

HI 2022 results

Operating margin: 22.5%

Net margin: 17.0%

Income statement highlights

(€m - Audited accounts)	HI 2021	HI 2022	22/21
Sales	266.3	318.7	+20%
Gross margin	171.4	208.4	+22%
% of sales	64.4%	65.4%	
Operating profit	65.6	71.8	+9%
% of sales	24.6%	22.5%	
Net income	45.5	54.2	+19%
% of sales	17.1%	17.0%	

Despite higher raw material, packaging and transport costs, the HI 2022 gross margin was up from one year earlier, reflecting 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 both on flagship lines and launches of the period, rose 60% from last year to €59m in HI 2022, operating profit was up 9.5% from last year's first half to €72m, resulting in an operating margin of 22.5%.

Benefiting from the lower average tax rate, net income topped €54m, up 19.1% over HI 2021, as the net margin reached 17% for the period.

Balance sheet highlights

(€m - Audited accounts)	12/31/21	06/30/22	22/21
Tangible & intangible assets	277.4	295.7	+7%
Cash	257.7	163.4	-37%
Shareholders' equity	541.4	546.3	+1%
Borrowings & financial liabilities	109.8	100.2	-9%

While the €54m dividend distribution for fiscal 2022 and the €17m for the acquisition of additional office space had a one-off impact on cash flow, the cash impact from the significant increase in inventories in response to longer lead times for sourcing certain raw materials in particular and its effect on packaging operations amounted to €61m.

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

HI 2022 operating highlights

During the first half, the eco-responsible *Rochas Girl* line received several awards from both the public and perfume industry professionals as the best women's fragrance of the year, but also for its eco-friendly packaging and environmental positioning.

In March, 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. The Group also moved into its new headquarters building acquired in 2021, a 3,700 sqm high environmental performance office complex at rue de Solferino in Paris

In April, 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 indexes.

In June, for the 23rd consecutive year, Interparfums offered a bonus issue to its shareholders, awarding one free share for every ten shares held.

Outlook

In a global selective perfume market that remains dynamic, Interparfums will continue to execute a strategy of carefully managed growth combining marketing and advertising investments targeted by fragrance line and country, supported by a brand portfolio with considerable growth potential. And to accelerate this trend, based on external growth opportunities, the possibility of further strengthening the portfolio is not excluded.

Upcoming events

Publication of Q3 2022 sales
October 25, 2022
(before the opening of Paris - Euronext Stock Exchange)

Publication of 2023 forecasts
November 22, 2022
(before the opening of Paris - Euronext Stock Exchange)

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Philippe Benacin, Chairman and CEO commented: *"Although we already have strong positions in certain countries, the size of the global perfume market and its continued vitality suggest that our potential for further market share gains remains significant. And while the current geopolitical and health conditions naturally call for prudence, the quality of our brands, the coherence of our fragrance lines and the expertise of our teams represent powerful growth drivers that continue to our support sales guidance for the 2022 full-year of between €630m and €640m."*

Philippe Santi, Executive Vice President and CFO, added: *"Despite the unprecedented rise in raw material prices and production costs, our proven business model combining growth and profitability helped us achieve particularly good results in the 2022 first half. On that basis, we are able to confirm our operating margin target of approximately 16% for the full-year even though, as in previous years, marketing and advertising budgets will remain very high in the second half of the year."*

Paris, September 9, 2022

This press release is available in French and English on the company's website www.interparfums-finance.fr

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ITP
LISTED
EURONEXT

ISIN : FR0004024222-ITP
Reuters : IPAR.PA
Bloomberg : ITP
Euronext Compartment A
Eligible for Deferred
Settlement Service (SRD)
Eligible for PEA
Index - SBF 120, CAC Mid 60

Consolidated income statement

(€ thousands)	H1 2021	H2 2022
Sales	266,255	318,702
Cost of sales	(94,837)	(110,310)
Gross margin	171,418	208,392
% of sales	64.4%	65.4%
Selling expenses	(93,105)	(124,163)
Administrative expenses	(10,694)	(12,443)
Current operating income	67,619	71,786
% of sales	25.4%	22.5%
Other operating expenses	(1,986)	—
Operating profit	65,633	71,786
% of sales	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)	328	267
Income before income tax	65,961	72,053
% of sales	24.8%	22.6%
Income tax	(20,316)	(18,013)
Effective tax rate	30.8%	25.0%
Share of profit from equity-accounted companies	82	406
Net income	45,727	54,446
% of sales	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
% of sales	17.1%	17.0%

Consolidated balance sheet

ASSETS (€ thousands)	12/31/2021	06/30/2022
Non-current assets		
Net trademarks and other intangible assets	149,777	148,959
Net property, plant, equipment	127,669	146,701
Right-of-use assets	15,243	13,350
Long-term investments	4,047	3,794
Other non-current financial assets	2,066	1,816
Equity-accounted investments	12,722	13,127
Deferred tax assets	9,228	12,903
Total non-current assets	320,752	340,650
Current assets		
Inventory and work-in-progress	102,136	147,642
Trade receivables and related accounts	125,430	151,215
Other receivables	14,280	11,718
Corporate income tax	1,730	1,768
Current financial assets	141,280	138,290
Cash and cash equivalents	116,404	25,079
Total current assets	501,260	475,712
Total assets	822,012	816,362
EQUITY & LIABILITIES (€ thousands)		
Shareholders' equity		
Share capital	171,562	188,718
Additional paid-in capital	—	—
Reserves	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	543,329	548,013
No-current liabilities		
Provisions for non-current commitments	8,771	6,566
Non-current borrowings	96,712	88,716
Non-current lease liabilities	12,562	11,372
Deferred tax liabilities	3,302	4,224
Total no-current liabilities	121,347	110,878
Current liabilities		
Trade payables and related accounts	92,148	93,216
Current borrowings	13,102	11,476
Current lease liabilities	3,067	2,574
Provisions for contingencies and expenses	5,114	—
Corporate income tax	3,789	10,816
Other liabilities	40,116	39,389
Total current liabilities	157,336	157,471
Total shareholders' equity and liabilities	822,012	816,362

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		
						Group share	Non-controlling interests	Total
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 net income	—	—	—	—	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	—	—	—	(1,156)	—	(1,156)	—	(1,156)
2020 dividend paid in 2021	—	—	—	—	(28,508)	(28,508)	(294)	(28,802)
Treasury stocks	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	—	—	—	(1,361)	—	(1,361)	—	(1,361)
2021 dividend paid in 2022	—	—	—	—	(53,565)	(53,565)	(391)	(53,956)
Treasury stocks	(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

Consolidated statement of cash flows

(€ thousands)	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)
Discharge of 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

Reconciliation of net cash:

(€ thousands)	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
Cash and current financial assets	221,100	257,684	163,369
Borrowings and financial liabilities	(130,545)	(109,814)	(100,192)
Net cash	90,555	147,870	63,177