Montblanc	44.4	50.4	87.0	107.4	+23%
Jimmy Choo	35.5	42.2	70.0	101.0	+44%
Coach	33.3	41.6	67.6	86.0	+27%
Lanvin	12.3	12.3	26.7	27.2	+2%
Rochas	9.3	10.1	17.8	19.6	+10%
Karl Lagerfeld	6.5	5.9	11.1	12.5	+13%
Van Cleef & Arpels	3.0	5.5	10.3	12.4	+20%
Kate Spade	3.1	5.2	9.7	12.0	+24%
Moncler	4.4	1.8	8.4	5.9	(30%)
Boucheron	3.6	4.2	7.6	9.0	+18%
Other	0.9	2.4	2.5	3.1	+24%
Revenue	156.3	181.5	318.7	396.1	+24%

With sales of more than €100 million for the first six months, Montblanc fragrances continued to display strong growth, driven by the solid performance of the *Montblanc Legend* lines, with Zinedine Zidane as the brand's new face since last autumn, as well as growth by the *Montblanc Explorer* lines, recently reinforced by the launch of *Montblanc Explorer Platinum*.

Jimmy Choo fragrances also exceeded €100m in the first half of the year, based on the continuing international success of the *I Want Choo* line launched in 2021, with growth of 38%, and strengthened by the launch of the *I Want Choo Forever* and *Rose Passion* lines, new fragrance flankers rolled out in late 2022 and early 2023.

Steady growth in demand for almost all Coach women's and men's lines launched over the last few years, combined with the launch of new fragrance interpretations, *Coach Green* and *Coach Love*, led to another performance of very strong growth by Coach fragrances, with sales of €86 million.

Lanvin fragrances achieved marginal growth in a period without a major launch.

Rochas fragrance had sales of nearly €20 million in the first half, driven by the strong performance of the timeless *Eau de Rochas* line and the launch of *Rochas Girl Life* the company's second eco-responsible line.

I.2 — Highlights by region

€m	Q2		H1		23/22
	2022	2023	2022	2023	
North America	57.3	63.1	110.7	140.0	+26%
South America	14.5	15.0	28.3	35.5	+25%
Asia	27.7	31.7	54.9	64.5	+17%
Eastern Europe	8.6	15.4	19.4	33.4	+72%
Western Europe	26.7	29.7	55.1	68.6	+25%
France	8.6	10.4	19.3	21.2	+10%
Middle East	12.2	14.2	28.9	29.4	+2%
Africa	0.7	2.0	2.1	3.3	+57%
Revenue	156.3	181.5	318.7	396.1	+24%

With sales of €140 million, up nearly 27%, North America's strong momentum remains intact, thanks to the considerable success of Jimmy Choo and Coach fragrances within an overall market that is continuing to expand (+13.3% in the United States at the end of May 2023 – Source: NPDP).

While the Chinese market has not yet recovered its vitality of 2021, Asia has seen very strong gains in Australia, Singapore, Japan and Taiwan driven by Montblanc, Jimmy Choo and Coach fragrances.

Growth in Eastern Europe is back on track following a gradual improvement in market conditions and a solid performance by Lanvin, Jimmy Choo and Montblanc fragrances.

In Western Europe, growth has been driven by Montblanc, Jimmy Choo and Rochas fragrances (+25%).

The Middle East is in a phase of consolidation after achieving very strong growth in 2022.

2 — Half-year financial highlights

€m	HI 2022	HI 2023	23/22
Sales	318.7	396.1	+24.3%
Gross margin	208.4	254.2	+22.0%
% of sales	65.4%	64.2%	
Operating profit	71.8	102.2	+42.3%
% of sales	22.5%	25.8%	
Net income (attributable to owners of the parent)	54.2	77.6	+43.2%
% of sales	17.0%	19.6%	

Despite higher raw material and packaging costs that marginally impacted cost prices, the gross margin as a percentage of sales for HI 2023 remained high, close to the level of one year earlier

Operating profit registered strong growth in HI 2023, exceeding €100 million, benefiting from tight control of marketing and advertising expenditures and the limited

rise in fixed costs. As a result, the operating margin for the period reached an all-time high of 25.8%.

Combined with the improvement in net financial income, this led to growth in net income (attributable to owners of the parent) of more than 40% from one year earlier to €77 million representing 19.6% of sales.

€m	12/31/2022	06/30/2023
Inventory and work-in-progress	153.5	192.7
Cash and current financial assets	235.8	168.4
Shareholders' equity (attributable to owners of the parent)	592.5	602.1
Borrowings and financial liabilities	147.0	134.9

The change in cash and cash equivalents in HI 2023 includes a €66 million dividend payment for 2022, and a €47 million increase in inventories in response to both growth in business and increasingly longer procurement and packaging lead times.

Despite this, with net cash of €33.5 million and shareholders' equity (attributable to owners of the parent) of €602 million at June 30, 2023, the balance sheet remains extremely solid.

3 — Half-year operating highlights

February

— Launch of *Montblanc Signature Absolue*

Pen in hand, ink on paper, *Montblanc Signature Absolue* is the lasting imprint of a woman's personality and identity for others to remember her by.

— Launch of *Jimmy Choo Rose Passion*

A beautifully rich scent evocative of the glamour, confidence and audacious sense of playfulness inherent to the brand that captures the essence of Jimmy Choo.

— Launch of *Kate Spade Chérie*

Kate Spade New York launches *Kate Spade Chérie*, a new pop fragrance, full of color and energy.

March

— Launch of *Eau de Rochas Citron Soleil*

Eau de Rochas Citron Soleil conjures up the Mediterranean spirit and that holiday feeling, like an echo of an eternal summer.

— Launch of *Les sommets Moncler and Home collection*

Between open spaces and intimate comfort, the collection explores a rich, woody olfactory palette.

April

— Launch of *Rochas Girl Life*

After celebrating nature with *Rochas Girl*, Rochas now celebrates life at its most exhilarating: *Girl Life* isn't just a fragrance, it's a wave of positive energy.

— Launch of *Montblanc Explorer Platinum*

Montblanc Explorer expresses the irrepressible spirit of adventure that drives explorers to push beyond their boundaries. With *Montblanc Explorer Platinum*, the line continues this adventure of discovery and self-transcendence.

May

— Launch of *Coach Green, an Eau de Toilette for Men*

Inspired by the duality between city and nature, *Coach Green* evokes the relaxing and invigorating sensation of a green break in the midst of urban effervescence.

— Dividend

The company paid a dividend of €1.05 per share (+23%) representing a ratio of 66% of the 2022 consolidated net income.

June

— Bonus share issue

The company proceeded with its 24th bonus share issue on the basis of one new share for every ten shares held.

4 — Outlook

The company achieved an excellent performance in the first half. And even though the slowdown observed in certain markets this summer is cause for caution, the target for annual sales for the 2023 full-year remains unchanged at around €800 million.

The acceleration in sales volumes combined with the traditionally lower level of marketing and advertising expenditures in the first half contributed to record profitability in H1 2023. And while media budgets, as in previous years, will be much higher in the second half, the operating margin should still reach 18% to 19% for the full year.

5 — Risk factors and information on related parties

5.1 — Risk factors

— Risks related to the war in Ukraine

With respect to the war between Russia and Ukraine, the Group has assessed the exposure of its financial and operating position to these two countries.

In the 2023 first half, Russia and Belarus accounted for less than 4.5% of Interparfums' sales. The Group complies with the restrictions imposed by the European Union and has implemented a specific billing policy for these two countries that renders the collection risks on trade receivables negligible.

This conflict and its potential impact were taken into account in the impairment test of the Lanvin Brand conducted at December 31, 2022. Because the level of activity and relationships with local partners remain relatively stable, no indication of impairment was identified by the Group for the 2023 first-half and no impairment test was carried out for the period.

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 I) included in the 2022 Universal Registration Document filed on March 30, 2023 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There have been no significant changes in these risk factors in the 2023 first half.

5.2 — Related party transactions

In the 2023 first half, relations between Interparfums and affiliated companies were comparable with those of fiscal 2022 presented in Note 6.5 "Information on Related Parties" of the "consolidated financial statements" (section 3) included in the 2022 Universal Registration Document filed on March 30, 2023 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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Consolidated financial statements

I — Consolidated income statement

<i>€ thousands except per share data which is in units</i>	Notes	HI 2022	HI 2023
Sales	3.1	318,702	396,111
Cost of sales	3.2	(110,310)	(141,885)
Gross margin		208,392	254,226
<i>% of sales</i>		<i>65.4%</i>	<i>64.2%</i>
Selling expenses	3.3	(124,163)	(135,387)
Administrative expenses	3.4	(12,443)	(16,627)
Current operating income		71,786	102,212
<i>% of sales</i>		<i>22.5%</i>	<i>25.8%</i>
Other operating expenses		-	-
Operating profit		71,786	102,212
<i>% of sales</i>		<i>22.5%</i>	<i>25.8%</i>
Financial income		931	3,293
Interest and similar expenses		(1,358)	(3,439)
Net finance costs		(427)	(146)
Other financial income		14,531	6,794
Other financial expense		(13,837)	(5,059)
Net financial income/(expense)	3.5	267	1,589
Income before income tax		72,053	103,801
<i>% of sales</i>		<i>22.6%</i>	<i>26.2%</i>
Income tax	3.6	(18,013)	(25,951)
<i>Tax rate</i>		<i>25.0%</i>	<i>25.0%</i>
Share of profit from equity-accounted companies		406	44
Net income		54,446	77,894
<i>% of sales</i>		<i>17.1%</i>	<i>19.7%</i>
Share of net (income)/loss attributable to non-controlling interests		(234)	(341)
Net income attributable to owners of the parent		54,212	77,553
<i>% of sales</i>		<i>17.0%</i>	<i>19.6%</i>
Net earnings per share ⁽¹⁾	3.7	0.94	1.23
Diluted earnings per share ⁽¹⁾	3.7	0.94	1.23

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

2 — Consolidated statement of comprehensive income and expense

<i>€ thousands</i>	HI 2022	HI 2023
Consolidated net profit for the period	54,446	77,894
Available-for-sale assets	-	-
Currency and interest rate hedges	(1,835)	(1,028)
Deferred tax arising from items able to be recycled	474	266
Currency translation adjustments	6,484	(2,015)
Items able to be recycled in profit or loss	5,123	(2,777)
Actuarial gains and losses	2,589	140
Deferred taxes on items unable to be recycled	(669)	(36)
Items unable to be recycled in profit or loss	1,920	104
Other comprehensive income total	7,043	(2,673)
Comprehensive income for the period	61,489	75,221
Share of net (income)/loss attributable to non-controlling interests	(234)	(341)
Comprehensive income attributable to owners of the parent	61,255	74,880

3 — Consolidated balance sheet

Assets

<i>€ thousands</i>	Notes	12/31/2022	06/30/2023
Non-current assets			
Net trademarks and other intangible assets	2.1	231,595	230,734
Net property, plant, equipment	2.2	148,169	148,640
Right-of use assets	2.3	12,314	13,230
Long-term investments	2.4	3,316	3,755
Other non-current financial assets	2.4	7,901	7,556
Equity-accounted investments	2.5	12,424	12,468
Deferred tax assets	2.13	12,345	17,611
Total non-current assets		428,064	433,994
Current assets			
Inventory and work-in-progress	2.6	153,466	192,721
Trade receivables and related accounts	2.7	138,902	147,007
Other receivables	2.8	29,563	18,353
Corporate income tax		2,222	38
Current financial assets	2.9	99,013	1,759
Cash and cash equivalents	2.9	136,747	166,647
Total current assets		559,913	526,525
Total assets		987,977	960,519

Shareholders' equity & liabilities

<i>€ thousands</i>	Notes	12/31/2022	06/30/2023
Shareholders' equity			
Share capital		188,718	207,590
Additional paid-in capital		-	-
Retained earnings		304,218	316,974
Net income for the year		99,523	77,553
Equity attributable to owners of the parent		592,459	602,117
Non-controlling interests		2,183	2,082
Total shareholders' equity	2.10	594,642	604,199
Non-current liabilities			
Non-current provisions for contingencies and expenses	2.11	7,422	7,758
Non-current borrowings	2.12	122,767	110,619
Non-current lease liabilities	2.12	10,233	11,256
Deferred tax liabilities	2.13	5,211	4,606
Total non-current liabilities		145,633	134,239
Current liabilities			
Trade payables and related accounts	2.14	113,235	97,460
Current borrowings	2.12	24,259	24,275
Current lease liabilities	2.12	2,699	2,607
Current provisions for contingencies and expenses	2.11	-	-
Corporate income tax		7,315	13,844
Other liabilities	2.14	100,194	83,895
Total current liabilities		247,702	222,081
Total shareholders' equity and liabilities		987,977	960,519

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		
						Attributable to owners of the parent	Non-controlling interests	Total
As of December 31, 2021⁽¹⁾	56,999,729	171,562	-	2,765	367,082	541,409	1,920	543,329
Bonus share issues	5,718,724	17,156	-	-	(17,156)	-	-	-
2022 net income	-	-	-	-	99,523	99,523	655	100,178
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	1,615	-	1,615	-	1,615
Remeasurement of financial instruments at fair value	-	-	-	2,237	-	2,237	-	2,237
2021 dividend paid in 2022	-	-	-	-	(53,565)	(53,565)	(392)	(53,957)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Own shares	97,778	-	-	-	(2,739)	(2,739)	-	(2,739)
Currency translation adjustments	-	-	-	3,979	-	3,979	-	3,979
As of December 31, 2022⁽¹⁾	62,816,231	188,718	-	10,596	393,145	592,459	2,183	594,642
Bonus share issues	6,290,597	18,872	-	-	(18,872)	-	-	-
2023 half-year earnings	-	-	-	-	77,553	77,553	341	77,894
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	104	-	104	-	104
Remeasurement of financial instruments at fair value	-	-	-	(762)	-	(762)	-	(762)
2022 dividend paid in 2023	-	-	-	-	(65,944)	(65,944)	(442)	(66,386)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Own shares	(6,171)	-	-	-	722	722	-	722
Currency translation adjustments	-	-	-	(2,015)	-	(2,015)	-	(2,015)
As of June 30, 2023⁽¹⁾	69,100,657	207,590	-	7,923	386,604	602,117	2,082	604,199

(1) Excluding own shares.

5 — Consolidated statement of cash flows

<i>€ thousands</i>	06/30/2022	12/31/2022	06/30/2023
Cash flows from operating activities			
Net income	54,446	100,178	77,894
Depreciation, amortization and other	18,797	27,187	27,228
Share of profit from equity-accounted companies	(405)	298	(44)
Net finance costs	427	769	146
Tax charge of the period	18,014	33,398	25,951
Cash flow from operations before tax and finance costs	91,279	161,830	131,175
Interest expense payments	(1,309)	(2,694)	(2,559)
Tax payments	(11,746)	(30,346)	(23,035)
Cash flow from operations after tax and finance costs	78,224	128,790	105,581
Change in inventory and work in progress	(61,085)	(67,925)	(60,297)
Change in trade receivables and related accounts	(26,209)	(13,276)	(8,117)
Change in other receivables	1,841	(5,915)	12,699
Change in trade payables and related accounts	1,068	21,087	(15,775)
Change in other current liabilities	(5,109)	16,058	(17,346)
Change in working capital requirements	(89,494)	(49,971)	(88,836)
Net cash flows provided by (used in) operating activities	(11,270)	78,819	16,745
Cash flows from investing activities			
Net acquisitions of intangible assets	(1,159)	(51,439)	(617)
Net acquisitions of property, plants and equipment	(21,613)	(26,405)	(3,928)
Net acquisitions of right-of-use assets	5,326	5,105	(2,287)
Acquisition of equity interests	-	-	-
Net acquisitions of marketable securities	43	(2,363)	98,143
Changes in long-term investments	503	731	(439)
Net cash flows provided by (used in) investing activities	(16,900)	(74,371)	90,872
Cash flows from financing activities			
Issuance of borrowings and new financial debt	-	50,000	-
Debt repayments	(6,001)	(13,043)	(12,249)
Net change in lease liabilities	(1,683)	(2,697)	931
Dividend payments to shareholders	(53,565)	(53,565)	(65,944)
Own shares	137	(5,104)	(455)
Net cash flows provided by (used in) financing activities	(61,112)	(24,409)	(77,717)
Change in net cash	(89,282)	(19,961)	29,900
Opening cash and cash equivalents	156,708	156,708	136,747
Closing cash and cash equivalents	67,426	136,747	166,647

The reconciliation of net debt breaks down as follows:

<i>€ thousands</i>	06/30/2022	12/31/2022	06/30/2023
Cash and cash equivalents	67,426	136,747	166,647
Current financial assets	95,943	99,013	1,759
Cash and current financial assets	163,369	235,760	168,406
Current borrowings	(11,476)	(24,259)	(24,275)
Non-current borrowings	(88,716)	(122,767)	(110,619)
Net debt	63,177	88,734	33,512

3 Notes to the consolidated financial statements

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Half-year operating highlights

February

— **Launch of *Montblanc Signature Absolue***

Pen in hand, ink on paper, *Montblanc Signature Absolue* is the lasting imprint of a woman's personality and identity for others to remember her by.

— **Launch of *Jimmy Choo Rose Passion***

A beautifully rich scent evocative of the glamour, confidence and audacious sense of playfulness inherent to the brand that captures the essence of Jimmy Choo.

— **Launch of *Kate Spade Chérie***

Kate Spade New York launches *Kate Spade Chérie*, a new pop fragrance, full of color and energy.

March

— **Launch of *Eau de Rochas Citron Soleil***

Eau de Rochas Citron Soleil conjures up the Mediterranean spirit and that holiday feeling, like an echo of an eternal summer.

— **Launch of *Les sommets Moncler and Home* collection**

Between open spaces and intimate comfort, the collection explores a rich, woody olfactory palette.

April

— **Launch of *Rochas Girl Life***

After celebrating nature with *Rochas Girl*, Rochas now celebrates life at its most exhilarating: *Girl Life* isn't just a fragrance, it's a wave of positive energy.

— **Launch of *Montblanc Explorer Platinum***

Montblanc Explorer expresses the irrepressible spirit of adventure that drives explorers to push beyond their boundaries. With *Montblanc Explorer Platinum*, the line continues this adventure of discovery and self-transcendence.

May

— **Launch of *Coach Green*, an Eau de Toilette for Men**

Inspired by the duality between city and nature, *Coach Green* evokes the relaxing and invigorating sensation of a green break in the midst of urban effervescence.

— **Dividend**

The company paid a dividend of €1.05 per share (+23%) representing a ratio of 66% of the 2022 consolidated net income.

June

— **Bonus share issue**

The company proceeded with its 24th bonus share issue on the basis of one new share for every ten shares held.

I — Accounting principles

I.1 — Compliance statement

The interim condensed consolidated financial statements for the six-month period ending June 30, 2023 were adopted by the Board of Directors on September 8, 2023. 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, 2022. 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.

I.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, 2023.

I.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 and 2023.

The following standards, amendments or interpretations that entered into effect on January 1, 2023 were applied by the company in preparing its consolidated financial statements for the fiscal year ended June 30, 2023. These standards have no impact on the financial statements are presented:

- IFRS 17 and amendments “Insurance contracts”;
- amendments to IAS 1 Presentation of financial statements – Practice Statement 2 “Disclosure of accounting policies”;
- amendments to IAS 8 “Definition of accounting estimates”;
- amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”.

I.3 — Financial exposure to the war in Ukraine

With respect to the war between Russia and Ukraine, the Group has assessed the exposure of its financial and operating position to these two countries.

In the 2023 first half, Russia and Belarus accounted for less than 4.5% of Interparfums’ sales. The Group complies with the restrictions imposed by the European Union and has implemented a specific billing policy for these two countries that renders the collection risks on trade receivables negligible.

The Group has factored this conflict and its potential impact into its impairment test of the Lanvin Brand conducted at December 31, 2022. Because the level of activity and relationships with local partners remain relatively stable, no indication of impairment was identified by the Group for the 2023 first-half and no impairment test was carried out for the period.

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	12/31/2022	+	-	06/30/2023
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
Lacoste upfront license fee	90,000	-	-	90,000
Other intangible assets				
Rights on molds for bottles and related items	16,634	213	-	16,847
Registration of trademarks	570	-	-	570
Software	4,137	405	-	4,542
Total gross amount	301,835	618	-	302,453
Amortization and impairment				
Indefinite useful life intangible assets				
Rochas Fashion trademark	(8,477)	-	-	(8,477)
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	(12,000)	(496)	-	(12,496)
Karl Lagerfeld upfront license fee	(11,604)	(318)	-	(11,922)
Other intangible assets				
Rights on molds for bottles and related items	(13,989)	(523)	-	(14,511)
Registration of trademarks	(500)	-	-	(500)
Software	(3,201)	(143)	-	(3,344)
Total amortization and impairment	(70,240)	(1,480)	-	(71,719)
Net total	231,595	(862)	-	230,734

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	12/31/2022	+	-	Reclassification	06/30/2023
Fixtures, improvements, fittings	5,807	201	(35)	63	6,036
Office and computer equipment and furniture	3,776	264	-	(46)	3,994
Molds for bottles and caps	19,683	1,219	-	(76)	20,826
Building (land and construction)	138,887	2,242	-	-	141,129
Other	777	2	(85)	59	753
Total gross amount	168,930	3,928	(120)	-	172,738
Amortization and impairment	(20,761)	(3,349)	12	-	(24,098)
Net total	148,169	579	(108)	-	148,640

2.3 — Right-of use assets

The main lease agreements identified which are required to be recognized in the balance sheet under assets in application of IFRS 16 concern the premises of the New

York and Singapore offices and the Rouen warehousing facility. "Right-of use assets" also includes components relating to vehicle leases.

At June 30, 2023, "right-of use assets" broke down as follows:

€ thousands	12/31/2022	+	-	06/30/2023
Gross value				
Property leases	19,673	2,183	-	21,856
Vehicle leases	403	34	-	437
Total gross amount	20,076	2,217	-	22,293
Amortization				
Property leases	(7,558)	(1,240)	-	(8,798)
Vehicle leases	(204)	(61)	-	(265)
Total amortization	(7,762)	(1,301)	-	(9,063)
Net total	12,314	916	-	13,230

The increases reflect a change in assumption with regard to the end date of the lease for the Interparfums Luxury Brands office now based on the contractual end date of the lease of May 2029.

A new lease was signed that involved expanding the size of the current premises that will accordingly not be occupied until September 2023, at which time they will be accounted for in accordance with IFRS 16. For that reason, the total amount of payments due under this lease was included under off-balance sheet commitments in 5.1.

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

2.4.2.1 — Advances on royalties

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 €1.3 million at June 30, 2023.

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

2.4.2.2 — Interest rate swap

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

The variable-rate loan was hedged by a fixed-rate pay swap for two thirds of its nominal amount and two third of its term.

At June 30, 2023, the valuation of the swap showed an asset position of €5,813,000.

In December 2022, to finance the acquisition of the Lacoste license agreement, for an amount of €90 million, the company obtained a 4-year €50 million loan.

The full amount and term of the variable-rate loan were hedged by a fixed-rate pay swap.

At June 30, 2023, the valuation of the swap showed an asset position of €427,000.

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:

<i>€ thousands</i>	
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	474
Dividend distribution in 2022 and 2021	(550)
Share of earnings of the period – HI 2023	44
Equity-accounted investments at June 30, 2023	12,468

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

2.6 — Inventory and work-in-progress

<i>€ thousands</i>	12/31/2022	06/30/2023
Raw materials and components	89,163	110,816
Finished goods	71,233	96,558
Total gross amount	160,396	207,374
Allowances for raw materials	(5,060)	(9,943)
Impairment of finished goods	(1,870)	(4,710)
Accumulated provisions for impairment	(6,930)	(14,653)
Net total	153,466	192,721

2.7 — Trade receivables and related accounts

<i>€ thousands</i>	12/31/2022	06/30/2023
Total gross amount	140,883	149,000
Impairment	(1,981)	(1,993)
Net total	138,902	147,007

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

<i>€ thousands</i>	12/31/2022	06/30/2023
Not due	99,497	118,252
0-90 days	39,467	29,087
91-180 days	1,314	782
181-360 days	586	533
More than 360 days	19	346
Total gross amount	140,883	149,000

2.8 — Other receivables

<i>€ thousands</i>	12/31/2022	06/30/2023
Prepaid expenses	2,924	5,677
Advances and down payments	3,638	2,016
Value-added tax	21,885	10,445
Hedging instruments	1,116	216
Other	-	(1)
Total	29,563	18,353

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

The decrease in the “VAT” line item reflected mainly the recovery in the 2023 first half of €10 million in deductible VAT linked to the €50 million (excl. tax) upfront license fee for the Lacoste license agreement paid in December 2022.

2.9 — Current financial assets, cash and cash equivalents

€ thousands	12/31/2022	06/30/2023
Current financial assets	99,013	1,759
Cash and cash equivalents	136,747	166,647
Current financial assets, cash and cash equivalents	235,760	168,406

2.9.1 — Current financial assets

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

€ thousands	12/31/2022	06/30/2023
Capital redemption contracts	79,644	198
Shares	18,621	815
Other current financial assets	748	746
Current financial assets	99,013	1,759

Because capital redemption contracts were analyzed as instruments designed as medium or long term investment vehicles, they are classified as current financial assets. However, it is noted that these contracts are liquid and readily convertible into cash by the company at any moment.

The shares represent investments in companies in the luxury sector. The share portfolio held at December 31, 2022 was sold in 2023 and new shares were acquired in May 2023.

2.9.2 — Cash and cash equivalents

Cash in banks and cash equivalents break down as follows:

€ thousands	12/31/2022	06/30/2023
Term deposit accounts	43,403	100,565
Interest-bearing bank accounts	24,432	32,248
Other bank account balances	68,912	33,834
Cash and cash equivalents	136,747	166,647

Term accounts of more than three months, reported under “current financial assets” in the June 30, 2022 interim management report, were analyzed at December 31, 2022 as investments readily available within a few days, with no exit penalties, regardless of their original maturity. For that reason, they are presented under “Cash and cash equivalents” for the current period and the period presented for the purpose of comparison.

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 the year 2021 for 50% of the restricted stock units awarded, and 2021 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 and December 31, 2022 respectively, 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 the year 2024 for 50% of restricted stock units awarded, and consolidated operating profit for the other 50%.

2.10 — Shareholders' equity

2.10.1 — Share capital

As of June 30, 2023, Interparfums' capital was comprised of 69,196,570 shares fully paid-up with a par value of €3, 72.48% held by Interparfums Holding.

For the period under review, capital increases result from the bonus issue of June 27, 2023 for 6,290,597 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 26,600 shares for all other employees.

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

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. Following the award of one new share for every 10 shares held on June 27, 2023, 69,609 shares were held for delivery under this plan at June 30, 2023.

As of June 30, 2023, 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 and June 27, 2023, the estimated number of shares to be delivered amounts to 93,489 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 (3.25 years) amounts to €3.9 million.

At June 30, 2023, the cumulative expense since the start of the plan amounts to €1.5 million, of which €592,000 is recognized in the 2023 first half.

2.10.3 — Own shares

2.10.3.1 — Own shares held under the liquidity agreement

Within the framework of the share repurchase program authorized by the General Meeting of April 21, 2023, 42,230 Interparfums shares with a nominal value of €3 per share were held by the company as of June 30, 2023 or 0.06% of the share capital.

Changes in the period break down as follows:

<i>€ thousands</i>	Average exchange rate	Number of shares	Book Value
At December 31, 2022	52.04	42,387	2,206
Acquisition	66.09	274,825	18,164
Bonus issue of June 27, 2023	-	3,860	-
Sales	66.12	(278,842)	(18,438)
Capital gain/(impairment)	-	-	730
At June 30, 2023	63.04	42,230	2,662

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.

2.10.3.2 — Own shares held in connection with bonus share plans

The Group purchases its own shares to be used for bonus share plans destined for its employees. No new purchases were made in year 2023. The 63,281 shares purchased in 2022 for remittance under the 2022 bonus share plan increased to 69,609 as after the grant of one bonus share for every 10 shares held on June 27, 2023.

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:

<i>€ thousands</i>	12/31/2022	06/30/2023
Reserves attributable to non-controlling interests	1,529	1,741
Earnings attributable to non-controlling interests	654	341
Non-controlling interests	2,183	2,082

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

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.

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.

In May 2023, for fiscal 2022, the company paid a dividend of €1.05 per share representing a payout ratio of more than 66% of the previous year's earnings (€0.94 for the previous year).

Given its financial structure, the Group has the ability to secure financing for important projects from banks in the form of medium-term loans.

In May 2021, a 10-year €120 million loan was obtained to finance the acquisition of the company's new headquarters complex in Paris.

In December 2022, the company obtained a 4-year €50 million loan to finance the acquisition of a fragrance license agreement to operate the Lacoste brand.

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	12/31/2022	Allowances	Actuarial gains/losses	Provisions used the period	Reversal of unused provisions	06/30/2023
Provisions for retirement severance payments	7,225	324	128	(268)	-	7,409
Provision for expenses ⁽¹⁾	197	152	-	-	-	349
Total provisions for expenses > 1 year	7,422	476	128	(268)	-	7,758
Provision for expenses	-	-	-	-	-	-
Provisions for lawsuit contingencies	-	-	-	-	-	-
Total provisions for contingencies < 1 year	-	-	-	-	-	-
Total provisions for contingencies and expenses	7,422	476	128	(268)	-	7,758

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

— Tax risk

At June 30, 2023, a tax audit was in progress at Interparfums^{SA} for the years 2020 and 2021. As the conclusions are not yet known, no provision had been recorded at June 30, 2023.

This debt was recognized 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, 2023 was €93 million.

2.12 — Borrowings, financial liabilities and lease liabilities

— Borrowings and financial liabilities

Solférino office complex

In April 2021, to finance the acquisition of its future headquarters, for an amount of €120 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 is subject to interest equal to the 1-month Euribor plus the applicable margin.

Lacoste

In December 2022, to finance the acquisition of the Lacoste license agreement, for an amount of €90 million, the company obtained a 4-year €50 million loan.

This loan is repayable in fixed monthly installments of €1.04 million each for the principal beginning in December 2022. This loan is subject to interest equal to the 1-month Euribor plus the applicable margin.

This debt was recognized at fair value to which were allocated the €160,000 in transaction costs directly attributable to the acquisition, in compliance with IFRS 9.

The outstanding balance at June 30, 2023 was €42.7 million.

— Lease liabilities

“Lease liabilities” includes liabilities representing the present value of future lease 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 New York and Singapore offices and the warehousing facility in Rouen. This amount is higher than at December 31, 2022 after the modification of the end date considered for the lease of Interparfums Luxury Brands. The end date used for calculating the lease liability is now the contractual end date of May 2029.

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	12/31/2022	Cash flow	Non-cash items			06/30/2023
			Net acquisitions	Changes in fair value	Amortization	
Headquarters office complex loan	98,216	(6,000)	-	-	90	92,306
Lacoste license agreement loan	48,810	(6,250)	-	-	28	42,588
Total borrowings and other financial liabilities	147,026	(12,250)	-	-	118	134,894
Lease liabilities	12,932	-	2,287	-	(1,356)	13,863
Total financial debt	159,958	(12,250)	2,287	-	(1,238)	148,757

Two thirds of the nominal amount and two thirds of the term of the Solférino variable-rate loan have been hedged by a fixed-rate pay swap.

The full amount and term of the Lacoste variable-rate loan were hedged by a fixed-rate pay swap.

The net swap hedging position for these loans is as follows:

€ thousands	12/31/2022	06/30/2023
Borrowings and financial liabilities	147,026	134,894
Interest rate swaps (asset position)	(6,335)	(6,240)
Borrowings and financial liabilities net of hedging	140,691	128,654

2.12.2 — Borrowings, financial liabilities and lease liabilities by maturity

€ thousands	Total	Up to 1 year	1 to 5 years	more than 5 years
Borrowings and financial liabilities	134,894	24,275	83,906	26,713
Lease liabilities	13,863	2,607	9,174	2,082
Total at June 30, 2023	148,757	26,882	93,080	28,795

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.

A leverage ratio (consolidated net debt/consolidated EBITDA) is attached to the Lacoste loan obtained by the parent company. This ratio will be calculated for the first time on the basis of the annual consolidated financial statements for 2023.

No other special provision is attached to this loan.

2.13 — Deferred tax

Deferred taxes arising mainly from timing differences between financial accounting and tax accounting, deferred taxes accounted for consolidation adjustments and deferred taxes for tax losses carryforwards break down as follows:

<i>€ thousands</i>	12/31/2022	Changes through reserves	Changes through profit or loss	Reclassification	06/30/2023
Deferred tax assets					
Timing differences between financial and tax accounting	2,959	-	(312)	-	2,647
Currency hedges on future sales	-	351	(282)	-	69
Right-of-use assets – property leases	27	-	124	-	151
Right-of-use assets – vehicles leases	1	-	-	-	1
Intra-group inventory margin	8,226	-	2,648	-	10,874
Advertising and promotional costs	998	-	770	-	1,768
Provisions for retirement liabilities	134	(36)	(33)	-	65
Tax loss carryforwards	519	-	(163)	-	356
Provision for returns	-	-	-	1,093	1,093
Provision for doubtful trade receivables	-	-	-	478	478
Other	-	-	-	465	465
Total deferred tax assets before depreciation	12,864	315	2,752	2,036	17,967
Depreciation of deferred tax assets	(519)	-	163	-	(356)
Net deferred tax assets	12,345	315	2,915	2,036	17,611
Deferred tax liabilities					
Acquisition costs	(1,485)	-	(10)	-	(1,495)
Levies imposed by governments	(241)	-	97	-	(144)
Borrowing costs	(240)	-	30	-	(210)
Capitalization of costs associated with the headquarters building acquisition	(1,032)	-	-	-	(1,032)
Bonus shares	-	43	(43)	-	-
Right-of-use assets	-	-	-	-	-
Currency hedges on future sales	(460)	-	460	-	-
Gains (losses) on treasury shares	-	(189)	189	-	-
Derivatives	(47)	-	(24)	-	(71)
Swap instrument	(1,637)	(86)	110	-	(1,613)
Unrealized capital gains on securities	(31)	-	25	-	(6)
Other	(38)	-	3	-	(35)
Total deferred tax liabilities	(5,211)	(232)	837	-	(4,606)
Total net deferred tax	7,134	83	3,752	2,036	13,005

Deferred tax assets of the US subsidiary, Interparfums Luxury Brands at December 31, 2022, were presented net of corporate income tax for an amount totaling US\$2,212,000.

They are now presented under deferred tax assets. The resulting reclassification of €2,036,000 has been added to the above table.

2.14 — Trade payables and other current liabilities

2.14.1 — Trade payables and related accounts

<i>€ thousands</i>	12/31/2022	06/30/2023
Trade payables for components	29,463	28,894
Other trade payables	83,772	68,566
Total	113,235	97,460

2.14.2 — Other liabilities

€ thousands	12/31/2022	06/30/2023
Accrued credit notes	3,017	1,844
Tax and employee-related liabilities	18,634	11,798
Accrued royalties	16,809	14,928
Hedging instruments	64	72
Interparfums Holding current accounts	1,538	1,687
Outstanding balance of the Lacoste upfront license fee payable	48,000	48,000
Other liabilities	12,132	5,566
Total	100,194	83,895

In accordance with the contractual terms, €50 million of the €90 million upfront fee for the Lacoste license was paid in December 2022. The remaining €40 million balance will be paid in December 2023 (€48 million in other liabilities less €8 million in deductible VAT included under other receivables).

As required by IFRS 15, it is specified that the other liabilities include contract liabilities 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	06/30/2023			Amortized cost
		Carrying value	Fair value through profit or loss	Fair value through equity	
Other non-current financial assets					
Long-term investments	2.4	3,755	-	-	3,755
Other non-current financial assets	2.4	7,556	5,813	427	1,316
Current financial assets					
Trade receivables and related accounts	2.7	147,007	-	-	147,007
Other receivables	2.8	18,353	216	-	18,137
Current financial assets	2.9	1,759	1,759	-	-
Cash and cash equivalents	2.9	166,647	-	-	166,647
Non-current financial liabilities					
Non-current borrowings	2.12	110,619	-	-	110,619
Current liabilities					
Trade payables and related accounts	2.14	97,460	-	-	97,460
Current borrowings	2.12	24,275	-	-	24,275
Other liabilities	2.14	83,895	63	8	83,824

€ thousands	Notes	12/31/2022			Amortized cost
		Carrying value	Fair value through profit or loss	Fair value through equity	
Other non-current financial assets					
Long-term investments	2.4	3,316	-	-	3,316
Other non-current financial assets	2.4	7,901	6,237	98	1,566
Current financial assets					
Trade receivables and related accounts	2.7	138,902	-	-	138,902
Other receivables	2.8	29,563	-	1,116	28,447
Current financial assets	2.9	99,013	99,013	-	-
Cash and cash equivalents	2.9	136,747	-	-	136,747
Non-current financial liabilities					
Non-current borrowings	2.12	122,767	-	-	122,767
Current liabilities					
Trade payables and related accounts	2.14	113,235	-	-	113,235
Current borrowings	2.12	24,259	-	-	24,259
Other liabilities	2.14	100,194	64	-	100,130

In accordance with IFRS 13, financial assets and liabilities are measured at fair value based on level 2 inputs, except for the fair value of listed shares, presented under “current financial assets” and measured by income based on listed market-based prices (level 1). The carrying value of other items presented above offers 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). The Group 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	816	-	1,316
Current financial assets	198	815	746	1,759
Cash and cash equivalents	166,647	-	-	166,647
Total financial assets	167,345	1,631	746	169,722
Borrowings	(24,275)	(83,907)	(26,712)	(134,894)
Total financial liabilities	(24,275)	(83,907)	(26,712)	(134,894)
Net position before hedging	143,070	(82,276)	(25,966)	34,828
Hedging of assets and liabilities (swaps)	2,287	3,953	-	6,240
Net position after hedging	145,357	(78,323)	(25,966)	41,068

2.16.3 — Foreign exchange risks

As a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (49.10% of sales) and to a lesser extent the Pound sterling (5% of sales).

Only Interparfums^{SA} has a significant exposure to foreign exchange risk as the Group’s other subsidiaries operate in their local currency.

Interparfums^{SA}’s net positions in the main foreign currencies are as follows:

€ thousands	USD	GBP	JPY
Assets	64,471	8,762	(104)
Liabilities	(2,684)	(1,747)	-
Net position before hedging at the closing price	61,787	7,015	(104)
Net position hedged	(21,169)	(2,275)	-
Net position after hedging	40,618	4,740	(104)

3 — Notes to the income statement

3.1 — Breakdown of consolidated sales by brand

€ thousands	HI 2022	HI 2023
Montblanc	86,911	107,433
Jimmy Choo	69,979	101,030
Coach	67,644	85,973
Lanvin	26,762	27,211
Rochas	17,828	19,647
Karl Lagerfeld	11,054	12,482
Van Cleef & Arpels	10,300	12,402
Kate Spade	9,692	11,957
Moncler	8,452	5,883
Boucheron	7,560	9,010
Other	2,520	3,083
Sales	318,702	396,111

3.2 — Cost of sales

€ thousands	HI 2022	HI 2023
Raw materials, trade goods and packaging	(165,064)	(178,582)
Changes in inventory and allowances for impairment	62,405	54,429
POS advertising	(1,354)	(1,954)
Staff costs	(3,625)	(3,905)
Allowances and reversals/impairment	(1,208)	(9,951)
Property rental expenses	(83)	(67)
Transportation costs	(582)	(900)
Other expenses related to the cost of sales	(799)	(955)
Total cost of sales	(110,310)	(141,885)

3.3 — Selling expenses

€ thousands	HI 2022	HI 2023
Advertising	(59,125)	(60,052)
Royalties	(25,904)	(32,228)
Staff costs	(15,722)	(16,811)
Service fees/subsidiaries	(2,455)	(4,364)
Subcontracting	(3,419)	(3,837)
Transportation costs	(4,561)	(5,848)
Travel and entertainment expenses	(2,300)	(3,871)
Allowances for and reversals of provisions, amortization and depreciation	(5,867)	(2,926)
Tax and tax related expenses	(1,039)	(2,057)
Sales commissions	(1,052)	(858)
Property rental expenses	(117)	(59)
Other selling expenses	(2,602)	(2,476)
Total selling expenses	(124,163)	(135,387)

3.4 — Administrative expenses

€ thousands	HI 2022	HI 2023
Purchases and external costs	(3,240)	(5,495)
Staff costs	(6,193)	(6,610)
Property rental expenses	(210)	(767)
Allowances and reversals	(1,740)	(2,502)
Travel expenses	(236)	(477)
Other administrative expenses	(824)	(776)
Total administrative expenses	(12,443)	(16,627)

3.5 — Net financial income/(expense)

€ thousands	HI 2022	HI 2023
Financial income	1,024	3,294
Interest and similar expenses	(1,387)	(3,360)
Interest expense on lease liabilities	(67)	(80)
Net finance costs	(430)	(146)
Currency losses	(8,409)	(7,512)
Currency gains	10,809	6,794
Net currency gains (losses)	2,400	(718)
Financial income on interest rate swaps	3,722	(424)
Charges to/(reversals) of financial provisions	(5,425)	2,877
Net financial income/(expense)	267	1,589

Financial income rose sharply in response to the overall increase in interest rates on significant cash balances. Interest and similar expenses rose significantly under the dual effect of higher interest rates and the increase in gross debt in December 2022 after obtaining a new loan of €50 million, as described in note 2.12 of this document.

The foreign exchange result comprises a realized foreign exchange gain of €2.4 million and an unrealized foreign exchange loss of €3.1 million for the first half of 2023.

Charges to/(reversals) of financial provisions reflect changes in fair value of listed shares of companies in the luxury goods sector.

3.6 — Income tax

€ thousands	HI 2022	HI 2023
Current income tax – France	(16,284)	(22,872)
Current income tax – Foreign operations	(4,539)	(6,828)
Total current income tax	(20,823)	(29,700)
Deferred tax- France	1,926	3,071
Deferred tax- Foreign operations	884	678
Total deferred taxes	2,810	3,749
Total income taxes	(18,013)	(25,951)

3.7 — Earnings per share

In thousands of euros, except number of shares and earnings per share in euros	HI 2022	HI 2023
Consolidated net income	54,212	77,553
Average number of shares	57,500,071	62,952,937
Net earnings per share⁽¹⁾	0.94	1.23
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	57,500,071	62,952,937
Diluted earnings per share⁽¹⁾	0.94	1.23

(1) Adjusted for bonus shares granted in 2022 and 2023.

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:

€ thousands	HI 2022	HI 2023
North America	110,595	140,014
South America	28,332	35,548
Asia	54,946	64,546
Eastern Europe	19,439	33,419
Western Europe	55,112	68,639
France	19,275	21,232
Middle East	28,860	29,375
Africa	2,143	3,338
Sales	318,702	396,111

5 — Off-balance sheet commitments

5.1 — Off-balance sheet commitments

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

€ thousands	Main characteristics	12/31/2022	06/30/2023
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	259,029	249,339
Property rental payments	Commitment to pay rent on the new lease signed by Interparfums Luxury Brands effective September 2023.	-	2,908
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses to be paid regardless of sales volume for the period.	25,523	7,053
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.	11,096	13,485
Total commitments given in connection with operating activities		295,648	272,785

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

Commitments with respect to forward currency sales covering foreign currency receivables at June 30, 2023 amounted to £2 million. Commitments received with respect to forward currency purchases for Pound sterling hedges at June 30, 2023 amounted to €2,265,000.

Commitments with respect to forward currency sales covering foreign currency receivables at June 30, 2023 amounted to US\$24 million. Commitments received with respect to forward currency purchases for US dollar hedges at June 30, 2023 amounted to €22,172,000.

Commitments with respect to forward currency sales at June 30, 2023 budgeted for the next three months of the year amounted to US\$13,000,000. Commitments with respect to forward currency purchases at June 30, 2023 budgeted for the next quarter of 2023 amounted to €11,868,000 for US dollar hedges.

The commitment on forward purchases covering foreign currency payables in the balance sheet at June 30, 2023 amounted to US\$1 million. Commitments received with respect to forward currency sales for US dollar hedges at June 30, 2023 amounted to €912,000.

5.1.3 — Commitments given by maturity at June 30, 2023

€ thousands	Total	H2 2023	2024 to 2028	after 2028
Guaranteed minima on trademark royalties	249,339	22,599	108,614	118,126
Property rental payments	2,908	82	2,594	232
Guaranteed minima for warehousing and logistics	7,053	2,370	4,683	-
Firm component orders	13,485	13,485	-	-
Total commitments given	272,785	38,536	133,551	100,698

6 — Information on related parties

In the 2023 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

2022 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
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	-
	Renewal	January 2023	1 year	December 2023
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
	Renewal	February 2023	5 years	December 2030
Boucheron	Inception	January 2011	15 years	December 2025
Repetto	Inception	January 2012	13 years	September 28, 2022 in advance
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
Lacoste	Inception	January 2024	15 years	December 2038

In July 2022, Interparfums and S.T. Dupont extended their worldwide exclusive fragrance license agreement for a one-year period until December 31, 2023.

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 retained the right to sell the products in inventory until midnight on September 28, 2022.

In December 2022, Lacoste and Interparfums signed a worldwide exclusive 15-year fragrance license agreement effective January 1, 2024.

Under this agreement, including an entrance fee of €90 million, Interparfums will be responsible for the creation, development, production and marketing of all perfume and cosmetics lines under the Lacoste brand, in selective distribution as well as in the Lacoste boutique network.

The launch of the first new perfume line is scheduled for 2024.

In February 2023, Interparfums and Montblanc extended their worldwide exclusive fragrance license agreement for an additional five-year period until December 31, 2030.

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.

In September 2021, an agreement was signed to postpone this buyback option to July 1, 2027.

— 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	06/30/2022	06/30/2023
Executive Management	5	5
Production & Operations	54	66
Marketing	67	77
Export	78	87
France	42	43
Finance & Corporate Affairs	60	66
Rochas fashion	2	3
Total	308	347

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 and the main transactions with related parties and that it describes the principal risks and uncertainties for the remaining six months of the fiscal year.

Paris, September 11, 2023

Philippe Santi
Executive Vice President

Executive officer responsible for financial information

Philippe Santi
Executive Vice President

Statutory Auditors' review report on the half-year financial information

This is a free translation into English of the Statutory Auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

- In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:
- the review of the accompanying condensed half-year consolidated financial statements of Interparfums, for the period January 1, 2023 to June 30, 2023;

the verification of information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express a conclusion on these financial statements based on our limited review.

I — Financial Statements

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

A review of interim financial information consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical and other review

procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II — Specific verifications

We have also verified the information given in the half-year management report commenting the condensed half-year consolidated financial statements subject to our review.

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

Courbevoie and Paris, September 11, 2023

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
Rochas
Van Cleef & Arpels

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