Interparfums

2018 Annual report

2018

2018 Annual report **Interparfums**

Interview with the chief executives

You have just announced annual sales of €455 million, an increase of 8%. Annual growth for 2018 turned out to be not as limited as expected?

Our guidance of November 2017 was indeed lower, but the last quarter of 2018 was particularly dynamic, driven notably by Coach fragrances' excellent performance with growth of 66% for the full year.

The portfolio's other strong brands also performed particularly well. While Montblanc registered a limited decline in a year without launches, Jimmy Choo and Lanvin marginally outperformed targets.

The other brands also contributed to this excellent overall performance, ending the year on or above budget.

These good performances have allowed us to remain on track by applying a strategy in place for a number of years to drive further gains in market share by increasing advertising investments, while maintaining a high level of operating profitability with a margin at around 14%.

In just four years, your sales have grown by more than 50%. How do you explain the success of your company year after year in achieving such results within a worldwide fragrance market characterized by limited growth?

We have of course benefited from the contributions of external growth. Out of the €455 million of this year's sales, the combined contribution of the two brands added to our portfolio in 2015, Coach and Rochas, amounted to around €120 million or nearly one quarter of total sales. This result validates our strategy and reinforces our determination to carry out acquisitions if opportunities arise, particularly in light of our excellent financial position.

But of course this growth is largely organic and driven by the growing contributions of our brands based on gains in market share each year.

Specifically, what is the secret behind the success of these brands year after year within an increasingly competitive market?

Increasingly competitive and demanding… For a number of years we have seen an increasing demand to continuously enhance the level of desirability of our fragrances. Today, the purpose of a fragrance is no longer simply to diffuse a pleasant scent.

Just as a watch is more than a simple timepiece but in fact a fashion accessory symbolically conveying the time of day, a fragrance, like a jewel or a pair of pumps, is a genuine fashion accessory. It represents an uncompromising reflection of a brand universe and the DNA of a fashion house, jeweler or any brand seeking to translate the codes forming the basis of its notoriety and desirability into a fragrance.

And so it is true that satisfying these increasingly demanding criteria make our business evermore challenging. We must constantly strive to reinvent and imagine new approaches to inspire our customers, while remaining faithful to the brand's core values and identity. I believe that one of my first responsibilities as CEO is setting, with our marketing teams, this artistic direction capable of creating among our customers the emotion and, in consequence, a purchasing impulse. It is then the task of our technical teams to carry out the difficult challenge of transforming these concepts into reality and giving them life. Such an exercise must always be carried out in a manner that respects the highest standards of excellence associated with the prestigious houses of our brand portfolio.

Is this a new phenomenon?

While not new, it has become increasingly vital. To be convinced, one needs simply to compare our creations to date with those of 20 years ago. More original, more sophisticated, more complex, more innovative and above all more luxurious. Excellence is today the key to our success. It is not enough to have the best juice in the world if the final product does not fully and entirely reflect these codes.

Is your company more competitive today in these areas than in the past?

Our growth performance of recent years gives us reasons to believe this to be so. The brands of our portfolio today consist of houses that will tolerate no compromise with respect to the quality and perfection of their creations. Brands recognized worldwide for their know-how, in most cases inimitable within their respective universes. Brands that we support by applying the same commitment to the highest standards for our fragrances… We are convinced that the major challenge for a company such as ours is promoting this sense of excellence and quest for perfection. This alone makes it possible for consumers to find in our fragrances the values and codes of their favorite brands.

A word in closing?

Today our company can draw upon expertise built up over a period of nearly 30 years within the selective perfume universe. Our teams have acquired a solid reputation of expertise in our profession and our brand portfolio is stronger than ever with considerable visibility provided by long term and lasting agreements. We are certain that our company is still at the very beginning of a wonderful adventure and we are confident about the future. Very confident…

Key figures

In a year of reduced activity in terms of launches and with an unfavorable foreign exchange effect, Montblanc fragrances registered a decline which was limited by the strength of the *Montblanc Legend* line launched in 2011.

With €100 million in sales, Jimmy Choo fragrances grew nearly 4%, following the 17% increase the year before, driven by the excellent year-end performances of the *Jimmy Choo Fever* line, rolled out during the summer and the *Jimmy Choo Man* line launched in 2014.

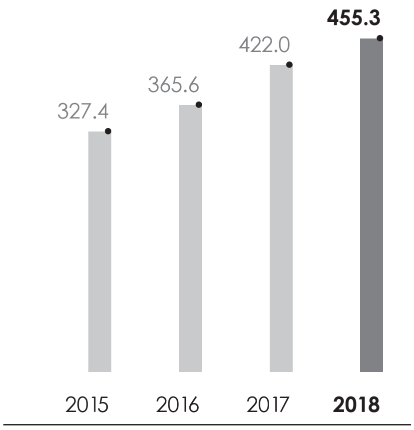
Coach fragrances had sales of more than €84 million in the year, up 66% from 2017, a remarkable performance, particularly in the United States, driven by the success of the *Coach* line, which now includes five juices launched over a three-year period.

Here also, with strong momentum at year-end, particularly for the *Éclat d'arpège* line, Lanvin fragrances consolidated their position with €59 million in annual sales, up 2%.

Despite a small decline in sales, Rochas fragrances continued to expand their market penetration in twenty countries around the world, with the launch of the *Mademoiselle Rochas* Eau de Toilette adding to contributions from the Eau de Parfum introduced in early 2017.

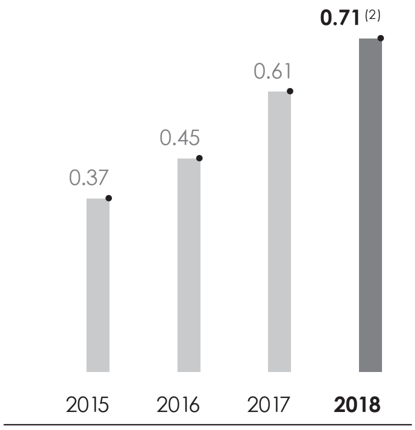
Revenue

(in € millions)



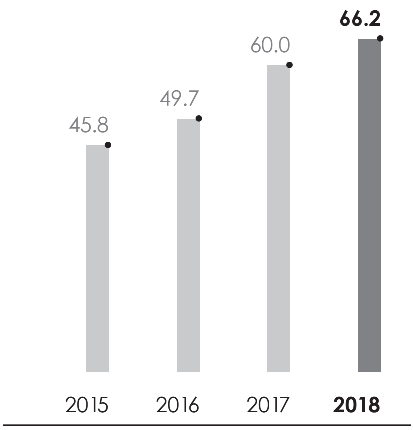
Ordinary dividend per share (1)

(in €)



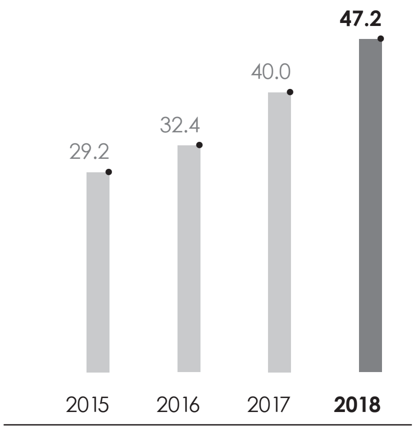
Operating profit

(in € millions)



Net income

(in € millions)



Consolidated data at December 31. (1) Restated for bonuses issues. (2) Subject to approval by the General Meeting.

Boucheron fragrances were up 6% on gains by the *Quatre* lines and increasing momentum by its collection of extraordinary fragrances introduced in 2017.

Van Cleef & Arpels fragrances had nearly €14 million in sales within a more selective universe henceforth focused on the *First* and *Collection Extraordinaire* lines.

Finally, Karl Lagerfeld fragrances return to growth, initiated in 2017 with the *Les Parfums Matières* collection's launch, remains on track.

Growth in North America remained strong, particularly in the United States (+25% at constant exchange rates), driven mainly by Coach fragrances and to a lesser extent, Jimmy Choo fragrances. Sales from this region, now representing 30% of Group revenue, have more than doubled in 4 years.

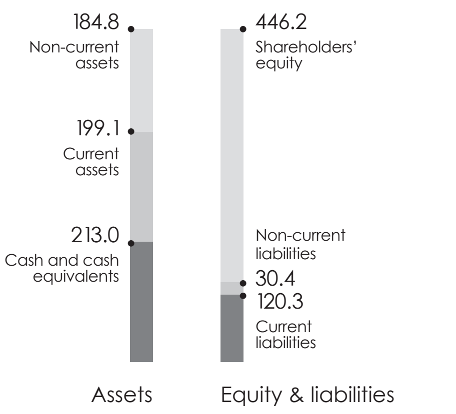
Within an overall market for cosmetics and perfumes contracting 2%, France performed well with 3% growth in sales.

South America (+12%), the Middle East (+9%) and Asia (+7%) also benefited from the good performances of Coach fragrances.

In Western Europe, the marginal decline (-1.5%) reflects the high base effect from the *Mademoiselle Rochas* line's launch in 2017.

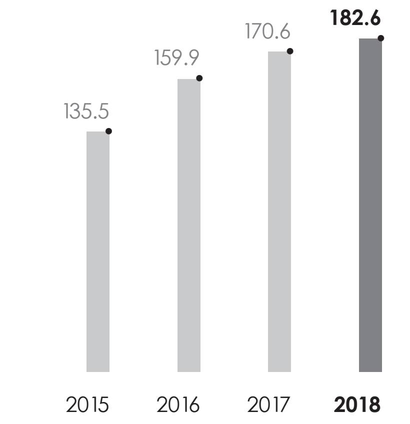
Balance sheet highlights (2018)

(in € millions)



Cash net of borrowings

(in € millions)



(€ thousands)	2014	2015	2016	2017	2018
Revenue	297,087	327,411	365,649	422,047	455,342
International (%)	*90.9%*	*91.0%*	*90.9%*	*91.1%*	*92.3%*
Operating profit	31,416	45,825	49,663	60,025	66,188
% of sales	*10.6%*	*14.0%*	*13.6%*	*14.2%*	*14.5%*
Net income	23,191	29,152	32,438	39,956	47,150
% of sales	*7.8%*	*8.9%*	*8.9%*	*9.5%*	*10.4%*
Shareholders' equity (attributable to the shareholders)	367,899	387,051	403,558	421,803	444,598
Cash + other current financial assets	224,672	225,992	230,605	221,108	212,972
Total assets	440,887	568,181	574,804	577,588	596,869
Headcount	210	223	257	266	276

Annual highlights

January

Launch of the *Dance with Repetto* line

The new Repetto fragrance is an ode to the emancipation of the dancer and women and a tribute to the beauty and joy of the art of Dance.

Launch of the *Modern Princess Eau Sensuelle* line of Lanvin

The fragrance blends the velvety softness of the vine peach with the sparkling sensuality of peony and jasmine petals.

March

Launch of the *Coach Floral* line

Coach Floral evokes the warmth of a sunny day spent in a field of wildflowers.

Launch of the *Boucheron Quatre en Rose* line

The Eau de Parfum is an original olfactory interpretation of the jeweler's eponymous collection; an ode to a sunny, sparkling woman.

April

Launch of the Eau de Toilette, *Mademoiselle Rochas*

Mademoiselle Rochas presents its new Eau de Toilette with sparkling, mischievous accents. Mademoiselle Rochas Eau de Toilette captivates with its delicate musky green floral accord.

May

Launch of the *Jimmy Choo Man Blue* line

A dynamic scent which plays on contrasts like the multi-facetted *Jimmy Choo Man Blue* himself, casual yet elegant. This new fragrance is an instinctive woody aromatic leathery scent.

Van Cleef & Arpels

In May 2018, the company extended its fragrance license agreement with Van Cleef & Arpels for an additional six years until December 31, 2024.

Dividend

A dividend of €0.67 per share was paid in early May for 2017, a 34% increase from 2016.

June

Bonus share issue

The company proceeded with its 19th bonus share issue on the basis of one new share for every ten shares held.

July

Launch of the *Jimmy Choo Fever* line

Celebrating a new facet of the Jimmy Choo woman, an innate extrovert with a playful energy and sense of fun. Effortlessly glamorous and instinctively seductive, no one is going to get in her way.

Launch of the Lanvin *Éclat de Nuit* line

Éclat de Nuit plays with contrasts, like a spark in the night, revealing multiple facets between shade and light, mystery and gleam, sensuality and freshness.

Creative Director for Rochas fashion

The Maison Rochas appoints Federico Curradi as Creative Director for men's ready-to-wear.

August

Interparfums eligible for PEA-PME

Interparfums confirms its eligibility for tax-advantaged equity savings accounts for Small and Mid Caps (PEA-PME) under French regulations (Decree No. 2014-283 of March 4, 2014).

Launch of the *Les Parfums Matières* fragrance duo of Karl Lagerfeld

Fleur de Mûrier is a fruity floriental Eau de Parfum with a modern twist.…

Bois de Yuzu is a citrus fougere woody Eau de Toilette playing with contrasts, offering a breathtakingly fresh opening, an ode to masculinity…

The essence of style where the fragrance is transformed into substance.

Outlook

September

Launch of the men's line, *Coach Platinum*

Coach Platinum is a distinctive fragrance that speaks to a bold, daring and magnetic man.

2018 Strategic Vision Prize

The company was awarded the Strategic Vision Prize for the Ile de France at the 26th edition of the Annual Entrepreneurial Awards.

Fashion Week of Paris – Womenswear

The Paris fashion show for the 2019 spring-summer season was held at the end of September/early October. Rochas unveiled a collection of glamorous couture to the press and buyers.

Whereas 2018 was largely focused on preparing for major launches in 2019 and 2020 as well as rolling out a number of flanker fragrances, we achieved an excellent performance for the year with growth of 11% at constant exchange rates. The 2019 first quarter will focus on the *Montblanc Explorer* line's launch which is expected to set the stage for a new phase in the brand's development. We are therefore confident about the outlook for 2019, with a target for annual sales today set at €480 million.

Behind-the-scenes of the last Rochas Spring/Summer 2019 fashion show

Executive Committee members

(from left to right)

Pierre Desaulles	Angèle Ory-Guénard	Jérôme Thermoz	Stanislas Archambault	Philippe Benacin
Managing Director – Interparfums Luxury Brands	Executive Vice President – International Sales	Vice President – French Distribution	Executive Vice President – Operational & Digital Marketing	Chairman and Chief Executive Officer

Véronique Duretz
Vice President – Human Resources

Delphine Pommier
Executive Vice President – Marketing Development & Communication

Frédéric Garcia-Pelayo
Executive Vice President, Director, Chief International Officer

Axel Marot
Vice President – supply chain & Operations

Philippe Santi
Executive Vice President, Director, Chief Financial and Legal Officer

Renaud Boisson
Managing Director – Interparfums Asia Pacific

Board of Directors

Philippe Benacin
Chairman-Chief Executive Officer

Jean Madar
Director

Maurice Alhadève
Independent Director

Patrick Choël
Director

Dominique Cyrot
Independent Director

Véronique Gabaï-Pinsky
Director

Frédéric Garcia-Pelayo
Director and Executive Vice President

Chantal Roos
Independent Director

Philippe Santi
Director and Executive Vice President

Marie-Ange Verdickt
Independent Director

Strategy

Our strategy

Creating and developing fragrance lines over the long-term for selective brands.

This strategy is based on a portfolio of high quality internationally renowned brands in the universe of leather goods, high fashion, jewelry and accessories endowed with a rich history.

Our know-how

Marketing expertise

– Concepts perfectly adapted to the image and positioning of each brand which "tell a story"
– A complete range of marketing tools adapted to each line
– Advertising tools targeted by line and country, from traditional media to social media

Manufacturing expertise

– A thoroughly managed 18-month production process from conception, the development of components to the production of finished goods
– A permanent requirement for products of the highest quality

Distribution expertise

– Highly responsive logistics
– A presence in nearly 120 countries through a network of efficient long-standing partners (subsidiaries, agents, distributors)
– Regular promotional plans and events at points of sale

An efficient organization

– Specialized and experienced teams
– Short processes and rapid decision-making cycles

Our values

A unique relationship with each brand

– A shared development strategy
– Ongoing shared communication initiatives
– Rapid validation processes by the different parties
– Dedicated marketing teams

Corporate citizenship

– A well-established corporate culture perpetuated from one year to the next
– A strong sense of social responsibility

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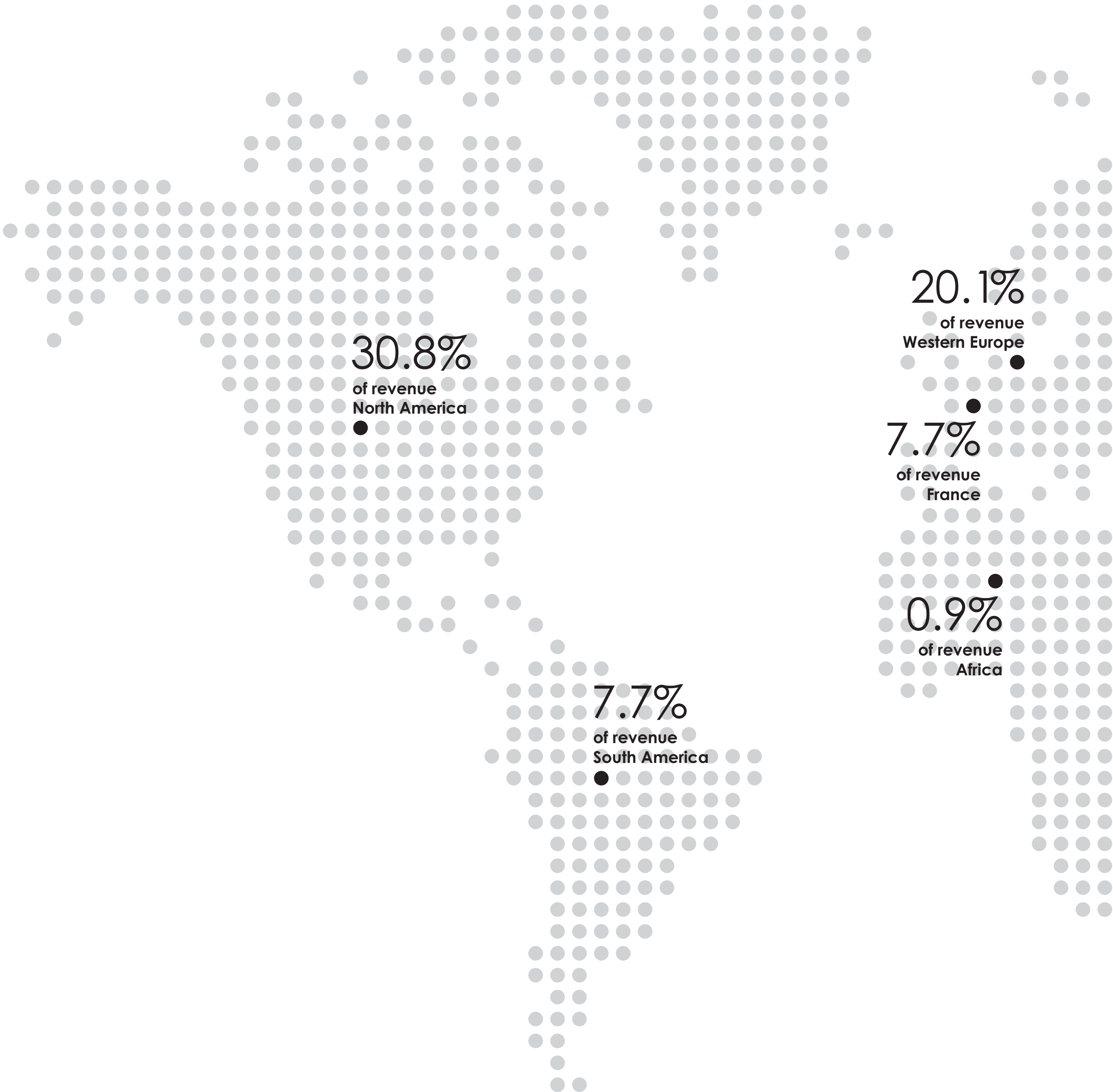
Market

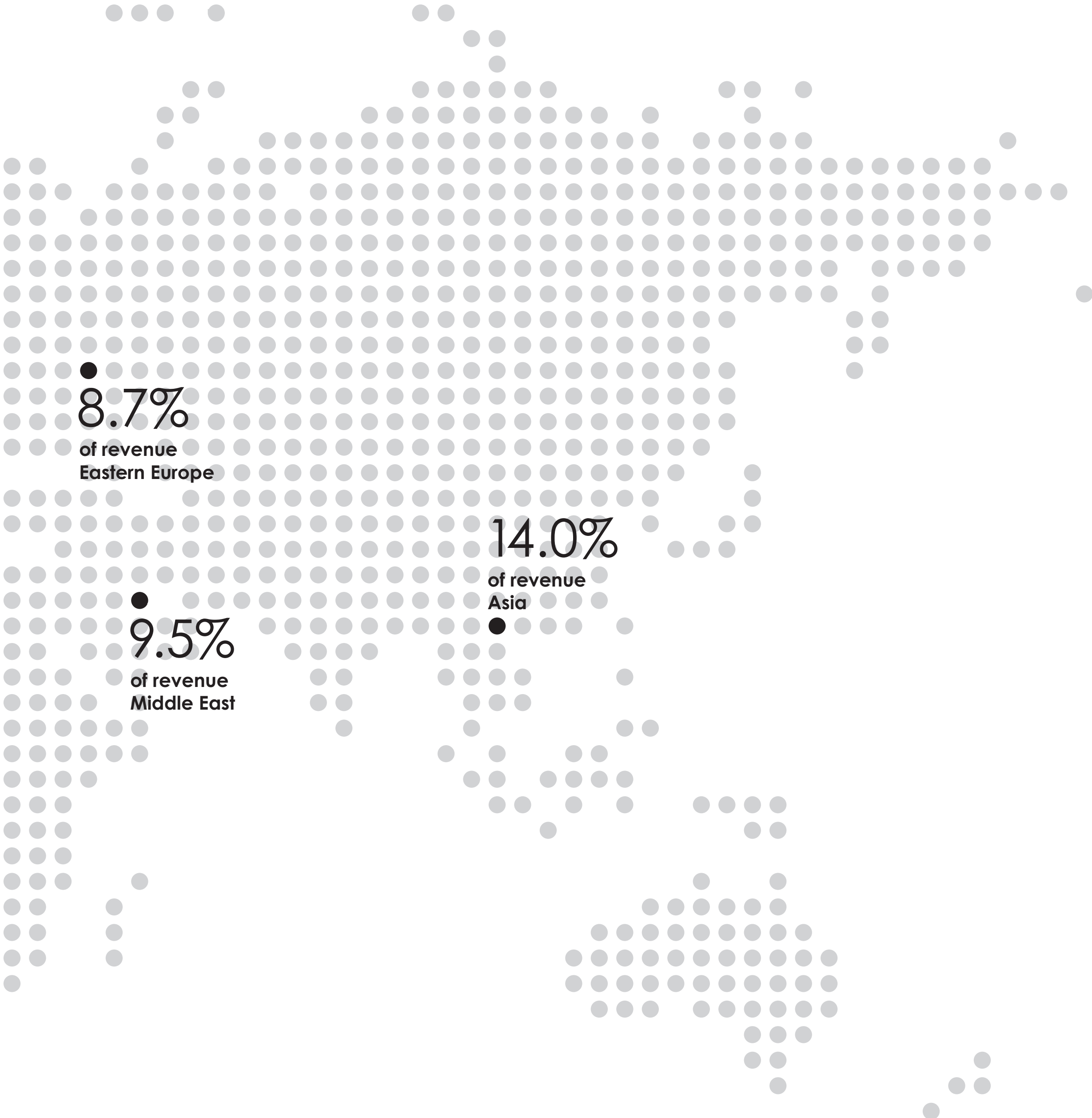


US market

2018 was a year of significant growth, with a 4.7% increase in selective perfumes in the United States in a total market of US$3.8 billion.

With a particularly favorable calendar and notably a month of January with 5 weeks of sales versus the normal 4 and federal tax cuts which boosted consumer spending, distributors were very active in trying to increase the attractiveness of their offering. The different distribution channels raised the level of their services in order to propose an increasingly rich customer experience. Online sales grew 7% to reach for 15% of the total market.

In this context, with product lines extremely well adapted to the US market, in particular the men's lines, and the strong brand recognition, notably by Coach, Jimmy Choo and Montblanc, Interparfums had an outstanding year in the United States with 25% growth in sales. Online sales which represented approximately 8% of the total grew more than 50% for the year.



French market

The French market for cosmetics and perfumes (perfume, make-up and skincare products) totaling €3 million continued to contract in 2018, declining 2% in sales revenue and 3% in unit sales. The selective fragrance segment representing two thirds of the total market followed this trend, both for men's and women's lines. The French continued to buy less beauty products in the traditional channels in favor of online purchases…

In this context, Interparfums had a satisfactory year with growth in sales of 3% driven by the performances of the portfolio's main brands, and growth of nearly 20% in online sales through the websites of its customers.

Organization

Production & Logistics

The task of managing production, each year, for thousands of product references requires skill in orchestrating and ensuring a harmonious interaction between several activities: technical development, the supply chain, production planning at our subcontractors, logistics, regulatory oversight for France and export markets. A department with 43 employees headed by Axel Marot performs these missions which include a Quality team ensuring that procedures defined in the specifications are respected.

Marketing

A staff of 40 working under Stanislas Archambault and Delphine Pommier is responsible for this delicate mission of ensuring the product creation process from the initial idea and conception up to display at points of sale. In close collaboration with the fashion houses, this work is based on achieving just the right balance between imagination, sensitivity and maintaining the coherence of each new product with its brand universe.

Export

A staff of 28 spearheaded by Frédéric Garcia-Pelayo and Angèle Ory-Guénard manages the development of our products throughout the world through distributors that are in turn responsible for retail distribution networks. A task that remains focused on respecting all the criteria imposed by the brands (the choice of the distribution networks, pricing policy, communications strategy, merchandising…) while taking into account the specific cultural codes of each country.

French Distribution

The distribution policy, commercial management, monitoring sales margins and advertising budgets for France are managed by a team of 44 headed by Jérôme Thermoz. Every launch is based on its own specific strategy both with respect to each brand and each retail channel. The primary goal: reach the consumer through strong campaigns and true drivers of differentiation starting with the product's added value.

Finances

A team of 41 managed by Philippe Santi is responsible for this area that covers internal control, financial, statutory and tax accounting management, consolidation, human resources, IT, financial communications, shareholder relations, as well as the management of brand licensing agreements and the protection of intellectual property assured by the legal department.

Rochas Fashion

A team of 7 managed by Victoria Rongier is in charge the development and setting stylistic direction for the collections of Rochas Fashion, jewelry and accessories for Rochas licensees. Alessandro Dell'Aqua has been the Artistic Director for the Womenswear collection, under license, since 2013.

Rochas Menswear Fashion

2018 marked a milestone year for the designer Federico Curradi with his appointment by Maison Rochas' menswear as creative Director. Fedderico Curradi's collection was presented in January 2019 in Paris at the Men's Fashion Week event.

Subsidiaries

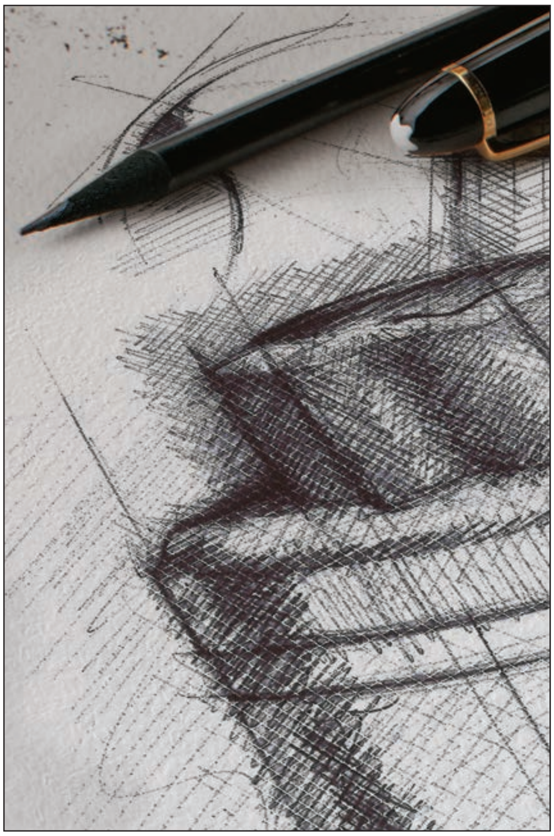
Interparfums has distribution subsidiaries in Europe (Interparfums Gmbh in Germany, Interparfums Srl in Italy and Inter España Parfums et Cosmetiques SL and Parfums Rochas Spain in Spain) working in collaboration with local partners.

It also has a standalone distribution subsidiary in the United States (Interparfums Luxury Brands) managed by a team of 55 headed by Pierre Desaulles.

Finally, the development of operations in the Asian market is spearheaded by the Singapore subsidiary (Interparfums Asia Pacific) with a team of 15 headed by Renaud Boisson.


interparfums

The itinerary of a perfume: our know-how



Imagining, creating

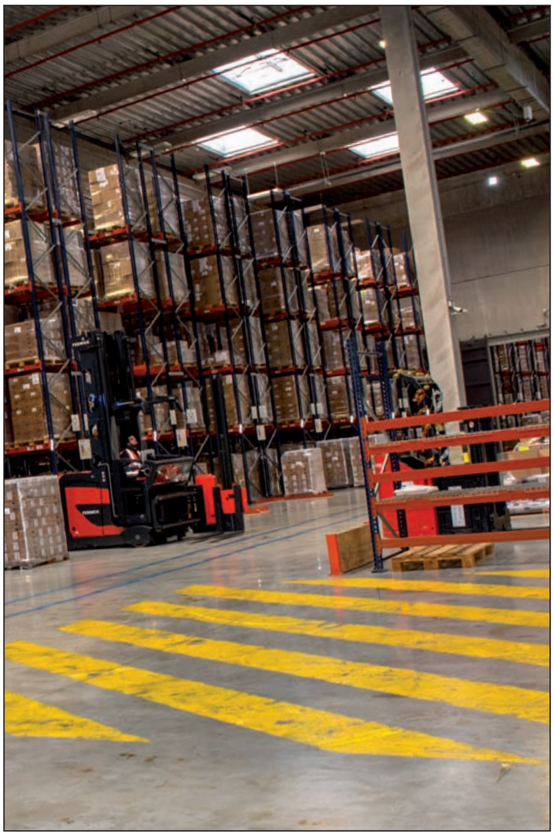
A perfume is born as an emanation of a brand's universe. Starting with its codes, identity and even fantasy, it seeks to express both the positioning developed over time and also a precise moment of dialogue between the brand and its public. For each fragrance, Interparfums' marketing team builds on these core values to tell a unique story with a connection to the brands.

Through this alchemy, life takes form: from the technical brief defined by the marketing department, the perfumer will assemble the components that will give birth to a unique fragrance. Delicate associations, subtle blends, original combinations: designing a fragrance calls for a unique mix of boldness, reason, experience and imagination.

Manufacturing, packaging

Bottles, caps, pumps, glass makers, cardboard packaging materials for outside boxes and inner boxes, metallic components. These different components are manufactured by as many as 100 subcontractors.

As for the fragrances, they are delivered in concentrated form. All these phases are spearheaded by the production teams who will bring to bear their high level of expertise for coordinating and ensuring compliance with the industrial planning process. The entire process is carried out in accord with the principles of ethical and environmental responsibility.



Ensuring traceability, transport, distribution

As an interface with commercial teams, the logistics teams then intervene to ensure the traceability of products, their transport, the management of inventories in relation to orders and forecasts: a balancing act of the highest precision.

A specific regional or global distribution strategy is developed for each brand, integrating different cultural approaches according to countries. Interparfums furthermore has a network of loyal and well-established distributors. Partners ensuring the right segment for each fragrance while respecting the specific conditions of the selective distribution market.

The launch

After 18 months of development, the perfume reaches the end of its journey: its meeting with those who embrace its story and wear the fragrance.

Marketing and media campaigns, point-of-sale events,… the launch process is designed for each country, well in advance to generate interest and momentum and to create the event.

Brand portfolio

Our missions

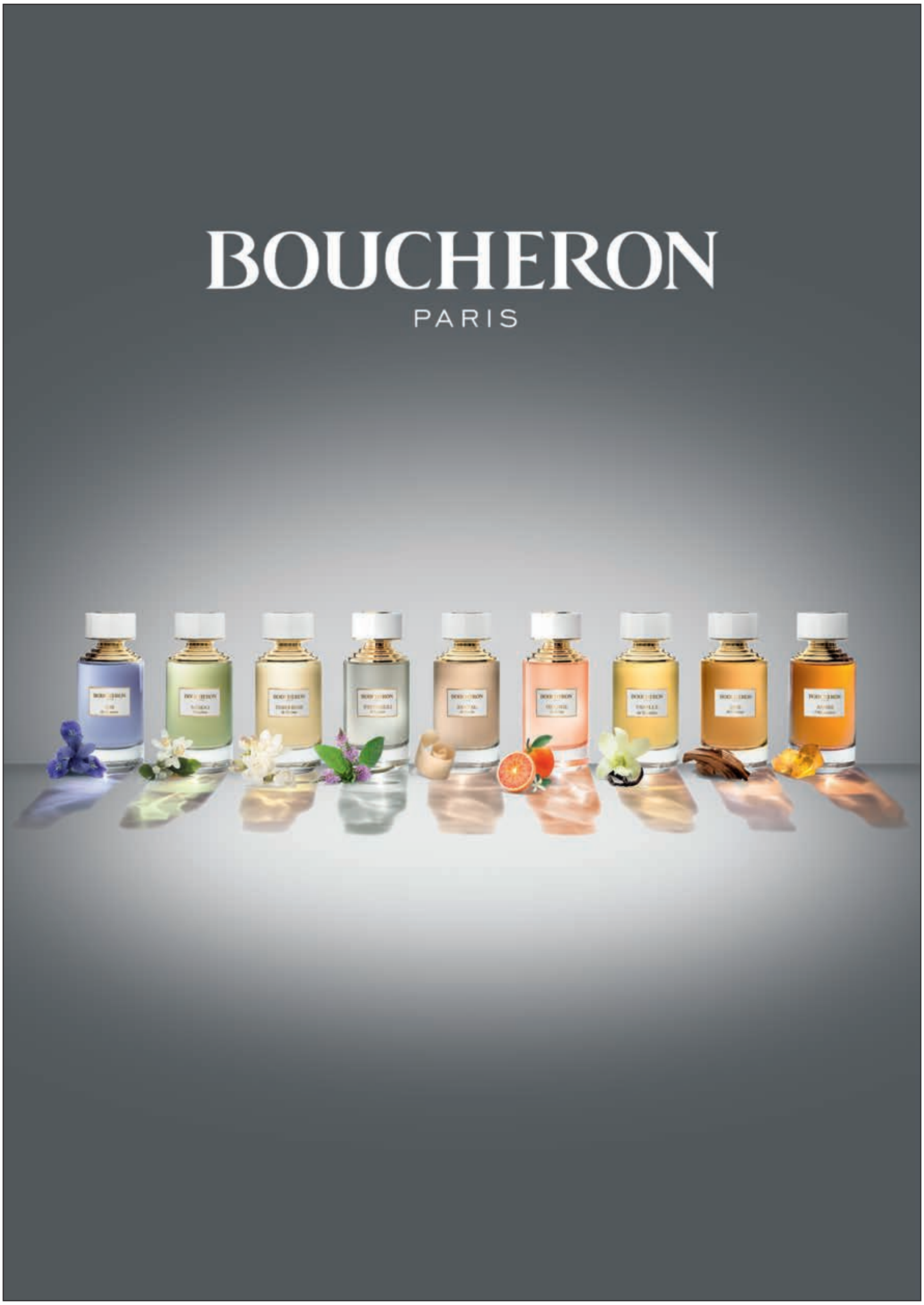
Developing perfume and cosmetic lines through license agreements with leading luxury brands in close collaboration with their creative and marketing teams.

Our core values

Meriting the respect of the prestigious brands that grant us their confidence, creativity in the service of their image, professionalism and high standards in product design and packaging, orchestrating their distribution and promotion.

Our underlying vision

A strategy based on long-term partnerships with all stakeholders for managing the process of creation and production and flexibility by outsourcing in France the packaging and logistics.


BOUCHERON
PARIS

Boucheron

In late December 2010, Boucheron and Interparfums signed a 15-year exclusive worldwide license agreement to create, produce and distribute perfumes under the Boucheron brand that commenced on 1 January 2011.

Lines distributed

Boucheron Femme (1988)
Boucheron pour Homme (1989)
Jaïpur Homme (1998)
Jaïpur Bracelet (2012)
Boucheron Place Vendôme (2013)
Boucheron Quatre (2015)
Boucheron La Collection (2017)

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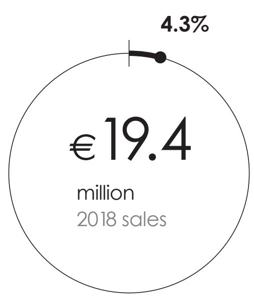
With sales of €19.4 million, Boucheron fragrances grew 6% on gains by the *Quatre* lines and increasing momentum by its collection of extraordinary fragrances introduced in 2017.



Coach

In April 2015, Interparfums signed an 11-year worldwide license agreement with Coach Inc., the leading New York design house of modern luxury and fashion accessories and lifestyle collections.

Lines distributed

Coach Eau de Parfum (2016)
Coach Eau de Toilette (2017)
Coach For Men (2017)
Coach Floral (2018)
Coach Men Platinum (2018)

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Coach fragrances had sales of more than €84 million in the year, up 66% from 2017, a remarkable performance, particularly in the United States, driven by the success of the *Coach* line, which now includes five juices launched over a three-year period.

Main 2018 awards

Coach For Men: "Fragrance Foundation Consumer Choice Award" (United States)

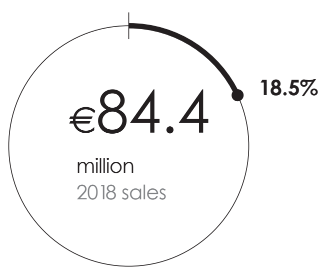
Coach Eau de Toilette: "Best Fragrance", ELLE Reader's Choice Awards 2018 (Thailand)

Coach For Men: 2018 Cosmo Beauty Awards (China)

Coach For Men: 2018 Elle Beauty Star China Awards (China)

Coach For Men: 2018 The Best Cosmetics Rayli Her Style (China)

Coach For Men: 2018 Haibao Beauty Awards (China)




COACH
NEW YORK
PLATINUM
MICHAEL B. JORDAN for COACH PLATINUM


JIMMY CHOO
FEVER
THE NEW FRAGRANCE
JIMMY CHOO

Jimmy Choo

In early October 2009, the Jimmy Choo and Interparfums groups signed a 12-year worldwide license agreement commencing on January 1, 2010 for the creation, development and distribution of fragrances under the Jimmy Choo brand.

In December 2017, this license agreement was extended to 2031.

Lines distributed

Jimmy Choo (2011)
Flash (2013)
Jimmy Choo Man (2014)
Jimmy Choo Illicit (2015)
Jimmy Choo Illicit Flower (2016)
Jimmy Choo L'Eau (2017)
Jimmy Choo Man Ice (2017)
Jimmy Choo Blue (2018)
Jimmy Choo Fever (2018)

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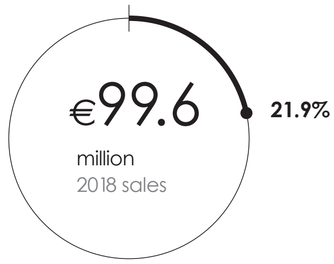
With nearly €100 million in sales, Jimmy Choo fragrances grew nearly 4%, following the 17% increase the year before, driven by the excellent year-end performances of the *Jimmy Choo Fever* line, rolled out during the summer and the *Jimmy Choo Man* line launched in 2014.

Main 2018 awards

Jimmy Choo Man Ice: 2018 Drive the Change Beauty Awards (China)



Karl Lagerfeld

In October 2012, Karl Lagerfeld, the internationally renowned fashion house, and Interparfums signed a 20-year exclusive worldwide license agreement to create, produce and distribute perfumes under the Karl Lagerfeld brand.

Lines distributed

Karl Classic (1978)
Karl Lagerfeld Femme (2014)
Karl Lagerfeld Homme (2014)
Private Klub (2015)
Les Parfums Matières (2017)

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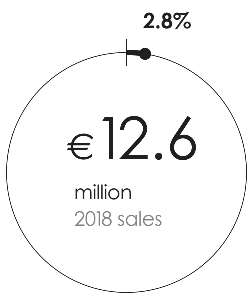
Karl Lagerfeld fragrances' return to growth, initiated in 2017 (+43%) with the *Les Parfums Matières* collection's launch, remains on track.




LES PARFUMS MATIÈRES
KARL LAGERFELD
FLEUR D'ORCHIDÉE
FLEUR DE MÛRIER
FLEUR DE PÊCHER
BOIS DE CÈDRE
BOIS DE YUZU
BOIS DE VÉTIVER
#KARLLAGERFELD


A girl in Capri
A girl
in Capri
LANVIN
LANVIN
PARIS

Lanvin

In July 2004 Interparfums entered into a 15-year exclusive worldwide license agreement with the company Lanvin to create, develop and distribute fragrances worldwide under the Lanvin name.

At the end of July 2007, Interparfums acquired the Lanvin brand names and international trademarks for class 3 fragrance and make-up products from the *Jeanne Lanvin* S.A. company. On the same date, the two companies mutually agreed to terminate the existing licensing contract signed in June 2004.

Lines distributed

Arpège (1927)
Lanvin L'Homme (1997)
Éclat d'Arpège (2002)
Rumeur 2 Rose (2008)
Jeanne Lanvin (2008)
Marry Me! (2010)
Éclat d'Arpège Pour Homme (2015)
Éclat de Fleurs (2015)
Modern Princess (2016)
Modern Princess Eau Sensuelle (2018)
Éclat de Nuit (2018)

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Here also, with strong momentum at year-end, particularly for the *Éclat d'arpège* line, Lanvin fragrances consolidated their position with €59 million in annual sales, up 2%.

Montblanc

In early January 2010, Montblanc and Interparfums signed a 10 ½ year license agreement to create, produce and distribute perfumes under the Montblanc brand with a commencement date of 1 July 2010.

In October 2015, the two companies decided, to extend their partnership for an additional five years, i.e. until December 31, 2025.

Lines distributed

Présence (2001)
Présence d'une Femme (2002)
Individuel (2004)
Femme Individuelle (2004)
Starwalker (2005)
Montblanc Legend (2011)
Montblanc Legend Femme (2012)
Montblanc Emblem (2014)
Lady Emblem (2015)
Montblanc Legend Spirit (2016)
Montblanc Legend Night (2017)

•

In a year of reduced activity in terms of launches and with an unfavorable foreign exchange effect, Montblanc had nearly €109 million in sales, with a decline that was limited by the strength of the *Montblanc Legend* line launched in 2011.

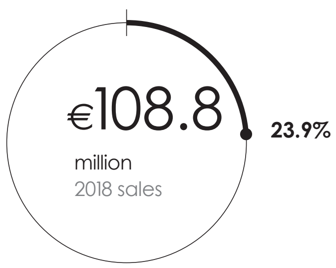
Main 2018 awards

Montblanc Legend Night: Prize in the "Best men's fragrance" category (Sweden)

Montblanc Legend Night: GQ Grooming Awards (China)

Montblanc Legend Night: 2018 Haibao Beauty Awards (China)

Montblanc Legend Night: 2018 Aili Beauty Awards (China)




MONT BLANC
EXPLORER


PAUL SMITH
ROSE
limited edition
PAUL SMITH
ROSE

Paul Smith

In December 1998, Interparfums entered into an exclusive worldwide 12-year license agreement with Paul Smith to create and produce perfumes and cosmetics under the Paul Smith brand.

In July 2008, this agreement was extended for seven years until December 31, 2017 on the basis of comparable contractual terms and conditions.

In May 2017, this license agreement was again extended for an additional four years until December 31, 2021.

Lines distributed

Paul Smith (2000)
Paul Smith Extrême (2002)
Paul Smith Rose (2007)
Paul Smith Man 2 (2010)
Paul Smith Essential (2015)
Paul Smith Hello You (2018)

•

Paul Smith fragrances remained stable at €6.5 million in revenue and concentrated in the United Kingdom.

Repetto

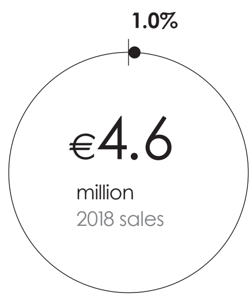
In 2011, Repetto, the French maker of dance-inspired footwear and fashion accessories, and Interparfums signed a 13-year worldwide license agreement starting on January 1, 2012 for the creation, development and distribution of fragrances under the Repetto brand.

Lines distributed

Repetto Eau de Toilette (2013)
Repetto Eau de Parfum (2014)
Repetto Eau Florale (2015)
Dance with Repetto (2018)

•

Repetto had sales of €4.6 million, up from 2017, with the launch of the new women's line, *Dance with Repetto* rolled out at the beginning of 2018.




repetto
PARIS
Floral
Dance with Repetto
LA NOUVELLE EAU FLORALE


ROCHAS
MADEMOISELLE
ROCHAS
Couture
ROCHAS
PARIS
#coutureinlove

Rochas Fragrances

On March 19, 2015 Interparfums signed an agreement with Procter & Gamble Co to acquire the Rochas brand, mainly for class 3 (cosmetics) and 25 (fashion).

Lines distributed

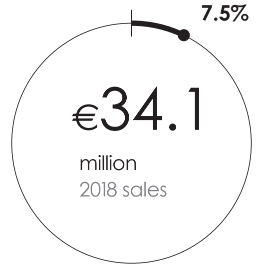
Femme (1945)
Madame (1960)
Eau de Rochas (1970)
Rochas Man (1990)
Eau de Rochas Homme (1993)
Tocade (1994)
Eau de Parfum
Mademoiselle Rochas (2017)
Eau de Toilette
Mademoiselle Rochas (2018)
Moustache (2018)
Mademoiselle Rochas Couture (2018)

•

Rochas fragrances, despite declining 11%, had €34.1 million in sales and continued their expansion in twenty countries.

Main 2018 awards

Eau de Rochas: "Best Classical Women's Fragrance" Award by the Fragrance Academy (Spain)



The Rochas Brand

Womenswear collection

The discreet charm of a Parisian woman

Founded in 1925 by Marcel Rochas, Maison Rochas was built around a philosophy: audacity, youth, and Parisian elegance

Marcel Rochas is French and Parisian. The couturier does not merely feel the era in which he lives. He senses and sometimes even anticipates the era: he knows how to adapt his creations to the women for whom they are destined. He designs articles that are easy to wear and adaptable to all circumstances, for the day or the evening.

Marcel Rochas creations are accordingly designed for two wardrobes: models for the day, simple with clean lines and those for the evening, spectacular and decorative. This approach would become the model for the ideal collection for contemporary designers.

The creations of the Marcel Rochas fashion house (founded in 1925) play with the forms of its customers and adapt to each of them: from one season to the next they can associate and coordinate their wardrobe.

Rochas today

The Rochas Codes

The Guêpière
Chantilly lace
The art of mixtures
The Masculine-Feminine mix
Sportswear Chic

Women’s Fashion: Alessandro Del Acqua

Alessandro Dell’Acqua was appointed Creative Director for the womenswear collection in 2013. He presented the new 2019-2020 fall-winter collection of Maison Rochas at the Paris ready-to-wear fashion show in February 2019.

Men’s Fashion: Federico Curradi

Maison Rochas appointed designer Federico Curradi as Creative Director of its menswear line in 2018.

He brings with him his sharp vision of the menswear wardrobe and a new attitude to the Rochas man. His first collection for Maison Rochas was presented in January 2019 in Paris at the Men’s Fashion Week event.

S.T. Dupont

In July 1997, Interparfums entered into an 11-year exclusive worldwide license agreement with S.T. Dupont to create and produce perfumes under the S.T. Dupont name and distribute them worldwide. Dupont. In April 2006, this agreement was extended for an additional three years, i.e. until June 30, 2011.

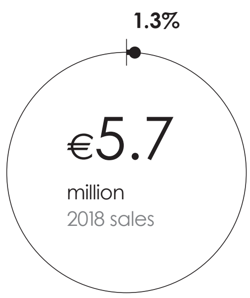
In April 2011 this license agreement was renewed for 5 ½ years and again in 2016 for an additional three years through to December 31, 2019.

Lines distributed

S.T. Dupont (1998)
S.T. Dupont Essence Pure (2002)
Passenger (2008)
Royal Amber (2016)
Be Exceptional (2017)

•

S.T. Dupont fragrances had €5.7 million in sales driven by its *Essence Pure*, *Classic* and *Be Exceptional* lines.




S.T. Dupont
PARIS
S.T. Dupont
PARIS
Noble Wood
S.T. Dupont
PARIS
OUD & ROSE
S.T. Dupont
PARIS
VANILLA
& LEATHER
S.T. Dupont
PARIS
ROYAL AMBER
COLLECTION


Van Cleef & Arpels
HAUTE PARFUMERIE
Van Cleef & Arpels
ROSE ROUGE
N° 19058NH
COLLECTION
EXTRAORDINAIRE
COLLECTION
EXTRAORDINAIRE

Van Cleef & Arpels

At the end of September 2006, Van Cleef & Arpels and Interparfums signed an exclusive worldwide license agreement to manufacture and distribute perfumes and ancillary products under the Van Cleef & Arpels brand name with a 12-year term that took effect on 1 January 2007.

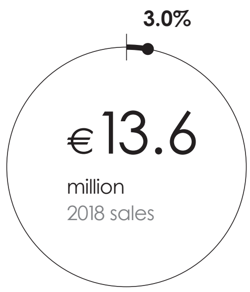
In January 2019 this license agreement was renewed for 6 additional years up to December 31, 2024.

Lines distributed

First (1976)
Collection Extraordinaire (2009)

•

With €13.6 million in sales, Van Cleef & Arpels benefited from the performances of the Haute Parfumerie *Collection Extraordinaire* line (+17%) combined with an intentionally more selective range.




MONTBLANC EXPLORER

Shareholder information

Even though, due to the intentionally scaled-down program of launches, the company had issued guidance at the end of 2017 for moderate growth in 2018, the share price maintained its steady rise since spring 2018 (€31-€32) to reach a higher in early October 2018 (€45.30).

A market correction across all financial markets as of this date led to a decline in the share price to €36-€37 in November, followed by a second correction in early December bringing the share to €33-€34.

By ending the year at December 31, 2018 at €33.75, the Interparfums share represented one of the few in 2018 registering a gain for the year of 7.5% in relation to December 31, 2017.

The different publications of 2018 sales or earnings in early 2019 triggered a strong increase, bringing the share price to above the record high of October 2018, and reaching €46-€47 in mid March 2019 or an increase from the start of the year of more than 35%.

Trading volumes (for all platforms combined) have increased, reaching an average daily volume of €41,000 shares within an overall environment for Mid Caps of decreasing liquidity.

Philippe Santi

Executive Vice President
Chief Financial & Legal Officer

Transparency and fair presentation of information: a dual commitment to both transparency and fair presentation

Since it was listed on the Paris Stock Exchange in 1995, Interparfums' financial communications strategy has been based on a dual commitment to both transparency and fair presentation. This approach is strengthened by a commitment to dialogue and proximity with a range of both targeted and diversified tools: the annual report included with the registration document, half-year report, letter to shareholders, press releases and financial notices. These publications are supplemented by interactive tools and a platform for online exchange (www.interparfums.fr) as well as individual and group meetings with shareholders, analysts, journalists, fund managers…

September 2018: At the Annual Entrepreneurial Awards event organized by Ernst & Young, Interparfums received the 2018 Prize for "Strategic Vision"

Upcoming publications

2019 second-quarter sales
July 24, 2019

2019 first-half results
September 5, 2019

2019 third-quarter sales
End of October 2019

2020 outlook
Mid-November 2019

2019 Letter to shareholders
Mid-November 2019

2019 sales
End of January 2020

2019 annual results
Mid-March 2020

Upcoming meetings

Shareholders meeting "Investir", Paris
June 11, 2019

F2iC Paris shareholders meeting
September 17, 2019

Investors Forum,
Large & Mid Cap Events Fair, Paris
October 14 & 15, 2018

F2iC Lyon shareholders meeting
October 16, 2019

Actionaria fair, Paris
November 21 & 22, 2019

Institutions providing financial research on Interparfums

Bryan Garnier, CM-CIC Securities, Exane BNP Paribas, Gilbert Dupont, ID Midcaps, Kepler Cheuvreux, Midcap Partners, Natixis Securities, Oddo BHF.

Shareholder base as of December 31, 2018

Interparfums Inc.: 72.7%
Public : 27.3%

Interparfums has more than 8,480 individual shareholders and 350 institutional shareholders (with foreign investors representing more than one third).

Securities market information

Market: Euronext Paris
Market segment: Euronext compartment A
IPO date: November 1995
ISIN code: FR0004024222 ITP
Market maker: Oddo Securities

Dividends

At the Annual General Meeting of April 26, 2019, the Board of Directors will propose a dividend of €0.71 per share, a 16% increase from 2018 in light of the bonus share issue of June 2018. On this basis, the payout rate would be 65% of net income.

Furthermore, for the 19th consecutive year, a bonus share issue will be carried out in June on the basis, of one new share for every ten shares held.

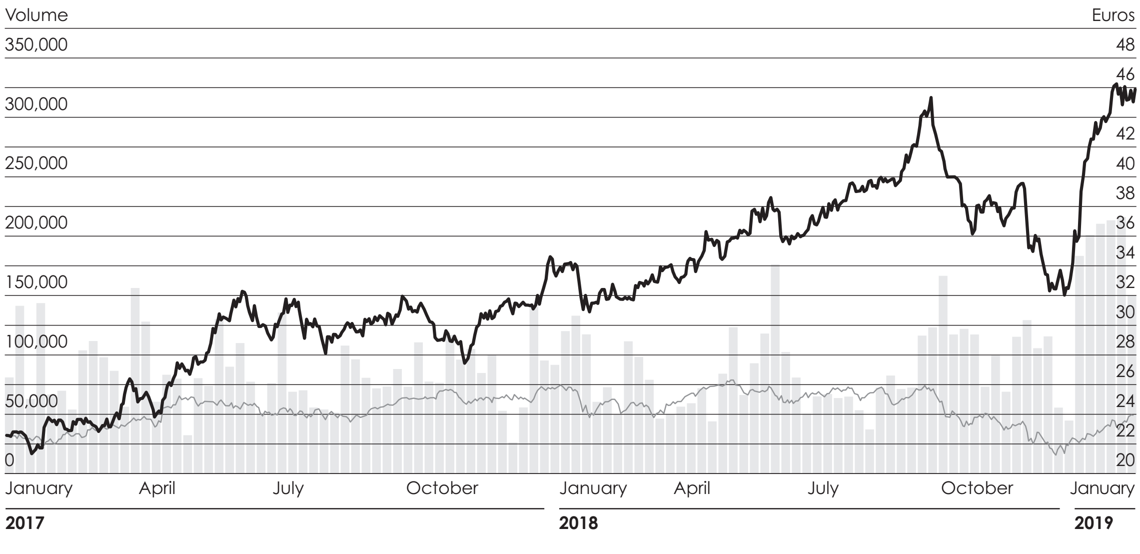
Dividend for fiscal year Paid in	2016 2017	2017 2018	**2018** 2019[a]
Dividend per share (€)	0.55	0.67	**0.71**
Dividend adjusted for bonus share issues (€)	0.45	0.61	**0.71**
Annual change for the adjusted dividend	21.62%	35.56%	**16.39%**

(a) Subject to approval by the General Meeting.

Share price trends

	2016	2017	**2018**
Number of shares comprising the capital (M)	35.5	39.0	**43.0**
Closing price at December 31 (€)	27.40	34.55	**33.75**
Market capitalization (€ million)	973	1,349	**1,450**

Trading activity: Interparfums vs. SBF 120 *(source: Boursier.com)*



Condensed financial statements

Consolidated income statement

(at December 31, in € thousands)	2017	**2018**
Revenue	**422,047**	**455,342**
Cost of sales	(146,138)	(161,097)
Gross margin	**275,909**	**294,245**
% of sales	*65.4%*	*64.6%*
Selling and administrative expenses	(215,884)	(228,057)
Operating profit	**60,025**	**66,188**
% of sales	*14.2%*	*14.5%*
Net financial expense	(1,573)	1,361
Income before income tax	**58,452**	**67,549**
% of sales	*13.8%*	*14.8%*
Income tax	(17,841)	(19,888)
Effective tax rate	*30.5%*	*29.4%*
Net income before non-controlling interests	**40,611**	**47,661**
% of sales	*9.6%*	*10.5%*
Attributable to non-controlling shareholders	655	511
Net income	**39,956**	**47,150**
% of sales	*9.5%*	*10.4%*

Consolidated balance sheet

(at December 31, in € thousands)

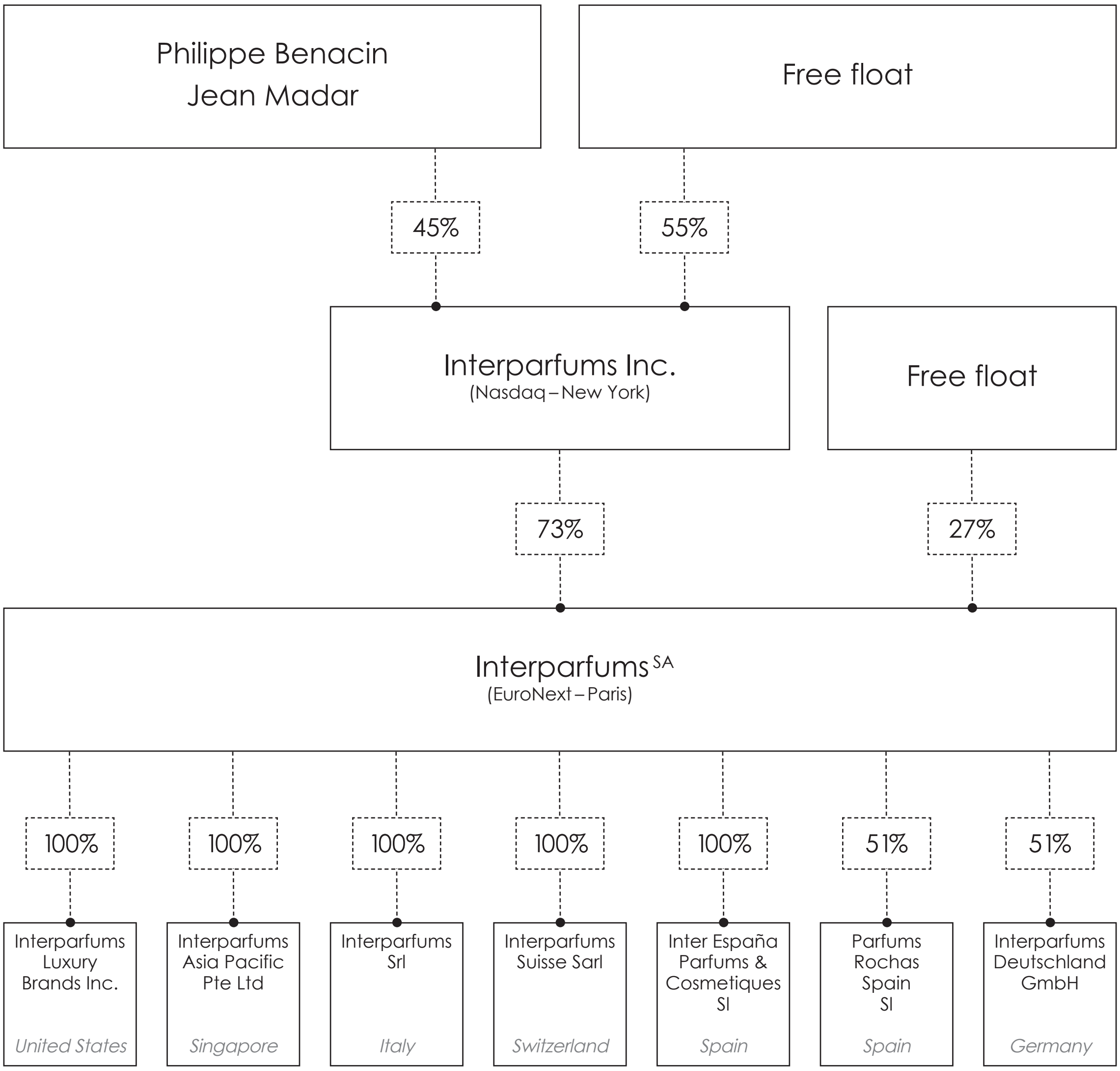
ASSETS

	2017	**2018**
Non-current assets		
Net trademarks and other intangible assets	159,177	155,813
Net property, plant, equipment	6,454	6,495
Long-term investments	2,839	10,674
Other non-current financial assets	4,066	3,566
Deferred tax assets	7,545	8,286
Total non-current assets	**180,081**	**184,834**
Current assets		
Inventory and work-in-progress	89,486	100,700
Trade receivables and related accounts	75,700	91,806
Other receivables	8,999	5,639
Corporate income tax	2,214	918
Current financial assets	58,283	59,276
Cash and cash equivalents	162,825	153,696
Total current assets	**397,507**	**412,035**
Total assets	**577,588**	**596,869**

SHAREHOLDERS' EQUITY & LIABILITIES

	2017	**2018**
Shareholders' equity		
Share capital	117,179	128,897
Retained earnings	264,669	268,551
Net income for the year	39,955	47,150
Equity attributable to parent company shareholders	**421,803**	**444,598**
Non-controlling interests	1,425	1,642
Total shareholders' equity	**423,228**	**446,240**
Non-current liabilities		
Provisions for non-current commitments	8,118	8,363
Non-current borrowings	30,190	10,144
Deferred tax liabilities	2,553	2,632
Total non-current liabilities	**40,861**	**21,139**
Current liabilities		
Trade payables and related accounts	64,830	74,013
Current borrowings	20,322	20,223
Provisions for contingencies and expenses	923	904
Income tax	639	3,325
Other liabilities	26,785	31,025
Total current liabilities	**113,499**	**129,490**
Total shareholders' equity and liabilities	**577,588**	**596,869**

Group organization



Interparfums
2018 Registration document

2018

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This original French language version of the registration document (*Document de référence*) was filed with the French financial market authority (*Autorité des Marchés Financiers* or AMF) on April 4, 2019 in compliance with article 212-13 of the AMF General Regulation. It may be used in connection with a financial transaction only if accompanied by a memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and is binding on its signatories.

1

Consolidated management report

Historical financial information

In accordance with article 28 of Commission Regulation (EC) 809/2004 of April 29, 2004, implementing the prospectus directive, the following information shall be incorporated by reference in this registration document:

– the consolidated financial statements for the period ended December 31, 2017 prepared in accordance with international accounting standards and the auditors' report on these financial statements, as presented in the section "IFRS consolidated financial statements" of the original French language version of the registration document filed with the AMF on March 26, 2018 under No. D.18-0182;
– the consolidated financial statements for the period ended December 31, 2016 prepared in accordance with international accounting standards and the auditors' report on these financial statements, as presented in the chapter "IFRS consolidated financial statements" of the original French language version of the registration document filed with the AMF on March 31, 2017 under No. D.17-0277.

1 • Company profile

1.1 • Description of the business

The company's core business is developing perfume and cosmetic lines through license agreements with leading world-class luxury brands.

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

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

The product design cycle of between 12 and 18 months is assured by the company's marketing and development teams in partnership with the licensor. The Group possesses expertise built up over more than thirty years combined with a strategy based on long-term collaboration with all its partners and mastery of processes of creation, production, and logistics.

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

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

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

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

1.2 • Annual highlights

January

Launch of the *Dance with Repetto* line

The new Repetto fragrance is an ode to the emancipation of the dancer and women and a tribute to the beauty and joy of the art of Dance.

Launch of the *Modern Princess Eau Sensuelle* line of Lanvin

The fragrance blends the velvety softness of the vine peach with the sparkling sensuality of peony and jasmine petals.

March

Launch of the *Coach Floral* line

Coach Floral evokes the warmth of a sunny day spent in a field of wildflowers.

Launch of the *Boucheron Quatre en Rose* line

The Eau de Parfum is an original olfactory interpretation of the jeweler's eponymous collection; an ode to a sunny, sparkling woman.

April

Launch of the Eau de Toilette, *Mademoiselle Rochas*

Mademoiselle Rochas presents its new Eau de Toilette with sparkling, mischievous accents. Mademoiselle Rochas Eau de Toilette captivates with its delicate musky green floral accord.

May

Launch of the *Jimmy Choo Man Blue* line

A dynamic scent which plays on contrasts like the multi-facetted *Jimmy Choo Man Blue* himself, casual yet elegant. This new fragrance is an instinctive woody aromatic leathery scent.

Van Cleef & Arpels

In May 2018, the company extended its fragrance license agreement with Van Cleef & Arpels for an additional six years until December 31, 2024.

Dividend

A dividend of €0.67 per share was paid in early May for 2017, a 34% increase from 2016.

June

Bonus share issue

The company proceeded with its 19th bonus share issue on the basis of one new share for every ten shares held.

July

Launch of the *Jimmy Choo Fever* line

Celebrating a new facet of the Jimmy Choo woman, an innate extrovert with a playful energy and sense of fun. Effortlessly glamorous and instinctively seductive, no one is going to get in her way.

Launch of the Lanvin *Éclat de Nuit* line

Éclat de Nuit plays with contrasts, like a spark in the night, revealing multiple facets between shade and light, mystery and gleam, sensuality and freshness.

Creative Director for Rochas fashion

The Maison Rochas appoints Federico Curradi as Creative Director for men's ready-to-wear.

August

Interparfums eligible for PEA-PME

Interparfums confirms its eligibility for tax-advantaged equity savings accounts for Small and Mid Caps (PEA-PME) under French regulations
(Decree No. 2014-283 of March 4, 2014).

Launch of the *Les Parfums Matières* fragrance duo of Karl Lagerfeld

Fleur de Mûrier is a fruity floriental Eau de Parfum with a modern twist.…

Bois de Yuzu is a citrus fougere woody Eau de Toilette playing with contrasts, offering a breathtakingly fresh opening, an ode to masculinity…

The essence of style where the fragrance is transformed into substance.

September

Launch of the men's line, *Coach Platinum*

Coach Platinum is a distinctive fragrance that speaks to a bold, daring and magnetic man.

2018 Strategic Vision Prize

The company was awarded the Strategic Vision Prize for the Ile de France at the 26th edition of the Annual Entrepreneurial Awards.

Fashion Week of Paris – Womenswear

The Paris fashion show for the 2019 spring-summer season was held at the end of September/early October. Rochas unveiled a collection of glamorous couture to the press and buyers.

1.3 • Annual operating highlights and key figures

With revenue in 2018 of €455 million, up 8% at current exchange rates and 11% at constant exchange rates, Interparfums achieved very strong growth in a year without major launches, largely exceeding expectations at the start of the year. This performance was driven notably by the excellent performance of Coach fragrances.

In the 4-year period from 2014 to 2018, with revenue increasing from less than €300 million to more than €450 million, the company registered total growth of 50%, or average annual growth of 11%, outperforming the global perfume market by a multiple of around 3.

1.4 • Sales by brand

(€m) *As a % of sales*	2014	2015	2016	2017	2018
Montblanc	83.4 *28.07%*	88.1 *26.91%*	110.0 *30.09%*	112.2 *26.59%*	108.8 *23.90%*
Jimmy Choo	59.1 *19.89%*	83.4 *25.47%*	81.7 *22.35%*	96.2 *22.80%*	99.6 *21.88%*
Coach	- -	- -	20.9 *5.72%*	50.9 *12.06%*	84.4 *18.54%*
Lanvin	68.0 *22.89%*	64.1 *19.58%*	56.1 *15.34%*	57.5 *13.63%*	59.0 *12.96%*
Rochas	- -	12.1 *3.70%*	29.2 *7.99%*	38.5 *9.12%*	34.1 *7.49%*
Boucheron	13.9 *4.68%*	17.7 *5.41%*	16.0 *4.38%*	18.4 *4.36%*	19.4 *4.26%*
Van Cleef & Arpels	17.8 *5.99%*	17.5 *5.35%*	19.1 *5.22%*	17.2 *4.08%*	13.6 *2.99%*
Karl Lagerfeld	18.2 *6.13%*	10.4 *3.18%*	6.5 *1.78%*	8.8 *2.09%*	12.6 *2.77%*
Paul Smith	9 *3.03%*	9,5 *2.90%*	9.2 *2.52%*	6.7 *1.59%*	6.6 *1.45%*
S.T. Dupont	12.9 *4.34%*	10.3 *3.15%*	5.4 *1.48%*	4.8 *1.14%*	5.7 *1.25%*
Repetto	9.3 *3.13%*	8.0 *2.44%*	5.0 *1.37%*	3.8 *0.90%*	4.6 *1.01%*
Other	5.5 *1.85%*	5.3 *1.62%*	4.5 *1.23%*	4.6 *1.09%*	4.7 *1.03%*
Fragrance sales	**297.1**	**326.4**	**363.6**	**419.6**	**453.1**
Rochas fashion license revenues	-	1.0	2.0	2.4	2.2
Total sales	**297.1**	**327.4**	**365.6**	**422.0**	**455.3**

In a year of reduced activity in terms of launches and with an unfavorable foreign exchange effect, Montblanc fragrances registered a decline which was limited by the strength of the *Montblanc Legend* line launched in 2011.

With €100 million in sales, Jimmy Choo fragrances grew nearly 4%, following the 17% increase the year before, driven by the excellent year-end performances of the *Jimmy Choo Fever* line, rolled out during the summer and the *Jimmy Choo Man* line launched in 2014.

Coach fragrances had sales of more than €84 million in the year, up 66% from 2017, a remarkable performance, particularly in the United States, driven by the success of the *Coach* line, which now includes five juices launched over a three-year period.

Here also, with strong momentum at year-end, particularly for the *Éclat d'arpège* line, Lanvin fragrances consolidated their position with €59 million in annual sales, up 2%.

Despite a small decline in sales, Rochas fragrances continued to expand their market penetration in twenty countries around the world, with the launch of the *Mademoiselle Rochas* Eau de Toilette adding to contributions from the Eau de Parfum introduced in early 2017.

Boucheron fragrances were up 6% on gains by the *Quatre* lines and increasing momentum by its collection of extraordinary fragrances introduced in 2017.

Van Cleef & Arpels fragrances had nearly €14 million in sales within a more selective universe henceforth focused on the *First* and *Collection Extraordinaire* lines.

Finally, Karl Lagerfeld fragrances return to growth, initiated in 2017 with the *Les Parfums Matières* collection's launch, remains on track.

1.5 • Sales by region

(€m)	2017	2018
North America	118.4	140.1
South America	31.3	35.2
Asia	59.8	64.1
Eastern Europe	39.2	40.0
Western Europe	89.2	91.5
France	37.6	35.0
Middle East	39.7	43.2
Africa	4.40	4.00
Perfume sales	**419.6**	**453.1**
Rochas fashion license revenues	2.4	2.2
Total	**422.0**	**455.3**

Growth in North America remained strong, particularly in the United States (+25% at constant exchange rates), driven mainly by Coach fragrances and to a lesser extent, Jimmy Choo fragrances. Sales from this region, now representing 30% of Group revenue, have more than doubled in 4 years.

Within an overall market for cosmetics and perfumes contracting 2%, France performed well with 3% growth in sales.

South America (+12%), the Middle East (+9%) and Asia (+7%) also benefited from the good performances of Coach fragrances.

In Western Europe, the marginal decline (-1.5%) reflects the high base effect from the *Mademoiselle Rochas* line's launch in 2017.

2 • Consolidated financial highlights

2.1 • Income statement highlights

(€ thousands)	2015	2016	2017	2018
Revenue	327,411	365,649	422,047	455,342
International (%)	*90.9%*	*90.9%*	*91.1%*	*92.3%*
Operating profit	45,825	49,663	60,025	66,188
% of sales	*14.0%*	*13.6%*	*14.2%*	*14.5%*
Net income	29,152	32,438	39,956	47,150
% of sales	*8.9%*	*8.9%*	*9.5%*	*10.4%*

The year's gross margin kept pace with sales by increasing 7%, marginally reduced by the trend for the Euro/US dollar exchange rate.

As it expected at the start of the year, the company maintained the level of its investments with a marketing and advertising budget of €105 million or 23% of sales. These efforts did not weigh on operating profit with rose 10% year-on-year to €66.2 million, resulting in an operating margin of 14.5%.

The Euro to US dollar exchange rate's return to below $1.20 in the second half led to a significant improvement in currency gains for the year. When combined with the lower tax rate in the United States, net income rose even faster to €47.1 million, up 18% in one year, with a net margin above 10%.

2.2 • Balance sheet highlights

(€m)	2017	2018
Non-current assets	180,1	184,8
Inventories	89,5	100,7
Trade receivables	75,7	91,8
Current financial assets	58,3	59,3
Cash and cash equivalents	162,8	153,7
Group shareholders' equity	421,8	444,6
Borrowings and financial liabilities	50,5	30,5
Trade payables	64,8	74,0

Despite a higher dividend, as well as increased inventory levels reflecting business growth and the launch of the *Montblanc Explorer* line in early 2019, net cash still rose €12 million to reach nearly €183 million at December 31, 2018.

2.3 • Cash flow statement highlights

The consolidated cash flow statement highlights the following items:

- a negative change in working capital as inventories were built up to prepare for future needs of the company and accounts receivable linked to business growth, with an increase resulting from the concentration of billings at year-end;
- a temporary negative change in cash flow from investing activities linked mainly to the loans granted to the US parent company;
- financing activities taking into account the payment of a dividend for fiscal 2017 of €26 million and the annual repayment on the Rochas loan in the amount of €20 million.

Current cash balances invested in vehicles with maturities of less than three months totaled €153.7 million at December 31, 2018.

On that basis, despite the increase in inventories and accounts receivable, total cash (including current financial assets with maturities exceeding three months) registered a limited decline, ending the year at 213 million compared to €221 million at December 31, 2017.

3 • Risk factors

After performing a review of risks that could potentially have a material adverse effect on its business, financial position or results (or its ability to meet its targets), the Company considers that there do not exist other risks than those presented below.

The map of risks which is regularly updated has made it possible to classify risks into four categories: operating risks, risks related to international operations, environmental and employee-related risks and risks related to the financial environment.

3.1 • Operating risks

3.1.1 • License agreements

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

In the case of Interparfums, several factors tend to mitigate or eliminate this risk:

- the length of contracts (10 years or more);
- possibility of early renewal;
- diversified portfolio of licensed brands;
- factors specific to the company (sophisticated marketing, distribution network, corporate organization, etc.);
- limited number of potential licensees with a similar profile;
- ongoing efforts to add new licenses in order to limit the weight of existing brands in the portfolio.

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

3.1.2 • Market conditions

The creation and distribution of prestige perfumes is a highly competitive sector. The quality of its product portfolio, internal market studies and privileged relations with distributor partners maintained in each of the countries through regular visits, product presentations supported by marketing plans all reduce the risk of a loss of market share.

3.1.3 • Sourcing and production

Sourcing of raw materials for the plants is assured by Interparfums' Production Department. Planning for the launch of production lines is regularly updated and monitored with component suppliers combined with recourse to multiple suppliers selected by the company, limit the risk of supply chain disruptions.

Production risks result from the possibility that manufacturing partners might be unable to manufacture products on time for their distribution. To reduce this risk, the company implements production plans early on in the process in partnership with manufacturers. These measures are supplemented by ensuring multiple supplies of molds for bottles and related items as well as a number of production sites.

3.1.4 • Insurance

Interparfums has always carried adequate insurance for its activities worldwide under conditions that comply with industry standards, providing global coverage for important risks and activities. Insurance programs were put into place to provide global coverage for various risks and important activities.

This coverage includes:

- property damage and business interruption;
- inventory loss or damage;
- contingent business income coverage;
- civil liability;
- directors' and officers' liability;
- product liability;
- transport;
- professional travel and automobile insurance;
- IT equipment loss or damages;
- specific risks linked to particular events.

Interparfums purchases supplemental insurance when required, either in compliance with the law or more specifically to cover business risks or risks arising from specific circumstances.

Insurance coverage is overseen by a specialized broker and spread among four major European insurers.

All these risks are covered through outside insurance providers.

3.2 • International business risks

3.2.1 • Currency risks

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (46.2% of sales) and to a lesser extent the Pound sterling (5.5% of sales) and the Japanese yen (1.4% of sales).

The Group's exchange rate risk management policy seeks to cover trade receivables of the period in US dollars, pounds sterling and Japanese yens. To this purpose, the company has recourse to forward sale agreements according to procedures that prohibit any transactions of speculative nature.

Financial instruments used by the Group to manage its foreign exchange exposure are described in note 3.14.3 of the consolidated financial statements.

3.2.2 • Country risks

With sales in more than 100 countries, Interparfums regularly reassesses country risks.

For the past few years, the company has incurred no significant default on payments in countries considered at risk.

Given our collections policies, receivables monitoring and the quality of our distributors' financial health, no country risk reserve allocations were made in the financial statements for the year ended December 31, 2018.

Furthermore, in order to limit the risks of default, and in a context of increasing geopolitical instability, the company has taken out a credit insurance policy with Euler Hermes for a portion of its export-related accounts receivable.

3.3 • Employee-related risks

In light of the company's organizational structure, the role of personnel is decisive. To foster personnel retention and raise the level of expertise and service provided to customers, the company has developed a strong corporate culture and implemented a system for employee management and motivation based on a combination of tools including variable compensation, restricted share unit plans (bonus shares) available to all personnel, annual review meetings, training, etc.

The company has a very low rate of employee turnover and absenteeism (refer to the section "social responsibility" of this document).

3.4 • Trade and financial risks

3.4.1 • Customer risks

Trade receivable collection risks are managed from the inception of the receivable by maintaining a good knowledge of the company's market and customer base and limiting the volume of orders for new customers. In addition, this risk is further reduced by a diversified customer base with 100 customers accounting for 80% of sales. Balances of outstanding trade receivables are monitored daily, and collection procedures are immediately implemented.

3.4.2 • Risks of default

The risk of the company not meeting its financial commitments is low in light of a cash position net of debt of approximately €180 million representing more than 30% of total assets at December 31, 2018.

Interest rate risks on floating-rate loans are covered by interest rate swaps.

Financial instruments used by the Group to manage interest rate risks are described in note 3.14.1 of the consolidated financial statements.

3.4.3 • Liquidity risk and covenants

A prudent management of liquidity risk implies maintaining a sufficient level of liquidity and the availability of financial resources through the appropriate types of credit lines. Given its extremely significant cash position, the company considers that it has the resources to meet its obligations within a period of 12 months. Maturities for financial assets and liabilities are presented in note 3.14.2 of the consolidated financial statements.

Loans obtained by the company are subject to obligations under covenants. These ratios are calculated every year to verify compliance with these contractual obligations. A breach of these ratios could render these loan facilities subject to an obligation of immediate prepayment. However, as the result of these calculations is considerably above the required minimums, the company considers the risk of breaching these covenants as very low. Covenants in force are described in note 3.10.4 of the consolidated financial statements.

3.4.4 • Equity risks

Equity shares held are linked to a liquidity agreement entrusted to a brokerage firm on the one hand and the repurchase of shares for remittance to employees as part of a plan for restricted stock awards, on the other hand. They are recorded in the consolidated financial statements at acquisition cost as a charge under shareholders' equity.

The portfolio of marketable securities includes primarily money market funds that do not include an equity component. The Group does not use hedging instruments to cover these positions.

3.4.5 • Valuation risks

A significant share of the company's assets consists of intangible assets whose value depends in large part on future operating performances. The valuation of intangible assets also implies recourse to objective judgments and complex estimates concerning items uncertain by nature. If a change occurs in the underlying assumptions on which this valuation is based, a reduction in the value of shareholders' equity will be recorded. The impact of such adjustment would however be extremely limited.

3.4.6 • Risk associated with inadequate internal controls

Effective procedures applied by all Group companies and for all areas of financial risks identified are reassessed annually in compliance with the Financial Security Act (*Loi de Sécurité Financière*).

These internal controls are reinforced in France by the application of the Sarbanes Oxley Act within the framework of the regulatory obligations of Interparfums Inc. (parent company of Interparfums SA) and its listing on NASDAQ (see section 4 "Internal control and risk management procedures" of this registration document).

3.4.7 • Information technology risks

Interparfums and its subsidiaries have an ERP application providing integrated sales, production and accounting management capabilities. This system makes it possible to monitor information in real-time and reduce the risk of data loss and errors from multiple entries.

The company's computer system is subject to risks of breakdown, electrical power outages, computer viruses and data theft. To reduce such risks, the company has robust security systems (power converters, firewall, anti-virus programs, etc.) and has implemented business continuity and IT recovery plans. These plans contribute to improved computer performances and include a fault tolerance system for restoring normal operations in a few minutes.

3.4.8 • Litigation and other risks

These risks are managed by regularly monitoring legal and regulatory developments and by taking measures to avoid exposure to potential criminal liability and risks related to commercial law and intellectual property rights. The company's legal department also manages litigation and disputes in close collaboration with outside legal counsel and attorneys, as well as the drawing up and reviewing the main contracts of the company.

There are no legal, judicial or arbitration proceedings (including any that are pending or threatened of which the company is aware), which may have or have had during the past 12 months, a material effect on the financial position or profitability of the company and/or group.

4 • Internal control and risk management procedures

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

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

The purpose of risk management procedures is to therefore:

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

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

4.1 • The risk management system

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

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

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

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

4.2 • Internal control system

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

4.2.1 • Organization of the Company

The Company is organized around two divisions:

– the operational division comprised of the line management departments for Export Sales and French Sales, Marketing and Production and Development;
– whereas the division for support functions includes the Finance, Human Resources, Information Technology and Legal Affairs departments.

Furthermore, and in light of its size and operating structure, only the US subsidiary Interparfums Luxury Brands Inc. has been included in the scope of tests conducted on the effectiveness of the internal control system since 2011.

In addition, the Company consolidates six other foreign subsidiaries that apply the Group's internal procedures relating to the preparation and processing of accounting and financial information.

4.2.2 • Tools of the internal control system

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

• Code of Good Conduct

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

• Information System Charter

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

• Whistleblowing procedure

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

• List of insiders

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

4.2.3 • Key participants in internal control system

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

4.2.4 • Internal control procedures

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

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

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

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

4.2.5 • Process contributing to the preparation of accounting and financial information

4.2.5.1 • Production of accounting data

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

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

4.2.5.2 • Account closings and the production of consolidated financial statements

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

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

4.2.5.3 • Financial communications

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

4.3 • Oversight of the internal control and risk management procedures

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

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

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

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

At the end of this evaluation phase, the results are provided both to the Finance Department and Executive Management who in turn informs the Board of Directors thereon.

In 2018, 119 controls were carried out focusing on 47 risk areas. In 2017, the scope for this evaluation was the same as the prior year.

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

4.4 • Relations with statutory auditors

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

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

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

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

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

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

6 • Corporate social responsibility

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

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

6.1 • Responsibilities to our operational stakeholders

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

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

6.1.1 • Relations with licensors

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

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

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

6.1.2 • Long-term relationships with industrial partners

6.1.2.1 • Sharing information and relations of trust with industrial partners

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

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

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

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

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

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

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

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

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

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

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

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

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

6.1.2.2 • By applying standards for Good Manufacturing Practices (GMP) with packing service providers

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

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

The Group has identified the following benefits from this standard:

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

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

The primary missions of the Quality department are to:

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

6.1.2.3 • By consumer health and safety measures

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

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

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

6.1.3 • Building relations of confidence with customers and distributors

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

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

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

6.2 • Responsibilities toward staff

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

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

- developing a team spirit;
- maintaining a high level of expertise;
- ensuring equal opportunity employment;
- promoting dialogue between employees and management;
- good working conditions.

6.2.1 • Management and a sense of belonging

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

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

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

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

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

6.2.2 • Equal opportunity and continually adapting skills

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

In 2018 women accounted for 72% of Interparfums' workforce (with 57% of management positions occupied by women) compared to 54% in 2017.

The Group does not currently employ any disabled workers. It has chosen to use the services of sheltered workshops for disabled workers (*Centres d'Aide par le Travail* – CAT) for gift set packaging. In 2018, work assigned to such facilities represented a budget of €757,302.

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

The quality of work performed by the teams is reinforced throughout the career of employees in order to maintain their skills at a high level for all activities and functions. All Interparfums employees are offered training to expand their technical, managerial or personal skills. Subjects covered by training programs have concerned mainly language skills, business function-specific training, safety and personal development.

6.2.3 • Health, safety, dialogue between employees and management and working conditions

As required by law, elections are held every two years to select members of the Health, Safety and Working Conditions Committee (CHSCT). The committee made up of two non-management employees normally meets once per quarter.

Two occupational accidents were reported in 2018, resulting in short term sick leave. No occupation illness was reported. As Interparfums does not possess manufacturing sites, the risk of occupational accidents is minimized. Furthermore, the Group does not generate hazardous situations.

Working conditions are excellent with most employees working at the head office in Paris. These offices are calm and bright. The company pays particular attention to the issue of good posture in the workplace and the prevention of muscle-skeletal and related risks.

Itinerant employees are provided with quality company cars and computer equipment specifically adapted to their needs.

Interparfums has also implemented a number of measures designed to good working conditions for employees and service providers, and in particular those working on a regular basis at our logistics warehouse at our logistics warehouse: heating the warehouse at 11°C, individual dressing rooms and shower facilities, natural lighting, natural lighting, blank walls for persons working on foot in the warehouse, a dedicated and well-kept meal area…

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

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

For employees working in France and as required by law, elections are held every four years to elect a works' committee and employee representatives. The last elections resulted in the formation of a single body of employee delegates (*Délégation Unique du Personnel*) comprised of four management employee.

Destined to meet on a monthly basis, the works committee is informed and consulted on strategic and organizational issues having an impact on Group employees.

6.2.4 • Employment indicators

6.2.4.1 • Compensation and wage increases

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

- Profit-sharing

As required by French law, a statutory employee profit-sharing agreement was implemented in 2001. In April 2015, this agreement was amended following the signature by employee representatives to provide by derogation more advantageous terms to employees, representing an important component of compensation and motivation for all staff. This amendment agreement was renewed in 2016, 2017 and 2018.

- Company savings plan and group pension plan

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

In addition, a group retirement savings plan is available to employees which enables them to prepare for their retirement and to which the company contributes significantly. Employees also can transfer a portion of their unused annual vacation days to the group retirement savings plan.

- Supplemental defined contribution retirement plan (article 83)

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

- Employee share ownership / Restricted stock awards

In addition, to promote employee stock ownership, in September 2016 the company implemented a performance share plan for all employees. Under certain conditions, the shares will be fully vested in September 2019.

6.2.4.2 • Absenteeism

The absenteeism rate, a key indicator for measuring employee engagement and motivation, is very low: 3.56% in 2018 (3.34% in 2017). Adjusted to exclude maternity leave, the absenteeism rate is 1.96%.
(French workforce reporting boundary only)

6.2.4.3 • Staff organization and management

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

- Headcount by function/division

Number of employees at	31/12/2017	31/12/2018
Executive Management	2	2
Production & Logistics	40	43
Marketing	55	55
Export	68	71
France	41	44
Finance & Corporate Affairs	56	54
Rochas fashion	4	7
Total	**266**	**276**

- Headcount by geographic region

Number of employees at	31/12/2017	31/12/2018
France	200	206
North America	54	55
Asia	12	15
Total	**266**	**276**

- Workforce by age

Number of employees at	31/12/2017	31/12/2018
Less than 25	11	10
Between 25 and 35	93	93
Between 36 and 45	86	94
Between 46 and 55	50	51
>55	26	28
Total	**266**	**276**

The average age for the Group employees is 40.

- Change in headcount

The turnover rate for 2018 was 17% compared to 19% in 2017.

The average seniority of Group employees is nine years.

6.3 • Respecting the environment and social responsibility

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

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

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

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

6.3.1 • Production and the environment

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

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

The production facilities of subcontractors and suppliers of raw materials, packaging services as well as warehousing facilities for finished products are located primarily in the Haute Normandie region of France. The activity generated by Interparfums contributes to developing the local economy.

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

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

6.3.1.1 • The storage facility and the environmental footprint

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

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

With this objective, measures are planned to automatically turn off lights in the warehouse when employees are taking outside breaks and maintain the warehouse temperature at 11°. These energy savings initiatives include measures providing for managing the hours for reloading the electric forklifts during non-peak hours during the night, requiring low consumption for a maximum of 280,000 kW instead of 600,000 kW during the day. Monthly reports on electricity consumption are prepared, allowing the company to analyze the causes for overconsumption, when applicable, in order to take corrective actions as applicable. For 2018, the measurement of energy consumption highlighted stable levels for electricity and gas over the last four years, whereas water consumption as on average declined marginally. Finally, in the spirit of contributing to protecting the environment, the company has installed parking places at the logistic site for bicycles and electric recharging stations for cars.

By strategically located its warehouse at the crossroads for its subcontractors, the Group has reduced distances for shipments of finished products.

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

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

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

6.3.1.2 • Production and waste management

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

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

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

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

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

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

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

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

6.3.2 • Relations with not-for-profits and educational establishments

6.3.2.1 • Donations and sponsorship initiatives

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

In 2018, Interparfums participated in initiatives to support local producers of raw materials used in the manufacture of its products and, in particular, patchouli. The support of local communities includes educational initiatives addressing future generations.

Through the Givaudan Foundation, Interparfums made it possible to build three libraries in the towns of Buton and Katoi on the island of Sulawesi which currently has 489 students and 33 professors, offering them access to culture and reading materials.

In 2018, funding of sponsorship initiatives amounted to €260,000.

6.3.2.2 • Educational establishments

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

Interparfums also regularly welcomes interns within the Group.

7 • Dividends

Since 1998, the company has adopted a policy of distributing dividends that today represents more than 65% of consolidated earnings to reward shareholders while at the same time associating them with the Group’s expansion. In early May 2018, a dividend of €0.67 per share was paid or a total of €26 million.

Dividends

Dividend for fiscal year: Paid in:	**2014** 2015	**2015** 2016	**2016** 2017	**2017** 2018
Dividend per share	€0.44	€0.50	€0.55	€0.67
Dividend adjusted for bonus share issues	€0.30	€0.37	€0.45	€0.61
Annual change for the adjusted dividend	7.80%	25.00%	21.00%	35.00%

8 • Purchases by the company of its own shares

In compliance with article 241-1 *et seq.* of the AMF General Regulation, this paragraph describes the share buyback program that will be submitted for authorization to the shareholders' Meeting of April 27, 2018.

8.1 • Purpose of the new share repurchase authorization

The shareholders meeting of April 26, 2019 is called to renew through its eleventh resolution the authorization granted to the Board of Directors to purchase and sell shares of the company for the following purposes:

– market making in the secondary market or ensuring the liquidity of the Interparfums share with an investment services provider through a liquidity agreement complying with the conduct of business rules of the French association of financial market professionals (AMAFI) recognized by the AMF;
– retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
– ensuring sufficient shares are available to cover bonus share plans (or equivalent plans) to the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or all other forms of share grants to employees and/or corporate officers of the Group;
– ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
– canceling shares, as applicable, acquired in accordance with the authorization granted by the eighteenth extraordinary resolution of the shareholders' General Meeting of April 27, 2018.

8.2 • Maximum percentage of capital – Maximum purchase price

Excerpt of the eleventh resolution to be submitted for approval to the shareholders meeting of April 26, 2019:

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

The maximum purchase price is €70 per share. In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €150,379,670.

8.3 • Duration of the share buyback program

In compliance with the provisions of the eleventh resolution to be submitted to the shareholders meeting of April 26, 2019, the authorization to implement this share buyback program is granted for 18 months from the date of this meeting or no later than October 26, 2020.

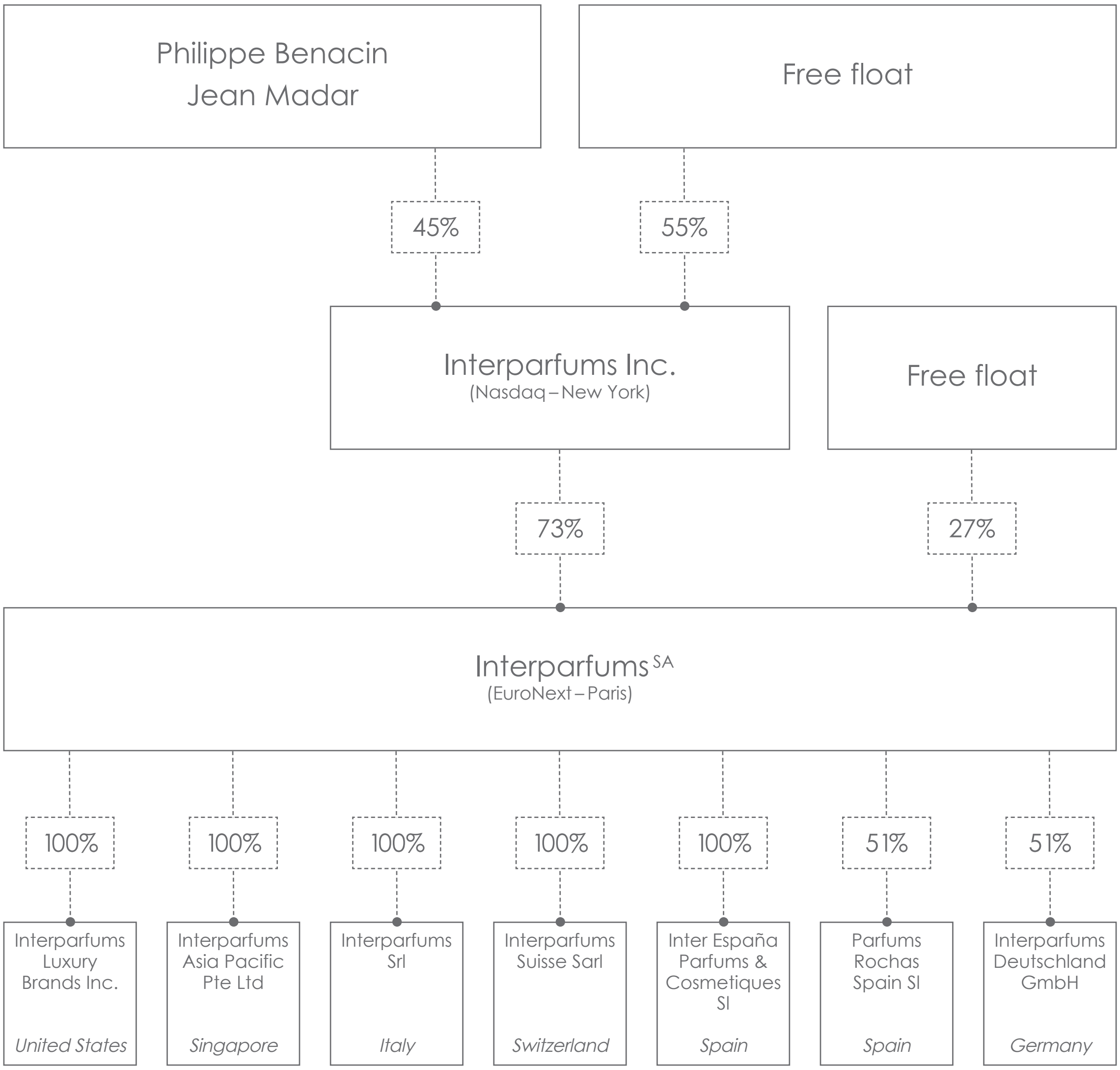
If one of the characteristics of the description of this program is modified during the period of its duration, the public shall be notified of this modification in accordance with the provisions set forth in article L.212-13 of the AMF General Regulation.

8.4 • Summary of the previous share buyback program

Transactions for 2018 under the share buyback program are described in note 3.8.3 "Treasury shares" to the consolidated financial statements.

9 • Group organization

The shareholder base of Interparfums Inc. at December 31, 2018 was as follows:



Detailed information on the percentage of voting rights is provided in section 2.3 "Breakdown of share capital and voting rights" and chapter 5 "Shareholder information".

10 • Real estate properties

Interparfums does not own any real estate properties. Both the headquarters in Paris and the warehousing site in Rouen are rented. The manufacturing and packaging sites are owned by subcontractors.

11 • Market share and competition

Market share

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

The worldwide fragrance market is estimated at approximately €25 billion.
Source: Internal estimates

Competition

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

The main groups operating in this sector are L'Oréal, Coty or Shiseido for licensed brands and LVMH, Estée Lauder, Chanel, Puig and Clarins for own brands.

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

12 • Post-closing events

None.

13 • 2019 outlook

With €455 million in revenue in 2018, up 8%, driven by the strength of our flagship brands, and with Coach leading the way, the company's growth momentum remains robust. The good performance at the start of the year supports the outlook for 2019, and provides a basis for raising the annual revenue guidance to €480 million.

True to its strategy, the Group is continuing to invest and is planning a corresponding increase in the marketing and advertising budgets to drive the brand building process over the long term. In this context, we expect an operating margin of approximately 14% for 2019.

2

Consolidated financial statements

Consolidated income statement

(€ thousands) *Except per share data which is in units*	Notes	2017	2018
Revenue	**4.1**	**422,047**	**455,342**
Cost of sales	4.2	(146,138)	(161,097)
Gross margin		**275,909**	**294,245**
% of sales		*65.4%*	*64.6%*
Selling expenses	4.3	(201,534)	(210,458)
Administrative expenses	4.4	(14,350)	(17,599)
Operating profit		**60,025**	**66,188**
% of sales		*14.2%*	*14.5%*
Financial income		1,435	2,440
Interest and similar expenses		(1,341)	(1,097)
Net finance costs		**94**	**1,343**
Other financial income		6,754	5,057
Other financial expense		(8,421)	(5,039)
Net financial income (expense)	**4.5**	**(1,573)**	**1,361**
Income before income tax		**58,452**	**67,549**
% of sales		*13.8%*	*14.8%*
Income tax	4.6	(17,841)	(19,888)
Effective tax rate		30.5%	29.4%
Net income		**40,611**	**47,661**
% of sales		*9.6%*	*10.5%*
Attributable to non-controlling shareholders		**655**	**511**
Net income		**39,956**	**47,150**
% of sales		*9.5%*	*10.4%*
Net earnings per share (1)	4.7	1.06	1.15
Diluted earnings per share (1)	4.7	1.06	1.15

(1) Restated for bonus share grants.

Consolidated statement of comprehensive income and expense

(€ thousands)	**2017**	**2018**
Consolidated net profit for the period	**40,611**	**47,661**
Available-for-sale assets	-	-
Currency hedges	96	184
Deferred tax arising from items able to be recycled	(33)	(63)
Items able to be recycled in profit or loss	**63**	**121**
Actuarial gains and losses	(324)	512
Deferred taxes on items unable to be recycled	112	(176)
Items unable to be recycled in profit or loss	**(212)**	**336**
Other comprehensive income total	**(149)**	**457**
Comprehensive income for the period (1)	**40,462**	**48,118**
Attributable to non-controlling shareholders	655	511
Attributable to equity holders of the parent	**39,807**	**47,607**

Consolidated balance sheet

Assets

(€ thousands)	Notes	2017	2018
Non-current assets			
Net trademarks and other intangible assets	3.1	159,177	155,813
Net property, plant, equipment	3.2	6,454	6,495
Long-term investments		2,839	10,674
Other non-current financial assets	3.3	4,066	3,566
Deferred tax assets	3.11	7,545	8,286
Total non-current assets		**180,081**	**184,834**
Current assets			
Inventory and work-in-progress	3.4	89,486	100,700
Trade receivables and related accounts	3.5	75,700	91,806
Other receivables	3.6	8,999	5,639
Corporate income tax		2,214	918
Current financial assets	3.7	58,283	59,276
Cash and cash equivalents	3.7	162,825	153,696
Total current assets		**397,507**	**412,035**
Total assets		**577,588**	**596,869**

Shareholders' equity & Liabilities

(€ thousands)	Notes	2017	2018
Shareholders' equity			
Share capital		117,179	128,897
Additional paid-in capital		-	-
Retained earnings		264,669	268,551
Net income for the year		39,955	47,150
Equity attributable to parent company shareholders		**421,803**	**444,598**
Non-controlling interests		1,425	1,642
Total shareholders' equity	3.8	**423,228**	**446,240**
Non-current liabilities			
Provisions for non-current commitments	3.9	8,118	8,363
Non-current borrowings	3.10	30,190	10,144
Deferred tax liabilities	3.11	2,553	2,632
Total non-current liabilities		**40,861**	**21,139**
Current liabilities			
Trade payables and related accounts	3.12	64,830	74,013
Current borrowings	3.10	20,322	20,223
Provisions for contingencies and expenses	3.9	923	904
Income tax		639	3,325
Other liabilities	3.12	26,785	31,025
Total current liabilities		**113,499**	**129,490**
Total shareholders' equity and liabilities		**577,588**	**596,869**

Statement of changes in consolidated shareholders' equity

(€ thousands)	Number of shares	Share capital	Paid-in capital	Other compre-hensive income	Retained earnings and income	Total equity: Group share	Total equity: Non-controlling interests	Total equity: Total
As of December 31, 2016 (1)	**35,348,002**	**106,526**	**874**	**(1,305)**	**297,463**	**403,558**	**847**	**404,405**
Bonus share issues	3,550,878	10,653	(874)	-	(9,779)	-	-	-
2017 net income	-	-	-	-	39,956	39,956	654	40,610
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	(212)	-	(212)	-	(212)
Remeasurement of financial instruments at fair value	-	-	-	63	-	63	-	63
2016 dividend paid in 2017	-	-	-	-	(19,442)	(19,442)	(76)	(19,518)
Treasury shares	(20,617)	-	-	-	803	803	-	803
Currency translation adjustments	-	-	-	-	(2,923)	(2,923)	-	(2,923)
As of December 31, 2017 (1)	**38,878,263**	**117,179**	**-**	**(1,454)**	**306,078**	**421,803**	**1,425**	**423,228**
Bonus share issues	3,905,966	11,718	-	-	(11,718)	-	-	-
2018 net income	-	-	-	-	47,150	47,150	511	47,661
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	336	-	336	-	336
Remeasurement of financial instruments at fair value	-	-	-	121	-	121	-	121
2017 dividend paid in 2018	-	-	-	-	(26,060)	(26,060)	(294)	(26,354)
Treasury shares	(51,560)	-	-	-	(347)	(347)	-	(347)
Currency translation adjustments	-	-	-	-	1,595	1,595	-	1,595
As of December 31, 2018 (1)	**42,732,669**	**128,897**	**-**	**(997)**	**316,698**	**444,598**	**1,642**	**446,240**

(1) Excluding treasury shares.

Statement of cash flows

(€ thousands)	2017	2018
Cash flows from operating activities		
Net income	40,611	47,661
Depreciation, amortization and other	6,638	9,478
Net finance costs	(94)	(1,343)
Tax charge of the period	17,841	19,888
Operating cash flows	**64,996**	**75,684**
Interest expense payments	(1,604)	(1,447)
Tax payments	(17,617)	(18,981)
Cash flow after interest expense and tax	**45,775**	**55,256**
Change in inventory and work in progress	(24,206)	(11,408)
Change in trade receivables and related accounts	(467)	(15,969)
Change in other receivables	5,283	4,718
Change in trade payables and related accounts	4,327	8,704
Change in other current liabilities	799	8,438
Change in working capital needs	**(14,264)**	**(5,517)**
Net cash flows provided by (used in) operating activities	**31,511**	**49,739**
Cash flows from investing activities		
Net acquisitions of intangible assets	(1,076)	(1,085)
Net acquisitions of property, plants and equipment	(2,227)	(2,463)
Net acquisitions of marketable securities (>3 months)	31,657	(517)
Changes in investments and other non-current assets	1,212	(7,335)
Net cash flows provided by (used in) investing activities	**29,566**	**(11,400)**
Cash flow from financing activities		
Issuance of borrowings and new financial debt	-	-
Debt repayments	(20,000)	(20,000)
Dividend payments to shareholders	(19,442)	(26,060)
Capital increases	-	-
Treasury shares	(48)	(1,408)
Net cash flows provided by (used in) financing activities	**(39,490)**	**(47,468)**
Change in net cash	**21,587**	**(9,129)**
Cash and cash equivalents, beginning of year	141,238	162,825
Cash and cash equivalents, end of year	**162,825**	**153,696**

The reconciliation of net cash breaks down as follows:

(€ thousands)	2017	2018
Cash and cash equivalents	162,825	153,696
Current financial assets	58,283	59,276
Net cash and current financial assets	**221,108**	**212,972**

Notes to the consolidated financial statements

Annual highlights

January

Launch of the *Dance with Repetto* line

The new Repetto fragrance is an ode to the emancipation of the dancer and women and a tribute to the beauty and joy of the art of Dance.

Launch of the *Modern Princess Eau Sensuelle* line of Lanvin

The fragrance blends the velvety softness of the vine peach with the sparkling sensuality of peony and jasmine petals.

March

Launch of the *Coach Floral* line

Coach Floral evokes the warmth of a sunny day spent in a field of wildflowers.

Launch of the *Boucheron Quatre en Rose* line

The Eau de Parfum is an original olfactory interpretation of the jeweler's eponymous collection; an ode to a sunny, sparkling woman.

April

Launch of the Eau de Toilette, *Mademoiselle Rochas*

Mademoiselle Rochas presents its new Eau de Toilette with sparkling, mischievous accents. Mademoiselle Rochas Eau de Toilette captivates with its delicate musky green floral accord.

May

Launch of the *Jimmy Choo Man Blue* line

A dynamic scent which plays on contrasts like the multi-facetted *Jimmy Choo Man Blue* himself, casual yet elegant. This new fragrance is an instinctive woody aromatic leathery scent.

Van Cleef & Arpels

In May 2018, the company extended its fragrance license agreement with Van Cleef & Arpels for an additional six years until December 31, 2024.

Dividend

A dividend of €0.67 per share was paid in early May for 2017, a 34% increase from 2016.

June

Bonus share issue

The company proceeded with its 19th bonus share issue on the basis of one new share for every ten shares held.

July

Launch of the *Jimmy Choo Fever* line

Celebrating a new facet of the Jimmy Choo woman, an innate extrovert with a playful energy and sense of fun. Effortlessly glamorous and instinctively seductive, no one is going to get in her way.

Launch of the Lanvin *Éclat de Nuit* line

Éclat de Nuit plays with contrasts, like a spark in the night, revealing multiple facets between shade and light, mystery and gleam, sensuality and freshness.

Creative Director for Rochas fashion

The Maison Rochas appoints Federico Curradi as Creative Director for men's ready-to-wear.

August

Interparfums eligible for PEA-PME

Interparfums confirms its eligibility for tax-advantaged equity savings accounts for Small and Mid Caps (PEA-PME) under French regulations (Decree No. 2014-283 of March 4, 2014).

Launch of the *Les Parfums Matières* fragrance duo of Karl Lagerfeld

Fleur de Mûrier is a fruity floriental Eau de Parfum with a modern twist.…

Bois de Yuzu is a citrus fougere woody Eau de Toilette playing with contrasts, offering a breathtakingly fresh opening, an ode to masculinity…

The essence of style where the fragrance is transformed into substance.

September

Launch of the men's line, *Coach Platinum*

Coach Platinum is a distinctive fragrance that speaks to a bold, daring and magnetic man.

2018 Strategic Vision Prize

The company was awarded the Strategic Vision Prize for the Ile de France at the 26th edition of the Annual Entrepreneurial Awards.

***Fashion Week* of Paris – Womenswear**

The Paris fashion show for the 2019 spring-summer season was held at the end of September/early October. Rochas unveils a collection of glamorous couture to the press and buyers.

1 • Accounting principles

1.1 • Compliance statement

In accordance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards, the 2018 consolidated financial statements of Interparfums are established in compliance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) applicable since 2005 as endorsed by the European Union.

Financial information presented herein is based on:

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

The consolidated financial statements at December 31, 2018 were adopted by the Board of Directors on March 1, 2019. They will become definitive after having been approved by the ordinary general Meeting of April 26, 2019.

1.2 • Changes in accounting standards

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the financial statements for the period ending December 31, 2018.

1.2.1 • Standards in force in 2018

The following standards, amendments or interpretations that entered into force on January 1, 2018 were applied by the company in preparing its consolidated financial statements for the period ended December 31, 2018:

• IFRS 15 – Revenue recognition

Group revenue consists exclusively of fragrance sales and, to a lesser extent, (less than 0.5%) licensing royalties.

All sales are covered by firm orders that are contractual in nature. Transaction prices are set and determined in advance by Management. Similarly, commercial rebates that may be granted to customers are contractually defined for one year periods.

Control by the customer is effective upon transfer of ownership in accordance with habitual Incoterms, and mainly when the products leave the warehouse.

Revenue is recognized upon transfer of ownership in order to take into account the performance obligation for the accounting period in question.

No customer relationships have been identified by the Group other than those involving fragrance sales and license royalties. The current application in terms of both the amount and the timing of these revenue items does not differ from the requirements of IFRS 15.

In consequence IFRS 15 has no impact on the presentation of revenue as of fiscal 2018 in comparison with prior periods.

• IFRS 9 – Financial instruments

The only item identified by the Group falling under the scope of IFRS 9 is the impairment of trade receivables.

Trade receivables collection risks and estimated losses therefrom are analyzed by the Group on a daily basis. The extensive knowledge of the customers with which the Group has developed long-lasting relations and the use of tools for monitoring the financial health of our current or future partners provide the Group with relevant information for the analysis of the risks and recognizing, as appropriate, impairment charges.

In addition, credit insurance exists for a significant portion of the trade receivables in all countries where the Group's revenue is generated.

On that basis, the Group has not identified significant changes in terms of the handling of trade receivable risks that would differ from the requirements of IFRS 9.

In consequence IFRS 9 has no impact on the impairment charges presented as of fiscal 2018 in comparison with prior periods.

The following standards, amendments or interpretations that entered into force on January 1, 2018 have been studied and are without impact on the consolidated financial statements for the period ending 31 December 2018:

– amendments to IFRS 2 "Share-based payments", clarifications of classification and measurement of share based payment transactions;
– IFRIC 22 "Foreign currency transactions and advanced consideration";
– annual improvements (2014-2016 cycle).

1.2.2 • Standards in force in 2019

• IFRS 16 – Leases – entering into effect in January 2019

The company conducted a study of this standard and its impacts on the consolidated financial statements are in the process of being quantified.

At this stage, the company has identified lease agreements to be recognized in the balance sheet under assets, and namely for the premises of the Paris headquarters, the New York and Singapore offices and the Rouen warehousing facility. No other contract has been identified as falling within the scope of this standard.

According to initial calculations based on existing leases and their maturities at the end of the reporting period, a restatement of right-of-use-assets and borrowings in the amount of approximately €15 million may be expected. This first estimate may be subject to revisions according to new information for fiscal 2019 unavailable to the Company to date, without however significantly calling into question the current forecasts.

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

Because the Group has no or little debt, it will be materially impossible to base these discount and interest rates on the incremental borrowing rate. It is considering to refer to market rates, country by country and according to both the maturity of the respective leases and their rate of lease payment installments.

For its first-time application, Interparfums Group has opted to apply the standard using the partial retrospective approach. Comparative financial statements for prior years will not be restated. The cumulative effect net of deferred taxes on the date of the first-time application will be allocated to a specific line under consolidated reserves.

1.3 • Basis of consolidation

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

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.

All Group subsidiaries are fully consolidated.

1.4 • Translation method

The company's operating currency and currency for the presentation of financial statements is the euro.

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Payables and receivables in foreign currency are translated at the exchange rate in force on December 31, 2018. Translation losses and gains arising from the conversion of accounts denominated in foreign currencies on December 31, 2018 are recorded in the income statement. Hedged transactions are translated at the negotiated exchange rate.

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

	Closing exchange rate		Average exchange rate	
Currency	2017	2018	2017	2018
US dollar (USD)	1.1993	1.145	1.1297	1.1810
Singapore dollar (SGD)	1.6024	1.5591	1.5588	1.5926
Swiss franc (CHF)	1.1702	1.1269	1.1117	1.1550

1.5 • Use of estimates

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

1.6 • Revenue

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

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

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

1.7 • Trademarks and other intangible assets

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

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

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

Licenses and upfront license fees are remeasured at least once a year according to the discounted cash flow method defined as the present value of estimated future cash flows expected to arise from the continuing use of these assets calculated according to their estimated or actual length. Data used originates from the annual and multi-year budgets for duration of the license agreements drawn up by Management.

Own brands are remeasured at least once a year by comparing the net carrying value and the recoverable amount defined as the higher of fair value less costs to sell and its value in use on the basis of the present value of estimated future cash flows derived from five year budgets discounted to infinity.

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

The discount rate before tax applied for remeasurement is the weighted average cost of capital (WACC) of 6.21% at December 31, 2018 compared to 6.22% at December 31, 2017. This ratio is determined on the basis of the long-term interest rate of 0.7% corresponding to the average rate for 10-year OAT French fungible treasury bonds of the last quarter, the rate expected by an investor in this sector and the specific risk premium for this sector.
The perpetuity growth rate used is 1.85% at December 31, 2018 and 1.03% at December 31, 2017.

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

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

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

1.8 • Property, plant and equipment

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

The majority of tangible fixed assets are used in France.

1.9 • Inventory and work-in-progress

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

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

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

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

1.10 • Other non-current financial assets

Because they are destined to be held for more than one year, all Group marketable securities have been classified as "Available-for-sale financial assets" and presented in "Non-current financial assets".

Marketable securities on initial recognition are recorded at cost and subsequently remeasured at fair value corresponding to the market value at the end of each period.

Gains and losses on "available-for-sale financial assets" are recorded at year-end in equity. However, a significant or prolonged decline in fair value below the cost value of the securities would be recognized in profit or loss.

In addition, the line item "non-current financial assets" also includes a royalties advance on the Karl Lagerfeld license agreement that is charged against future royalties every year. This advance was remeasured at present value over the license agreement's term and the corresponding offset is recognized by increasing the amortization of upfront license fees.

1.11 • Receivables

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

1.12 • Deferred tax

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

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

1.13 • Current financial assets

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

1.14 • Cash and cash equivalents

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

1.15 • Treasury shares

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

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

1.16 • Provisions for contingencies and expenses

• Retirement severance benefits

This reserve is maintained to honor employee pension benefit commitments and corresponds to the present value of the payments to which employees are entitled, under the collective bargaining agreement, once they retire. For the measurement of retirement severance benefits, Interparfums has adopted the procedure for voluntary severance agreements introduced by Ordinance 2017-1387 published in the French Official Journal of September 23, 2017 and Decree 2017-1398 published in the French Official Journal of September 26, 2017. This procedure provides for the systematic signature of a severance agreement by the employer and the employee specifying the terms and conditions of the termination. Because the method in force prior to the end of the reporting period involved compulsory retirement, the impact of this change in the assumptions used for calculation was recognized under past service costs. The projected unit credit was applied. This method takes into account rights and wages projected to term, the probability of payment as well as the prorated amount of seniority so that commitments correspond to the value of service already rendered by employees.

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

• Provisions for other contingencies and expenses

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

1.17 • Financial instruments

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

• Currency hedges

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

In addition hedges have been put into place in 2017 to cover budgeted sales in 2018 in Pound sterling. In accordance with IFRS 9 these hedges were accounted for as cash flow hedges. Hedge accounting is applicable if the hedge is formally defined and documented on inception of the hedging relationship and it is demonstrated that the hedging relationship will be highly effective over the life of the hedging instrument. At year-end, hedging instruments corresponding to these criteria are recognized in the balance sheet at fair value. The ineffective portion of changes in fair value of these hedging instruments is recorded in profit or loss and the effective portion in equity. In 2018, revenue was restated to eliminate the impact of these hedges.

On the basis of the same accounting treatment, hedges were put into place in 2018 to cover future sales in the 2019 first quarter in US Dollars.

• Interest rate hedges

A swap to hedge interest-rate risk in connection with the Rochas loan subject to interest based on 3-month Euribor was arranged in 2015. In compliance with IFRS 9, the difference in the market value of this instrument and the notional amount is recorded in the income statement.

1.18 • Borrowings

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

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

1.19 • Other liabilities

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

1.20 • Performance share awards

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

1.21 • Registration of trademarks

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

1.22 • Earnings per share

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

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

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

2 • Principles of presentation

2.1 • Presentation of the income statement

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

2.2 • Presentation of the balance sheet

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

2.3 • Segment information

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

2.3.1 • Business lines

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

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

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

2.3.2 • Geographical segments

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

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

3 • Notes to the balance sheet

3.1 • Trademarks and other intangible assets

3.1.1 • Nature of intangible assets

(€ thousands)	2017	+	–	2018
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	11,056	846	(7)	11,895
Registration of trademarks	620	10	(60)	570
Software	3,208	229	(69)	3,368
Total gross amount	**205,378**	**1,085**	**(136)**	**206,327**
Amortization and impairment				
Indefinite useful life intangible assets				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(16,730)	(1,520)	-	(18,250)
Montblanc upfront license fee	(682)	(66)	-	(748)
Boucheron upfront license fee	(7,000)	(1,000)	-	(8,000)
Karl Lagerfeld upfront license fee	(8,430)	(635)	-	(9,065)
Other intangible assets				
Rights on molds for bottles and related items	(8,986)	(951)	-	(9,937)
Registration of trademarks	(500)	-	-	(500)
Software	(2,654)	(210)	69	(2,795)
Total amortization and impairment	**(46,201)**	**(4,382)**	**69**	**(50,514)**
Net total	**159,177**	**(3,297)**	**(67)**	**155,813**

Own brands

• Lanvin trademark

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

• Rochas trademark

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

Licensed brands

• S.T. Dupont upfront license fee Dupont

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

• Van Cleef & Arpels upfront license fee

An upfront license fee of €18 million paid on 1 January 2007 is amortized over the 12-year term of the Van Cleef & Arpels license agreement. At December 31, 2018, this amount was fully amortized.

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

• Montblanc upfront license fee

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

• Boucheron upfront license fee

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

• Karl Lagerfeld upfront license fee

The upfront license fee of €12,877,000 was recognized in 2012 and is amortized over the term of the Lagerfeld license agreement that commenced on January 1, 2012.

The upfront license fee includes the difference between the nominal value and the present value of the advance on royalties for €3,287,000 (See note 3.3 – Other non-financial assets).

A provision for the impairment of the upfront license fee of €5,113,000 was recorded on December 31, 2016.

• Rights on molds for bottles and related items

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

3.1.2 • Impairment tests

• Own brands

A valuation was performed of the Lanvin and Rochas brands on December 31, 2018 by discounting future cash flows to infinity. No provision was recorded.

• Upfront license fees

All upfront license fees were measured on December 31, 2018 using the discounted cash flow method over the term of the licenses.

No provision was recorded for impairment in 2018.

For all discounts, the weighted average cost of capital (WACC) of 6.21% is applied.

• Analysis of sensitivity

A one point increase in the discount rate before tax or the perpetuity growth rate would not result in an additional impairment charge on trademarks and other intangible assets.

3.2 • Property, plant and equipment

(€ thousands)	2017	+	–	2018
Fixtures, improvements, fittings	7,587	437	(1,799)	6,225
Office and computer equipment and furniture	2,752	280	(657)	2,375
Molds for bottles and caps	10,652	1,587	(5)	12,234
Other [1]	1,188	159	(260)	1,087
Total gross amount	**22,179**	**2,463**	**(2,721)**	**21,921**
Accumulated depreciation and impairment [1]	(15,725)	(2,367)	2,666	(15,426)
Net total	**6,454**	**96**	**(55)**	**6,495**

(1) Including fixed assets held under finance leases (vehicles) for a gross amount of €538,000 and an accumulated depreciation of €284,000.

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

3.3.1 • Long-term investments

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

3.3.2 • Other non-current financial assets

The signature of the Karl Lagerfeld license agreement resulted in an advance on royalty payments to be charged against future royalties of €9.6 million. This advance was discounted over the license agreement term and reduced accordingly to €3.6 million at December 30, 2018.

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

3.4 • Inventory and work-in-progress

(€ thousands)	2017	2018
Raw materials and components	30,876	40,647
Finished goods	62,149	63,342
Total gross amount	**93,025**	**103,989**
Allowances for raw materials	(374)	(842)
Impairment of finished goods	(3,165)	(2,447)
Accumulated provisions for impairment	**(3,539)**	**(3,289)**
Net total	**89,486**	**100,700**

3.5 • Trade receivables and related accounts

(€ thousands)	2017	2018
Total gross amount	76,915	93,720
Impairment	(1,215)	(1,914)
Net total	**75,700**	**91,806**

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

(€ thousands)	2017	2018
Not due	65,084	80,131
0-90 days	11,291	12,320
91-180 days	8	661
181-360 days	105	208
More than 360 days	427	400
Total gross amount	**76,915**	**93,720**

The increase in trade receivables reflects the growth in business linked to the significant billings in the last two months of the year.

3.6 • Other receivables

(€ thousands)	2017	2018
Prepaid expenses	3,328	2,761
Interparfums Holding current accounts	2,971	419
Value-added tax	1,877	1,730
Hedging instruments	140	159
License royalties	347	393
Other	336	177
Total	**8,999**	**5,639**

3.7 • Current financial assets, cash and cash equivalents

(€ thousands)	2017	2018
Current financial assets	58,283	59,276
Cash and cash equivalents	162,825	153,696
Current financial assets, cash and cash equivalents	**221,108**	**212,972**

3.7.1 • Current financial assets

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

(€ thousands)	2017	2018
Term deposit accounts	58,079	59,072
Other current financial assets	204	204
Current financial assets	**58,283**	**59,276**

3.7.2 • Cash and cash equivalents

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

(€ thousands)	2017	2018
Interest-bearing accounts	12,394	-
Term deposit accounts	45,004	53,273
Capital redemption contracts	50,306	51,788
Current interest-bearing accounts	5,436	7,597
Bank balances	49,685	41,038
Cash and cash equivalents	**162,825**	**153,696**

3.8 • Shareholders’ equity

3.8.1 • Share capital

As of December 31, 2018, Interparfums’ capital was comprised of 42,965,628 shares fully paid-up with a par value of €3, 72.75%-held by Interparfums Holding.

Capital increases in 2018 are the result of the bonus share issue of June 12, 2018 in the amount of 3,905,966 shares on the basis of one new share for every ten shares held.

3.8.2 • Restricted stock awards

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

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

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

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

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

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

Actual transmission of the securities is contingent on the presence of the employee on June 30, 2022 regardless of the status of the beneficiary and/or criteria of performance relating to consolidated revenue for fiscal 2018 for 50% of the restricted stock units awarded, and consolidated operating profit for 50% of the remaining restricted stock units awarded to senior executive and manager beneficiaries.

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

An employee turnover rate and a rate of probability for achieving the performance criteria were also used for the calculation, bringing the total expense to be spread over the life of the plan (three years) to €2.9 million or €900,000 at December 31, 2017.

At December 31, 2018, the cumulative expense since the beginning of the plan was €2.3 million.

To ensure the availability of shares for remittance to employees on maturity, the company purchased an initial tranche of 150,000 shares on the market on December 31, 2018 (after taking into account the bonus share issue of June 2018) for a total amount of €3.3 million. These shares are presented as a deduction from shareholders' equity.

At December 31, 2018, the estimated number of shares to be remitted was 157,439.

In accordance with IFRS 2, the Interparfums SA share price used to estimate the value in the consolidated financial statements is that of the last trading session preceding the implementation of the plan or €33.20. The fair value applied on the award date is € 29.84 after taking into account future dividends. No charge was recognized at December 31, 2018.

3.8.3 • Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 26, 2018, 82,959 Interparfums shares with a nominal value of €3 per share were held by the company as of December 31, 2018 or 0.19% of the share capital.

Changes in the period break down as follows:

(€ thousands)	Average price	Number of shares	Book Value
At December 31, 2017	**33.27**	**62,217**	**2,070**
Acquisition	37.68	512,407	19,305
Bonus share issue of June 12, 2018		3,459	-
Sales	36.93	(495,124)	(18,283)
Impairment		-	(292)
At December 31, 2018	**33.75**	**82,959**	**2,800**

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

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

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

3.8.4 • Non-controlling interests

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

(€ thousands)	2017	2018
Reserves attributable to non-controlling interests	770	1,131
Earnings attributable to non-controlling interests	655	511
Non-controlling interests	**1,425**	**1,642**

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

3.8.5 • Information on equity

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

Since 1998, the company has adopted a policy of distributing dividends that today represents more than 65% of consolidated earnings to reward shareholders while at the same time associating them with the Group's expansion. In early May 2018, a dividend of €0.67 per share was paid or a total of €26 million.

Given its financial structure, the Group has the ability to secure financing for important projects from banks in the form of medium-term loans. At the end of May 2015, a 5 year €100 million loan was obtained to finance the acquisition of the Rochas brand. At December 31, 2018, the nominal amount still outstanding on this loan amounted to €30 million.

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

3.9 • Provisions for contingencies and expenses

(€ thousands)	**2017**	**Allowances**	**Actuarial gains / losses**	**Provisions used the period**	**Other changes**	**2018**
Provisions for retirement severance payments	7,791	1,084	(512)	-	-	8,363
Provision for expenses	327	-	-	-	(327)	0
Total provisions for expenses > 1 year	**8,118**	**1,084**	**(512)**	**-**	**(327)**	**8,363**
Accruals for taxes	573	-	-	(573)	-	0
Provision for expenses	-	227	-	-	327	554
Other provisions for contingencies < 1 year	350	-	-	-	-	350
Total provisions for contingencies > 1 year	**923**	**227**	**-**	**(573)**	**327**	**904**
Total provisions for contingencies and expenses	**9,041**	**1,311**	**(512)**	**(573)**	**0**	**9,267**

3.9.1 • Provisions for retirement severance payments

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

For 2018, the following assumptions were applied:

– a negotiated termination at age 65;
– a rate of 50% for employer payroll contributions for all employees;
– a 3% average rate for annual salary increases;
– an employee turnover rate depending on the age of employees;
– the TH 00-02 mortality table for men and the TF 00-02 mortality table for women; and
– a discount rate for the 10 year IBOXX corporate bond index of 1.62%.

On the basis of these assumptions, the annual expense of €1,084,000 recorded under current income breaks down as follows:

– service costs: €574,000;
– financial expense: €110,000;
– change in the scale: €400,000.

Actuarial gains and losses in 2018 resulted in a loss of €512,000 recorded under reserves resulted primarily from changes in assumptions.

A 0.5% increase in the discount rate would result in a €21,000 reduction in the present value of rights at December 31, 2018 versus a 0.5% decrease resulting in a €22,000 increase.

3.9.2 • Other provisions or disputes

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

The provision that had been recorded for the tax audit for fiscal 2015 was cleared after the corresponding payment was made at the end of 2018.

The tax authorities has raised questions about the potential tax in France of all or part of the earnings generated by Interparfums Suisse. The potential impact of a possible claim by the French tax authorities on this matter that had already been the focus of an audit in the past would not be material for the Group.

For that reason, no provision was recorded in the financial statements.

Other provisions for contingencies relate to commercial and employment-related litigation.

3.10 • Borrowings and financial liabilities

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

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

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

The line item "Borrowings" also corresponds to debt relating to fixed assets held under finance leases (vehicles).

3.10.1 • Changes in finance costs

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

			Non-cash items			
(€ thousands)	**2017**	**Cash flow**	**Net acquisitions**	**Changes in fair value**	**Amortization**	**2018**
Borrowings	50,000	(20,000)	-	-	-	30,000
Loan acquisition costs	(197)	-	-	-	123	(74)
Interest rate swap	441	-	-	(260)	-	181
Total Rochas loan	**50,244**	**(20,000)**	**-**	**(260)**	**123**	**30,107**
Lease financing	268	-	-8	-	-	260
Total borrowings and other financial debt	**50,512**	**(20,000)**	**-8**	**(260)**	**123**	**30,367**

3.10.2 • Borrowings by the maturities

In € thousands	**Total**	**< 1 year**	**1-5 years**
Floating-rate bank debt	29,926	19,935	9,991
Swap rate	181	159	22
Vehicle leases	260	129	131
Total at December 31, 2018	**30,367**	**20,223**	**10,144**

3.10.3 • Additional disclosures

The Rochas loan contracted in May 2015 was covered by an interest rate swap covering 90% of the debt, guaranteeing a maximum rate of 2%.

At December 31, 2018, on the basis of a notional amount of €30 million, a gain of €420,000 in connection with this swap was recognized in the income statement whereby the Group did not apply hedge accounting in accordance with IFRS 9.
The market value of the swap at December 31, 2018 represented a negative amount for the company of €181,000.

3.10.4 • Covenants

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

- interest coverage ratio: consolidated EBITDA / consolidated interest expense;
- leverage ratio: Consolidated net debt / consolidated EBITDA.

At 31 December 2018, all these covenants were met. The current level of these ratios is considerably below the contractual limits. As a result, the Group has considerable financial flexibility in respect to these commitments.

3.11 • Deferred tax

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

(€ thousands)	2017	Changes through reserves	Changes through income	2018
Deferred tax assets				
Timing differences between financial and tax accounting	3,733	-	491	4,224
Provisions for retirement liabilities	179	(176)	176	179
Loss carryforwards	434	-	(58)	376
Swap instrument	-	-	-	-
Currency hedges	-	-	-	-
Intra-group inventory margin	2,581	-	194	2,775
Advertising and promotional costs	946	-	(102)	844
Other	106	-	(26)	80
Total deferred tax assets before amortization	**7,979**	**(176)**	**675**	**8,478**
Depreciation of deferred tax assets	(434)		242	(192)
Net deferred tax assets	**7,545**	**(176)**	**917**	**8,286**
Deferred tax liabilities				
Acquisition costs	562	-	(6)	556
Bonus shares	-	(77)	77	-
Levies imposed by governments	193	-	17	210
Borrowing costs associated with the Rochas brand acquisition	69	-	(42)	27
Capitalization of costs associated with the Rochas brand acquisition	1,677	-	-	1,677
Gains (losses) on treasury shares	-	192	(192)	-
Impairment of treasury shares	-	-	101	101
Forward hedging instruments	9	64	(23)	50
Derivatives	43	-	(32)	11
Total deferred tax liabilities	**2,553**	**179**	**(100)**	**2,632**
Total net deferred tax	**4,992**	**(355)**	**1,017**	**5,654**

3.12 • Trade payables and other current liabilities

3.12.1 • Trade payables and related accounts

(€ thousands)	2017	2018
Trade payables for components	18,803	22,979
Other trade payables	46,027	51,034
Total	**64,830**	**74,013**

3.12.2 • Other liabilities

(€ thousands)	2017	2018
Accrued credit notes	3,003	2,598
Tax and employee-related liabilities	15,947	17,951
Accrued royalties	6,957	9,638
Hedging instruments	18	42
Other liabilities	860	796
Total	**26,785**	**31,025**

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

3.13 • Financial instruments

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

(€ thousands)	Notes	At amortized cost	Fair value through profit or loss	31/12/2018 Carrying value	31/12/2018 Fair value	31/12/2017 Carrying value	31/12/2017 Fair value
Other non-current financial assets							
Long-term investments		10,674	-	10,674	10,674	2,951	2,951
Other non-current financial assets	3.3	3,566	-	3,566	3,566	5,166	5,166
Current financial assets							
Trade receivables and related accounts	3.5	91,806	-	91,806	91,806	76,618	76,618
Other receivables	3.6	5,480	-	5,639	5,639	14,616	14,616
Documented hedges		159	-	-	-	15	15
Other current financial assets	3.7	59,276	-	59,276	59,276	89,367	89,367
Cash and cash equivalents	3.7	153,696	-	153,696	153,696	141,238	141,238
Non-current financial liabilities							
Non-current borrowings	3.10	10,059 (1)	22	10,144	10,144	30,190	29,863
Current financial liabilities							
Trade payables and related accounts	3.12	74,013	-	74,013	74,013	61,838	61,838
Current borrowings	3.10	20,144 (1)	159	20,223	20,223	20,322	20,248
Other liabilities	3.12	30,983	-	31,025	31,025	24,726	24,726
Documented hedges		42	-	-	-	584	584

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

No change in fair value has been recorded through equity.

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

3.14 • Risk management

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

3.14.1 • Interest rate risks

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

3.14.2 • Liquidity risks

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

(€ thousands)	< 1 year	1 to 5 years	> 5 years	Total
Other non-current financial assets	500	2,000	1,066	3,566
Current financial assets	35,769	23,303	204	59,276
Cash and cash equivalents	153,696	-	-	153,696
Total financial assets	**189,965**	**25,303**	**1,270**	**216,538**
Borrowings and financial liabilities	(20,064)	(10,122)	-	(30,186)
Total financial liabilities	**(20,064)**	**(10,122)**	**-**	**(30,186)**
Net position before hedging	**169,901**	**15,181**	**1,270**	**186,352**
Hedging of assets and liabilities (swaps)	(159)	(22)	-	(181)
Net position after hedging	**169,742**	**15,159**	**1,270**	**186,171**

3.14.3 • Foreign exchange risks

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

(€ thousands)	USD	GBP	JPY
Assets	22,172	5,630	703
Liabilities	(3,941)	(814)	-
Net position before hedging at the closing price	**18,231**	**4,816**	**703**
Net position hedged	(6,114)	(1,621)	(596)
Net position after hedging	**12,117**	**3,195**	**107**

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (46.2% of sales) and to a lesser extent the Pound sterling (5.5% of sales) and the Japanese yen (1.4% of sales).

• Foreign exchange risk management policy

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

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

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

At December 31, 2018, the Group had hedged 39% of its receivables and 66% of its payables in US dollars, 41% of its receivables and 82% of payables booked in Pound sterling and 85% of its receivables in Japanese yen.

At December 31, 2018, for the sales budget for the 2019 first quarter, 46% was hedged, with additional forward currency sales made for the balance.

• Sensitivity to foreign exchange risk

A 10% fluctuation in the exchange rate of the US dollar and the Pound sterling in relation to the euro represents a pertinent risk factor that may reasonably occur within a given year. An immediate upswing in the exchange rate (US dollar and Pound sterling) of 10% would result in a maximum positive currency effect of €23.8 million on sales and €19.3 million on operating income. A 10% decrease of these same exchange rates would have an inverse negative effect.

3.14.4 • Counterparty risk

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

4 • Notes to the income statement

4.1 • Breakdown of consolidated sales by brand

(€ thousands)	2017	2018
Montblanc	112,191	108,773
Jimmy Choo	96,065	99,631
Coach	50,936	84,394
Lanvin	57,618	59,003
Rochas	38,450	34,095
Boucheron	18,412	19,430
Van Cleef & Arpels	17,179	13,610
Karl Lagerfeld	8,824	12,582
Paul Smith	6,741	6,587
S.T. Dupont	4,808	5,682
Repetto	3,801	4,631
Other	4,541	4,734
Perfume sales	**419,566**	**453,152**
Rochas fashion license revenues	2,481	2,190
Total revenue	**422,047**	**455,342**

4.2 • Cost of sales

(€ thousands)	2017	2018
Raw materials, trade goods and packaging	(163,897)	(163,204)
Changes in inventory and allowances for impairment	29,315	12,960
POS advertising	(3,497)	(2,521)
Staff costs	(5,001)	(5,236)
Property rental expenses	(2,064)	(2,054)
Transportation costs	(761)	(722)
Other expenses related to the cost of sales	(233)	(320)
Total cost of sales	**(146,138)**	**(161,097)**

4.3 • Selling expenses

(€ thousands)	2017	2018
Advertising	(102,254)	(105,409)
Royalties	(27,550)	(33,259)
Staff costs	(30,367)	(30,893)
Service fees / subsidiaries	(10,400)	(8,243)
Subcontracting	(7,898)	(7,369)
Transportation costs	(4,387)	(5,063)
Travel and entertainment expenses	(5,325)	(5,046)
Allowances and reversals	(3,965)	(5,355)
Tax and related expenses	(3,137)	(3,535)
Commissions	(1,501)	(1,417)
Property rental expenses	(1,865)	(1,943)
Other selling expenses	(2,885)	(2,926)
Total selling expenses	**(201,534)**	**(210,458)**

4.4 • Administrative expenses

(€ thousands)	2017	2018
Purchases and external costs	(5,258)	(5,580)
Staff costs	(6,579)	(9,044)
Property rental expenses	(490)	(481)
Allowances and reversals	(885)	(979)
Travel expenses	(509)	(653)
Other administrative expenses	(629)	(862)
Total administrative expenses	**(14,350)**	**(17,599)**

4.5 • Net financial income (expense)

(€ thousands)	2017	2018
Financial income	1,435	2,440
Interest and similar expenses	(1,341)	(1,097)
Net finance costs	**94**	**1,343**
Currency losses	(8,418)	(5,174)
Currency gains	6,754	5,057
Net currency gains (losses)	**(1,664)**	**(117)**
Other financial income and expenses	(3)	135
Net financial income / (expense)	**(1,573)**	**1,361**

4.6 • Income taxes

4.6.1 • Analysis of income taxes

(€ thousands)	2017	2018
Current income tax – France	(13,070)	(15,620)
Current income tax – Foreign operations	(6,374)	(5,502)
Total current income tax	**(19,444)**	**(21,122)**
Non-current income tax	**1,127**	**217**
Deferred tax – France	265	917
Deferred tax – Foreign operations	211	100
Total deferred taxes	**476**	**1,017**
Total income taxes	**(17,841)**	**(19,888)**

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

The difference between the effective tax recorded and the theoretical tax expense calculated by applying the tax rate of 34.43% applicable in France for fiscal 2018 and 2017 to pre-tax income reflects the following.

(€ thousands)	2017	2018
Tax base	**58,452**	**67,549**
Theoretical tax calculated at the parent company rate	(20,125)	(23,257)
Effect of tax rate differences	779	2,839
Recognition of tax income not previously classified as tax assets	345	242
Tax adjustments	1,523	(125)
Permanent non-deductible differences	(363)	413
Income tax	**(17,841)**	**(19,888)**

Tax adjustments include a tax profit resulting from the request for repayment by the company of the 3% dividend contribution that had been paid for the 2013 and 2014 financial periods, recognized in the period as well as a tax charge resulting from a tax audit for the 2015 and 2016 fiscal years that was recognized in the period.

4.7 • Earnings per share

(€ thousands) *except number of shares and earnings per share in euros*	2017	2018
Consolidated net income	39,956	47,150
Average number of shares	37,639,387	41,000,764
Basic earnings per share (1)	**1.06**	**1.15**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	37,639,387	41,000,764
Diluted earnings per share (1)	**1.06**	**1.15**

(1) Adjusted for bonus shares granted in 2017 and 2018.

5 • Segment reporting

5.1 • Business lines

Because the company manages a single main business segment of “Perfumes” and the financial performance indicators of each brand making up this business are similar, the Group’s income statement and balance sheet represent in consequence mainly the “Perfumes” business.

Because the “Fashion” business representing the revenue generated by the Rochas brand was not significant (less than 0.5% of Group sales), a separate presentation thereof has not been produced. Assets and liabilities relating to the Rochas brand at December 31, 2018 were as follows:

(€ thousands)	Perfumes	Fashion	Total
Intangible assets – Rochas brand	86,739	19,086	105,825
Medium-term loan	24,677	5,430	30,107

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

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

5.2 • Geographical segments

Sales by geographical sector break down as follows:

(€ thousands)	2017	2018
North America	118,454	140,122
South America	31,280	35,200
Asia	59,751	64,071
Eastern Europe	39,216	39,955
Western Europe	92,855	91,490
France	33,918	35,008
Middle East	39,679	43,197
Africa	4,413	4,109
Perfume sales	**419,566**	**453,152**
Rochas fashion license revenues	2,481	2,190
Total	**422,047**	**455,342**

6 • Other information

6.1 • Off-balance sheet commitments

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

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

(€ thousands)	**Main characteristics**	**2017**	**2018**
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	304 832	324 810
Headquarters rental payments	Rental payments due over the remainder of the lease terms (3, 6 or 9 years).	13 981	15 869
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses payable regardless of sales volume for the period.	3 355	2 013
Firm component orders	Inventories of components on stock with suppliers that the company undertakes to purchase as required for releases and which the company does not own.	5 174	6 528
Total commitments given in connection with operating activities		**327 342**	**349 220**

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

Commitments with respect to forward currency sales at December 31, 2018 amounted to US$10,000,000, £2,050,000 and ¥175,000,000.

Commitments in connection with forward currency purchases at December 31, 2018 amounted to €2,609,000 for US dollar hedges and €663,000 for Pound sterling hedges.

Commitments with respect to forward currency sales at December 31, 2018 budgeted in the 2019 first quarter amounted to US$20 million.

6.1.3 • Commitments given by maturity at December 31, 2018

(€ thousands)	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	324 810	24 501	119 268	181 041
Headquarters rental payments	15 869	2 577	8 414	4 878
Guaranteed minima for warehousing and logistics	2 013	1 342	671	-
Firm component orders	6 528	6 528	-	-
Total commitments given	**349 220**	**34 948**	**128 353**	**185 919**

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

6.1.4 • Commitments received

Commitments in connection with forward currency sales at December 31, 2018 amounted to €8,663,000 for hedges for US dollars, €2,301,000 for Pound sterling and €594,000 for Japanese yen representing total commitments of €10,386,000.

Commitments received with respect to forward currency sales at December 31, 2018 amounted to US$3,000,000 and £600,000.

Commitments with respect to forward currency purchases at December 31, 2018 budgeted in the 2019 first quarter amounted to €17,405,000 for US dollar hedges.

6.2 • License agreements

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

In May 2018, the company extended its fragrance license agreement with Van Cleef & Arpels for an additional 6 years until December 31, 2024.

6.3 • Own brands

• Lanvin

At the end of July 2007, Interparfums acquired the Lanvin brand names and international trademarks for fragrance and make-up products from the Jeanne Lanvin company.

Interparfums and Lanvin concluded a technical and creative assistance agreement in view of developing new perfumes effective until June 30, 2019 and based on net sales. The Jeanne Lanvin company holds a buy back option for the brands which will be exercisable on July 1, 2025.

• Rochas

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

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

6.4 • Employee-related data

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

6.4.1 • Workforce by department

Number of employees at	31/12/2017	31/12/2018
Executive Management	2	2
Production & Operations	40	43
Marketing	55	55
Export	68	71
France	41	44
Finance & Corporate Affairs	56	54
Rochas fashion	4	7
Total	**266**	**276**

6.4.2 • Headcount by region

Number of employees at	31/12/2017	31/12/2018
France	200	206
North America	54	55
Asia	12	15
Total	**266**	**276**

6.4.3 • Wages and benefits

(€ thousands)	2017	2018
Salary and wages	27,507	27,202
Social chargess	10,249	10,577
Employee profit-sharing	2,914	3,710
Performance share awards	1,277	2,770
Total staff costs	**41,947**	**44,259**

In addition €596,000 in supplemental retirement benefits for Executive Management were paid in 2018.

6.5 • Information on related parties

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

6.5.1 • Executive committee members

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

(€ thousands)	2017	2018
Wages and social charges	6,534	6,679
Share based payment expenses	349	337

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

(€ thousands)	2017	2018
Gross wages	1,873	2,028
Benefits in-kind	18	19
Supplemental retirement contribution	44	44
	1,935	**2,105**

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

6.5.2 • Board of Directors

The members of the Board of Directors exercise responsibilities in the areas of strategy, management consulting, acquisitions and oversight. Only outside Directors are paid Directors' fees that break down as follows:

(€ thousands)	2017	2018
Attendance fees received (1)	80	180

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

6.5.3 • Relations with the parent company

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

6.6 • Statutory Auditors' fees

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

	Mazars				SFECO & Fiducia Audit			
(€ thousands)	**2017**	**%**	**2018**	**%**	**2017**	**%**	**2018**	**%**
Statutory auditing, certification of accounts, review of separate and consolidated accounts								
For the Issuer	325	66%	310	67%	95	100%	100	100%
For fully consolidated subsidiaries	160	33%	145	31%	-	-	-	
Services other than for the certification of accounts								
For the Issuer	6	1%	9	2%	-	-	-	-
For fully consolidated subsidiaries	-	-	25	-	-	-	-	-
Total	**491**	**100%**	**464**	**100%**	**95**	**100%**	**100**	**100%**

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

In accordance with applicable regulations, these assignments were approved by the Board of Directors acting in the capacity of Audit Committee.

6.7 • Post-closing events

None.

3

Corporate governance

This report is prepared in accordance with the provisions of article L 225-37 of the French Commercial Code and was approved by the Board of Directors on March 13, 2018.

1 • Corporate governance (statutory information – article L.225-37-4 of the French Commercial Code)

1.1 • Rules of governance

1.1.1 • Adoption of the Middlenext Code

Since 2010, the company has referred to the Middlenext Corporate Governance Code of December 2009. This code was revised in September 2016 and the company complies with its 19 recommendations. This decision was made by the Board of Directors in relation with the shareholder structure, of which 72.75% of the share capital at December 31, 2018 was held by the parent company, Interparfums Holding.

In accordance with the recommendations, Board members also taken cognizance of the "points to be watched" set forth therein in order to recall the main questions that must be raised to ensure effective governance.

1.1.2 • Charter of the Board of Directors

In compliance with Middlenext Code recommendation 7, the Board of Directors established a Charter (Rules of Procedure) defining the operating rules of the Board and the terms of a code of conduct for Directors that supplement the provisions provided for by law and the company's bylaws.

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

The main provisions of this Charter are as follows:

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

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

The Charter was last updated pursuant to the Board's decision, meeting on November 12, 2018.

1.2 • Organization of Executive Management and the Board of Directors

1.2.1 • Executive Management

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

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

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

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

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

1.2.1.2 • Executive Committee members

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

The make-up of the Executive Committee at December 31, 2018 was as follows:

Philippe Benacin, Chairman and Chief Executive Officer.

Stanislas Archambault, Executive Director – Operational & Digital Marketing.

Renaud Boisson, Managing Director of Interparfums Asia Pacific.

Stanislas Archambault, Managing Director – Interparfums Luxury Brands.

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

Axel Marot, Vice President, supply chain & Operations.

Angèle Ory-Guénard, Executive Director – International Sales.

Delphine Pommier, Executive Director – Marketing Development & Communication.

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

Jérôme Thermoz, Vice President, French Distribution.

Véronique Duretz, Vice President of Human Resources.

In 2018, the meetings of this committee addressed the following items of business: Strategy by brand, external growth, 2018 and 2019 budgets, supply chain, 2018-2021 marketing plans, French market trends – challenges, outlook, competition, structure and organization in 2018, license agreement renewals, 2019, 2020 and 2021 launches, H1 and FY 2018 results, update on export customers, market launch responses, 2018 and 2019 sales budgets.

1.2.2 • Composition of the Board of Directors

On December 31, 2018, the Board of Directors had ten members, four of which are considered independent.

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

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

1.2.3 • The exercise of multiple offices and terms

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

At December 31, 2018, the number of offices held by each of the Directors was in compliance with the applicable laws.

The term of the office is set at 5 years. As an exception, and in order to permit the implementation and maintain the staggering of Directors' terms of office, the General Meeting may appoint one or more Directors for terms of three [3] years in accordance with Middlenext: recommendation No. 9 that renewals of terms of office be staggered. In addition, the company considers that, in light of its size and the composition of its Board, a term of 5 years contributes to ensuring the experience of Directors in terms of knowledge of the company, its market and its activities in their decision-making, without diminishing the quality of oversight.

The company adheres to Middlenext Code recommendation 8 by providing at shareholders' meetings information on the experience and skills of each Director at the time of their appointment or the renewal of their terms of office.

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

1.2.4 • Members of the Board of Directors on December 31, 2018

Philippe Benacin
Chairman-Chief Executive Officer

Date of 1st appointment: January 3, 1989.
Date of last renewal: April 27, 2018.

Philippe Benacin, 60, a graduate of the ESSEC Business School and co-founder of the Company with his partner Jean Madar, has served as Chairman-CEO of Interparfums SA since its creation in 1989.

Philippe Benacin steers the strategic course of the Paris-based Interparfums SA Group and the development of the brands of the portfolio: Lanvin, Rochas, Jimmy Choo, Montblanc, Repetto, Van Cleef & Arpels, Karl Lagerfeld, Paul Smith, S.T. Dupont, Boucheron and Coach.

Current offices:

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

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2023 called for the purpose of approving the financial statements for the period ended.

Jean Madar
Director

Date of 1st appointment: December 23, 1993.
Date of last renewal: April 27, 2018.

Jean Madar, 58, a graduate of the ESSEC Business School, is the co-founder of the company with his partner Philippe Benacin. Jean Madar steers the strategic course for the New York-based Group Interparfums Inc. and the development of the brands of the portfolio: Anna Sui, Dunhill, Oscar de la Renta, Abercrombie & Fitch, Hollister, Agent Provocateur, Guess and Graff.

Current offices:

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

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2023 called for the purpose of approving the financial statements for the period ended.

Philippe Santi
Director and Executive Vice President

Date of 1st appointment: April 23, 2004.
Date of last renewal: April 27, 2018.

Philippe Santi, 57, graduate of the Neoma Business School (*École Supérieur de Commerce of Reims*) with a degree as a public accountant, has served as the Chief Financial and Administrative Officer of Interparfums SA since 1995 and as Executive Vice President since 2004.

Current office:

- Director of Interparfums Inc.

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2023 called for the purpose of approving the financial statements for the period ended.

Frédéric Garcia-Pelayo
Director and Executive Vice President

Date of 1st appointment: April 24, 2009.
Date of last renewal: April 27, 2018.

Frédéric Garcia-Pelayo, 60, EPSCI international exchange program graduate of the ESSEC Business School, has been Vice President for Export Sales of Interparfums SA since 1994 and Executive Vice President since 2004.

Current offices:

- Director of Interparfums Srl (Italy);
- Director of Inter España Parfums et Cosmetiques SL (Spain);
- Director and Vice President of Finance of TFWA.

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2023 called for the purpose of approving the financial statements for the period ended.

Patrick Choël
Director

Date of 1st appointment: December 1, 2004.
Date of last renewal: April 27, 2018.

Patrick Choël, 75, a graduate of Sciences Po Paris, was Chairman of the Fragrance and Cosmetics division of LVMH from 1995 to 2004.

Current offices:

- Director of Interparfums Inc.;
- Director of Parfums Christian Dior;
- Director of Guerlain.

Offices having expired in the last five years:

- Director of Modelabs;
- Director of SGD;
- Director of ILEOS.

Office expiring at the end of the AGM to be held in 2021 called for the purpose of approving the financial statements for the period ended.

Véronique Gabai-Pinsky
Director

Date of 1st appointment: April 28, 2017.

Véronique Gabai-Pinsky, 53, a business school graduate of ESSEC, until June 2018 was Chair of the US company, Vera Wang, operating in the luxury ready-to-wear sector.

Prior to joining Vera Wang, Ms. Gabai-Pinsky spent 12 years at the Estee Lauder Companies, as the Global President for Aramis and Designers Fragrances.

In the earlier years of her career, Ms. Gabai-Pinsky served as Vice President of Marketing and Communication for Guerlain, where she successfully led projects including the re-launch of iconic *Shalimar* and the introduction of *Aqua Allegoria*.

She started her career at L'Oréal, and was lastly Vice President of Marketing for Giorgio Armani, where she was instrumental in the overall development of its fragrance business by developing the highly successful *Acqua di Gio* for men.

Current offices:

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

Offices having expired in the last five years:

- Chair of the Vera Wang Group.

Office expiring at the end of the AGM to be held in 2021 called for the purpose of approving the financial statements for the period ended.

Maurice Alhadève
Independent Director

Date of 1st appointment: April 23, 2004.
Date of last renewal: April 27, 2018.

Maurice Alhadève, 76, a graduate of Sciences Po Paris and Northwestern University (Chicago) was the Chief Executive Officer of the Luxury division of "Française de soins et Parfums" (Unilever Group), and then, a manager for several companies specialized in the creation of fragrance concentrates: International Flavors and Fragrance (IFF), Créations Aromatiques and Haarmann & Reimer. He was head of the ISIPCA, the school for the creation of fragrances, cosmetics and flavors, located in Versailles, France. He is today the cofounder and President of the École Supérieure du Parfum de Paris, providing specialized programs in the fields of creation and management for the perfume industry.

Current offices: None.

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2021 called for the purpose of approving the financial statements for the period ended.

Chantal Roos
Independent Director

Date of 1st appointment: April 24, 2009.
Date of last renewal: April 27, 2018.

Chantal Roos, 75, served as Vice-President for International Marketing than Deputy Chief Executive Officer within the Yves Saint Laurent Parfums Group, then Chair of Beauté Prestige Internationale.

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

Current offices:

- Managing Partner of CREA;
- Managing Partner of ROOS&ROOS.

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2023 called for the purpose of approving the financial statements for the period ended.

Dominique Cyrot
Independent Director

Date of 1st appointment: April 27, 2012.
Date of last renewal: April 22, 2016.

Dominique Cyrot, 67, has a master's degree in management from University Paris IX Dauphine. Her professional career included positions with the French insurer AGF from 1973 to 2011, which has become today ALLIANZ GI.

After heading the research department, then responsible for the insurance portfolio management for AGF, Dominique Cyrot was responsible for managing the UCTIS for the Group for French large caps then for all French and European Mid Caps.

Up until 2000, Dominique Cyrot was a Director of the investment funds Louxor (luxury), Agroplus (food industry), Galileo (high tech), and for Assystel and Geodis, two listed companies, as well as numerous SICAVs of the AGF Group and also external SICAVs.

Current offices:

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

Offices having expired in the last five years:

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

Office expiring at the end of the AGM to be held in 2020 called for the purpose of approving the financial statements for the period ended.

Marie-Ange Verdickt
Independent Director

Date of 1st appointment: April 24, 2015.
Date of last renewal: April 27, 2018.

Marie-Ange Verdickt, 56, has a business degree from École Supérieure de Commerce de Bordeaux – KEDGE (1984), and is a member of the French Society of Financial Analysts (SFAF). She began her career as an auditor with Deloitte, then management controller for the computer group, Wang.

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

Current offices:

- Member of the supervisory Board of Wavestone (September 26, 2012);
- Member of the supervisory Board of CapHorn Invest (May 31, 2013);
- Director of ABC Arbitrage (April 2013);
- Member of the supervisory Board of Bonduelle (December 3, 2015).

Offices having expired in the last five years: None.

Office expiring at the end of the AGM to be held in 2023 called for the purpose of approving the financial statements for the period ended.

In compliance with the provisions of article 4.7 of the Board Charter, all Directors hold at least 300 shares of the company.

1.2.5 • The diversity policy of the Board of Directors

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

• Gender balance

At December 31, 2018, 4 of the Board’s 10 Directors were women, representing a percentage of more than 40%, in compliance with article L.225-18-1 of the French Commercial Code.

• Expertise

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

• Director ethics

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

• Independence of Directors

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

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

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

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

As at December 31, 2018, the independent Directors did not have any relations of any nature with the company that could compromise their independence.

1.3 • Preparation and organization of the Board's work

1.3.1 • Board meetings

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

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

In 2018, the Board of Directors met 9 times with an attendance rate of 83% for meetings lasting on average three hours and addressing the following items of business:

– review and approval of the separate parent company and consolidated financial statements for the fiscal year ended December 31, 2017 and the notice of the Annual General Meeting;
– review and approval of the 2018 interim financial statements;
– review of the fiscal year 2018 budget and outlook and the forward-planning documents;
– bonus share grants;
– compensation policy for executive officers;
– analysis of financial information disclosed by the company to shareholders and the market;
– analysis and definition of the major strategic, economic and financial priorities of the company;
– review and authorization of external growth projects;
– discussions on the company's policies on workplace and wage equality and CSR;
– review of the issue of succession planning for the manager.

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

On the date of this registration document, the Board of Directors met twice since the beginning of 2019 to consider, on the one hand, the compensation policy for the Chairman-Chief Executive Officer, on the other hand, the review and closing of the annual and consolidated financial statements for the year ended December 31, 2018 and the notice for the Annual General Meeting of 2019.

1.3.2 • Committees

The Board of Directors, taking into account the Middlenext Code Recommendation 6 and in light of the company's size and operating procedures, on June 11, 2018, created an independent Audit Committee.

Up until this date, the Board of Directors met in the capacity of Audit Committee, in accordance with article L.823-20 of the French Commercial Code which allows companies with a governance body to fulfill the functions of this committee on condition that its members are identified and its composition are rendered public, and does not form an independent Audit Committee.

The Audit Committee is tasked primarily with the following missions:

- monitoring matters relating to the preparation and control of accounting and financial information: it supervises procedures related to the preparation of financial information and, if need be, formulates recommendations in order to ensure its integrity. It reviews the draft versions of the interim and annual consolidated financial statements of the group, the annual financial statements of the company and the presentation of management describing the exposure to risks and significant off-balance sheet commitments as well as the accounting options adopted;
- monitoring the effectiveness of internal control and risk management systems as well as, as applicable, Internal Audit, regarding procedures for the preparation and processing of accounting and financial information, without however compromising its independence; After strengthening its missions for monitoring risks, it conducts a review once a year of all the main risks to which the group may be exposed;
- monitoring the statutory audit of the consolidated annual and interim financial statements of the Group, the annual financial statements of the company and ensuring the compliance by the Statutory Auditors of the conditions of independence under the conditions and according to the procedures provided for by regulation and, more generally, monitoring the conduct of their mission and taking into account, as applicable, the observations and conclusions of the French auditors supervisory body (*Haut Conseil du Commissariat aux Comptes*) pursuant to audits performed in accordance with regulations;
- issuing a recommendation for the appointment of Statutory Auditors submitted to the General Meeting. This recommendation sent to the Board is prepared according to regulations. It issues as well a recommendation to the Board when the reappointment of the auditor's term is considered under the conditions defined by regulation;
- it approves the provision of services other statutory audits in compliance with applicable regulations;
- implementing a procedure of prior approval for a specified period, for a restrictive list of services other than statutory audit, where each category is based on work of the same nature;
- it reports regularly to the Board of Directors of the committee's mission. It also reports on the results of the audit, on how this mission has ensured integrity of the financial information and the role played by the committee in this process. It informs the Board of any difficulties encountered.

The Audit Committee is comprised of or members:

Names	Status	Independent Director	Expertise and background
Marie-Ange Verdickt	Chair	Yes	Finance and accounting
Dominique Cyrot	Member	Yes	Finance and accounting
Maurice Alhadève	Member	Yes	Knowledge of the business sector
Patrick Choël	Member	No	Knowledge of the business sector

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

Members of the Audit Committee were appointed for terms corresponding to their terms as Director (see above paragraph 1.2.4.).

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

The Audit Committee is equipped with a Charter, previously approved by the Board of Directors on June 11, 2018, taking into account the new missions incumbent upon it following the audit reform measures adopted on June 17, 2016, and describing its organization, operations, areas of competence and functions.

In the period ended December 31, 2018, the Audit Committee met three times with an attendance rate of 100%, and reviewed the following points relating to the audit of the consolidated annual and interim financial statements:

- the assessment of the accounting policies, the consistency of their application and compliance with IFRS;
- the implementation of audit programs and financial information defined in relation to the risks identified after evaluating the accounting and internal control systems and notably asset impairments (accounts receivable, inventory) and provisions (legal and tax risks) and impacts relating to foreign exchange;
- the validation of financial information;
- the review of Services other than Statutory Audit.

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

1.3.3 • Evaluation of the Board's work

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

- the missions assigned to the Board;
- the workings and composition of the Board;
- the meetings and quality of the discussions;
- directors' access to information.

Based on the feedback received, the Board reviewed its membership and evaluated, in total independence and freedom of judgment, the organizational and operating effectiveness. These questionnaires highlighted an assessment of Board practices that was favorable, and in accordance with the spirit of Middlenext recommendations and a satisfactory analysis of the environment in which the Directors exercise in practice their functions and responsibilities.

1.4 • Powers and missions of the Board of Directors

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

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

1.4.1 • Transmission of information to Directors

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

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

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

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

1.4.2 • Representations concerning Directors and Executive Management

1.4.2.1 • Absence of condemnations

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

- convicted for fraud or subject to prosecution or penalties or of any official public sanction for infractions rendered by statutory or regulatory authorities;
- a party in a bankruptcy, receivership or liquidation proceeding as a Director or officer;
- disqualified from serving as a member of the Board of Directors, Executive Management or supervisory Board or from participating in the management of the operations of an issuer.

1.4.2.2 • Absence of potential conflicts of interest

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

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

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

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

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

Insofar as the company is aware and on the date this document was prepared, in the last five years none of the members of the Board of Directors and Executive Management have accepted any restrictions relating to the sale of their holdings in the company's share capital.

1.4.2.3 • Absence of service contracts with members of the Board and corporate governance bodies

To the best of the Company's knowledge, none of the members of the Board and corporate governance bodies are bound by service agreements with the company or one of its subsidiaries providing for the grant of benefits under its terms.

1.4.2.4 • Absence of family ties within the Board of Directors

No family ties exist among members of the Board of Directors.

1.5 • Summary of delegations of authority and financial authorizations granted by the General Meeting to the Board of Directors (Art. L -225-37 paragraph 7 of the French Commercial Code)

Summary of delegations of authority and financial authorizations in force

Nature of the delegations of authority and authorizations	Limits of the issue	Delegations of authority and authorizations used	Expiration date
Delegations of authority and authorizations granted by the 2018 AGM			
Delegation of authority to issue shares or securities, maintaining shareholders' preferential subscription rights (20th resolution)	Within the limit of €30,000,000 (shares) €100,000,000 (debt securities)	Unused	06/26/2020
Delegation of authority to issue shares or securities, canceling shareholders' preferential subscription rights through a public offering (21st resolution)	Within the limit of €9,000,000 (1) (shares) €50,000,000 (debt securities)	Unused	06/26/2020
Delegation of authority to issue shares or securities giving access to the capital of the company, canceling shareholders' preferential subscription rights through an offering covered by article L.411-2of the French Monetary and Financial Code (22th resolution)	Within the limit of €9,000,000 (1) (shares) €15,000,000 (debt securities)	Unused	06/26/2020
Increase in the number of shares to be issued in the case of excess demand and a capital increase with or without shareholders' preferential subscription rights (24th resolution)	Within the limit of 15% of the initial issue	Unused	06/26/2020
Authorization to issue shares or securities giving access to the capital as consideration in payment for in-kind contributions of equity securities (25th resolution)	Within the limit of 10% of the share capital on the date of the General Meeting (1)	Unused	06/26/2020
Delegation of authority to issue shares reserved for employees of the Group participating in a company savings plan (26th resolution)	Within the limit of 2% of the share capital on issue date (1)	Unused	06/26/2020
Delegations of authority granted by the 2017 AGM			
Delegation of authority to increase the capital by capitalizing reserves, earnings or premiums (9th resolution)	Within the limit of €40,000,000	Delegation of authority used by the Board of Directors' meetings of May 2, 2017, creating 3,550,878 new shares in the amount of €10,652,634 and of May 7, 2018, creating 3,905,966 new shares in the amount of €11,717,898.	06/27/2019

(1) Included within the total ceiling of 10% of the share capital on the issue date.

Nature of the delegations of authority and authorizations	Limits of the issue	Delegations of authority and authorizations used	Expiration date
Authorizations granted by the 2016 AGM			
Authorization to grant restricted shares of the Company without consideration (bonus shares) to employees and/or selected company officers. (15th resolution)	Within the limit of 3% of the share capital on the grant date	Authorization used by the meetings of the Board of Directors of September 6, 2016 in the amount of 148,100 shares and of December 31, 2018, in the amount of 159,600 shares.	06/21/2019
Authorization to grant stock options to employees or selected corporate officers (16th resolution)	Within the limit of 1% of the share capital on the grant date	Unused	06/21/2019

1.6 • Participation in shareholders meetings

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

2 • Compensation of corporate governance bodies and management and capital holdings

2.1 • Principles and criteria for setting compensation of corporate officers (article L.225-37-2 of the French Commercial Code) (10th resolutions submitted to the vote of the 2019 AGM)

This Section presents the principles and criteria for determining compensation subject to vote by the 2019 AGM (*ex-ante* vote). It is specified that these principles and criteria are applicable to the functions concerned and will remain valid, as applicable, in the event of a change in the Executive Management or the Board's chair.

The General Meeting will thus be asked to approve, on the basis of this report, the executive officer compensation policy.

However, it is specified that only the compensation of Mr. Philippe Benacin for his office as Chair-Chief Executive Officer (*Président Directeur-Général*) is concerned by this compensation policy. The compensation of the two Executive Vice Presidents (*Directeurs Généraux Délégués*) are linked exclusively to their employment contract and as such excluded from this policy.

Payment of components of variable compensation payable for fiscal 2019 to the Chairman-CEO is contingent on approval by the ordinary general Meeting of the shareholders of the company to be held in 2020.

2.1.1 • Principles and rules for setting compensation

The Board of Directors defines the policy for the compensation of the Chairman-Chief Executive Officer in accordance with the principles set forth in the Middlenext Code, and in particular the goal of achieving the proper balance between the company's overall interest, market practices and the managers' performances. The principles guiding the Board of Directors are based on an assessment of the real contribution of the corporate officers to operating performances and a balance between financial and qualitative criteria on which the variable component is based.

In addition, the Board of Directors considers in an exhaustive manner all components of the compensation, whether fixed, variable, performance share awards and benefits in kind.

2.1.2 • Compensation policy for the Chairman-Chief Executive Officer

- Fixed part of annual compensation

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

- Variable part of annual compensation

This is based on clearly defined, quantifiable and operational objectives and contingent on the achievement of financial objectives on the one hand, and qualitative objectives on the other. It may account for up to 60% of total compensation.

The Board of Directors on January 18, 2019 defined qualitative criteria and a new breakdown between quantitative and qualitative objectives, with the first accounting for 60% and the second 40% of the total. These financial criteria are based on a target for consolidated sales and consolidated operating profit for 2019, with each of the criteria given equal weight in determining variable compensation. The qualitative criteria have been established in a precisely defined manner linked to the growth strategy of the company and its subsidiaries. These criteria may not be described in greater detail for reasons of confidentiality and in light of their sensitivity with respect to strategy and competition.

For each of these quantitative and qualitative objectives, a minimum threshold of meeting 80% of the objectives set is required to justify payment of the variable compensation.

Went the rate of achievement reaches 125% of the objectives set, the amount of variable remuneration due will be then increased by 25%.

- Benefits in-kind

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

No other benefits in kind are granted to him.

- Restricted stock units (bonus shares) and stock options and/or stock purchase options

The shareholders' AGM of April 22, 2016 authorized the Board of Directors to award restricted stock units and/or stock options and/or stock purchase options of the company to members of personnel and/or selected corporate officers. Shareholders will be asked to renew this authorization at the Annual General Meeting of April 26, 2019. In this framework, the Chair-CEO may be awarded in 2019 restricted stock units and/or stock options and/or stock purchase options subject to conditions of performance and holding periods linked to his term as officer of the company.

- Attendance fees

The Chair-Chief Executive Officer does not receive attendance fees, which he has expressly waived.

No other compensation such as multi-year variable compensation or exceptional compensation is provided for.

These principles and criteria will apply to any other executive officer receiving compensation in connection with his or her office.

2.2 • Compensation of thee Chairman-Chief Executive Officer

2.2.1 • Proposal for the approval of compensation and benefits of any nature for fiscal 2018 paid or allocated to Mr. Philippe Benacin, Chairman-Chief Executive Officer (9th resolution submitted to the 2019 AGM)

At the Annual General Meeting of April 26, 2019, shareholders are asked to vote on the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the prior period to Mr. Philippe Benacin on the basis of his office as Chairman-Chief Executive Officer in application of the principles and criteria for compensation approved by the seventeenth ordinary resolution of the General Meeting of April 27, 2018:

After determining that 100% of the objectives set for Philippe Benacin for 2018, had been met, on January 18, 2019, the Board of Directors set the variable portion of annual compensation at a gross amount of €145,000.

Components of compensation paid or granted for fiscal 2018	Amounts or accounting valuations submitted to vote	Description
Fixed compensation	€444,000 Amount paid	
Annual variable compensation	€145,000 Amount to be paid after approval by the 2019 AGM	60% of the quantitative objectives (2018 consolidated revenue and operating profit) and 40% of the qualitative objectives (4 components relating to the growth strategy and management of the Rochas fashion business).
Restricted stock units	€119,360 Accounting valuation	4,000 performance shares granted by the Board of Directors on December 31, 2018 (authorization of resolution 15 of the General Meeting of April 22, 2016) subject to the following conditions: presence at June 30, 2022 and performance for 50% of the shares of consolidated sales and/or 50% of the shares of consolidated operating profit.
Benefits of any nature	€10,800 Accounting valuation	Use of a company car

2.2.2 • Summary of compensation and options / shares granted to each Chairman-Chief Executive Officer

	Fiscal 2017	Fiscal 2018
Philippe Benacin – Chairman and Chief Executive Officer		
Compensation due for the year	€560,800	€599,800
Valuation of options granted in the period (Interparfums Inc. plan)	$247,250	$366,500
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	-	€119 360

No other compensation or benefits of any nature was received by the Chairman-Chief Executive Officer in 2018 from controlled companies and the controlling company.

2.2.3 • Summary of the Chairman-Chief Executive Officer's compensation

	Fiscal 2017		Fiscal 2018	
	Compensation due for the year	Compensation paid in the year	Compensation due for the year	Compensation paid in the year
Philippe Benacin – Chairman and Chief Executive Officer				
Fixed compensation	€420,000	€420,000	€444,000	€444,000
Variable compensation	€130,000	€70,000	€145,000	€147,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (vehicle)	€10,800	€10,800	€10,800	€10,800
Total	**€560,800**	**€500,800**	**€599,800**	**€601,800**

2.3 • Compensation of the Executive Vice Presidents

The compensation of the two Executive Vice Presidents (*Directeurs Généraux Délégués*) are linked exclusively to their employment contract.

2.3.1 • Summary of compensation and options / shares granted to each Executive Vice President

	Fiscal 2017	Fiscal 2018
Philippe Santi – Director – Executive Vice President		
Compensation due for the year	€678,000	€714,000
Valuation of options granted in the period (Interparfums Inc. plan)	$59,340	$189,760
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	-	€119,360
Frédéric Garcia-Pelayo – Director – Executive Vice President		
Compensation due for the year	€685,320	€721,800
Valuation of options granted in the period (Interparfums Inc. plan)	$59,340	$189,760
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	-	€119,360

No other compensation or benefits of any nature was received by the Executive Vice Presidents in 2018 from controlled companies and the controlling company.

2.3.2 • Summary of the compensation of each Executive Vice President

	Fiscal 2017		Fiscal 2018	
	Compensation due for the year	Compensation paid in the year	Compensation due for the year	Compensation paid in the year
Philippe Santi – Director – Executive Vice President				
Fixed compensation	€360,000	€360,000	€384,000	€384,000
Variable compensation	€318,000	€306,000	€330,000	€318,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in-kind	-	-	-	-
Total	**€678,000**	**€666,000**	**€714,000**	**€702,000**
Frédéric Garcia-Pelayo – Director – Executive Vice President				
Fixed compensation	€360,000	€360,000	€384,000	€384,000
Variable compensation	€318,000	€306,000	€330,000	€318,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (vehicle)	€7,320	€7,320	€7,800	€7,800
Total	**€685,320**	**€673,320**	**€721,800**	**€709,800**

2.4 • Employment contracts, specific retirement benefits, severance benefits and non-compete clauses of corporate officers

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

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

The benefits of this defined benefit plan were subsequently extended to management employees of the company. This contribution to a private defined contribution pension fund is paid in part by the beneficiaries and in part by the employer for an amount equal to four times the French Social Security ceiling. The annual contribution to this fund per executive officer beneficiary is €14,700. The supplemental retirement plan is part of the overall compensation policy adopted by the company for senior executives and managers.

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

2.5 • Compensation of non-executive Directors (*administrateurs non mandataires sociaux*) for fiscal 2018 (article L.225-37-3 of the French Commercial Code)

2.5.1 • Compensation of Mr. Jean Madar – Director

Compensation is paid to Jean Madar by the parent company of the Group, Interparfums Inc. (United States) as the Chief Executive Officer of this company. Jean Madar receives no compensation of any nature from Interparfums SA.

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

	Fiscal 2017	Fiscal 2018
Jean Madar – Director		
Compensation due for the year (Interparfums Inc.)	$630,000	$630,000
Valuation of options granted in the period (Interparfums Inc. plan)	$247,250	$366,500
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	-	€119,360

• Summary of compensation

	Fiscal 2017		Fiscal 2018	
	Compensation due for the year	Compensation paid in the year	Compensation due for the year	Compensation paid in the year
Jean Madar – Director				
Fixed compensation	$630,000	$630,000	$630,000	$630,000
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in-kind	-	-	-	-
Total	**$630,000**	**$630,000**	**$630,000**	**$630,000**

2.5.2 • Attendance' fees paid to non-executive Directors

Attendance' fees are allocated exclusively to outside non-executive officers of the Board of Directors, namely, Chantal Roos, Dominique Cyrot, Marie Ange Verdickt, Marie-Ange Verdickt, Véronique Gabai-Pinsky, Patrick Choël and Maurice Alhadève. The total amount granted by the General Meeting is freely allocated by the Board of Directors to each member on the basis of their rate of attendance.

The shareholders decided at the Annual General Meeting of April 27, 2018 to increase the total amount for attendance fees from €180,000 to €200,000. The total amount of attendance fees paid was €180,000 taking into account in addition the preparatory work and meetings held by these Directors as Audit Committee members. The other Directors expressly waived their rights to receive attendance fees.

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

Directors	Directors' fees paid in 2017	Directors' fees paid in 2018
Maurice Alhadève	€21,000	€34,000
Patrick Choël	€10,500	€30,000
Dominique Cyrot	€15,000	€30,000
Chantal Roos	€12,000	€28,000
Marie-Ange Verdickt	€15,000	€30,000
Véronique Gabai-Pinsky	€6,000	€28,000

2.6 • Special report of the Board of Directors on stock options or stock purchase options

In compliance with article L.225-184 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined shareholders' Meeting of April 26, 2019 of transactions carried out in fiscal 2018 by virtue of the provisions under articles L.225-177 to L.225-186 of said code.

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

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

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

No stock option plan was in effect at Interparfums SA at December 31, 2018.

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

	Plan 2013	Plan 2014	Plan 2015-1	Plan 2015-2	Plan 2016	Plan 2017	Plan 2018-1	Plan 2018-2
Grant date	12/31/13	12/31/14	1/28/15	12/31/15	12/30/16	12/29/17	1/19/18	12/31/18
Subscription price	$35.75	$27.80	$25.82	$23.61	$32.83	$43.80	$46.90	$65.67
Valuation of options granted (1)	$9.20	$7.42	$6.77	$5.99	$7.43	$9.89	$10.79	$14.66
Options granted at inception								
Philippe Benacin	19,000	19,000	-	19,000	19,000	25,000	-	25,000
Jean Madar	19,000	19,000	-	19,000	19,000	25,000	-	25,000
Philippe Santi	5,000	5,000	1,000	6,000	6,000	6,000	4,000	10,000
Frédéric Garcia-Pelayo	5,000	5,000	1,000	6,000	6,000	6,000	4,000	10,000
Options outstanding at December 31, 2018								
Philippe Benacin	19,000	19,000	-	19,000	19,000	25,000	-	25,000
Jean Madar	19,000	19,000	-	19,000	19,000	25,000	-	25,000
Philippe Santi	1,000	2,000	400	3,600	4,800	6,000	4,000	10,000
Frédéric Garcia-Pelayo	1,000	2,000	400	3,600	4,800	6,000	4,000	10,000

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

- Valuation of options granted

			In fiscal 2017			In fiscal 2018
	Options granted	Black & Scholes valuation	Value of options	Options granted	Black & Scholes valuation	Value of options
IP Inc.						
Philippe Benacin	25,000	$9.89	$247,250	25,000	$14.66	$366,500
Jean Madar	25,000	$9.89	$247,250	25,000	$14.66	$366,500
Philippe Santi	6,000	$9.89	$59,340	10,000	$14.66	$146,600
	-	-	-	4,000	$10.79	$43,160
Frédéric Garcia-Pelayo	6,000	$9.89	$59,340	10,000	$14.66	$146,600
	-	-	-	4,000	$10.79	$43,160
Total			**$613,180**			**$1,112,520**

In 2017 and 2018, no Interparfums SA options have been granted.

- Options exercised by each corporate officer of the company in 2018

	Number of options exercised	Subscription price	Expiration date
IP Inc. options exercised in the period by officers			
Philippe Benacin			
Plan of December 31, 2012	19,000	$19.33	12/30/2018
Jean Madar			
Plan of December 31, 2012	19,000	$19.33	12/30/2018
Philippe Santi			
Plan of December 31, 2012	1,200	$19.33	12/30/2018
Plan of January 31, 2013	800	$22.20	01/30/2019
Plan of December 31, 2013	4,000	$35.75	12/30/2019
Plan of December 31, 2014	3,000	$27.80	12/30/2020
Plan of January 28, 2015	600	$25.82	01/27/2021
Plan of December 31, 2015	2,400	$23.61	12/30/2021
Plan of December 30, 2016	1,200	$32.83	12/29/2022
Frédéric Garcia-Pelayo			
Plan of December 31, 2012	1,800	$19.33	12/30/2018
Plan of January 31, 2013	2,000	$22.20	01/30/2019
Plan of December 31, 2013	4,000	$35.75	12/30/2019
Plan of December 31, 2014	3,000	$27.80	12/30/2020
Plan of January 28, 2015	600	$25.82	01/27/2021
Plan of December 31, 2015	2,400	$23.61	12/30/2021
Plan of December 30, 2016	1,200	$32.83	12/29/2022

- Stock options granted to the top 10 employed beneficiaries of the company who are not officers and options exercised by the 10 employees of the company having exercised the greatest number in 2018

No stock option plan was in effect at December 31, 2018.

2.7 • Special report of the Board of Directors on restricted stock awards

In compliance with article L.225-197-4 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined shareholders' Meeting of April 26, 2019 of transactions carried out by virtue of the provisions under articles L.225-197-1 to L.225-197-3 of said code.

Over 2016, performance shares were awarded to all employees and executive officers of the French company having more than six months of seniority on the grant date.

No performance share plans were issued in 2017.

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

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

	Plan 2016	Plan 2018
Grant date	09/06/2016	12/31/2018
Vesting date	09/06/2019	06/30/2022
Share price on the grant date	€23.98 (1)	€33.20 (1)
Number of shares awarded on inception		
Philippe Benacin	3,000	4,000
Jean Madar	3,000	4,000
Philippe Santi	7,000	4,000
Frédéric Garcia-Pelayo	7,000	4,000

(1) The valuation of shares granted amounted to €22.46 for the 2016 plan and €29.84 for the 2018 plan in the consolidated financial statements.

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

	Plan 2016	Plan 2018
Grant date	09/06/2016	12/31/2018
Vesting date	09/06/2019	06/30/2022
Share price on the grant date	€23.98 (1)	€33.20 (1)
Number of shares awarded on inception		
Senior executives and managers (other than executive officers)	113,000	117,000
Other employees	15,100	26,600
Of which awards to the ten employees having received the highest number	38,000	28,000

(1) The valuation of shares granted amounted to €22.46 for the 2016 plan and €29.84 for the 2018 plan in the consolidated financial statements.

• Change in the number of performance shares in 2018

	Plan 2016		
	Senior executives and managers (1)	**Other employees**	**Total**
Existing at January 1, 2018	121,000	14,410	135,410
Adjusted for the bonus share issue of one new share for every ten shares held on June 12, 2018.	11,330	1,408	12,738
Canceled in 2018	(12,540)	(1,661)	(14,201)
Existing at December 31, 2018	**119,790**	**14,157**	**133,947**

(1) Excluding officers.

For the 2018 plan, the number of shares existing at December 31 equaled the number of shares granted.

• Grant terms and conditions

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

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

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

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

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

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

Actual transmission of the securities is contingent on the presence of the employee on June 30, 2022 regardless of the status of the beneficiary and/or criteria of performance relating to consolidated revenue for fiscal 2018 for 50% of the restricted stock units awarded, and consolidated operating profit for 50% of the remaining restricted stock units awarded to senior executive and manager beneficiaries.

3 • Information relating to items having a potential impact in the event of a public offering (article L.225-37-5 of the French Commercial Code)

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

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

3.1 • Structure of the share capital of the company at December 31, 2018

	Shares held	% of capital	Theoretical voting rights	% of theoretical votes
Interparfums Holding S.A.	31,090,034	72.4%	62,180,068	83.9%
Other shareholders	11,642,635	27.1%	11,744,168	15.8%
Treasury shares	232,959	0.5%	232,959	0.3%
Total	**42,965,628**	**100.0%**	**74,157,195**	**100.1%**

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

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

In accordance with the provisions of article L.225-123 f the French Commercial Code and article 11 of the company's bylaws, a double voting right is granted to all fully paid up shares registered in the name of the same shareholder for at least three years.

3.2 • Conditions for implementing a share buyback program

The conditions for implementing the share buyback program are described in chapter 8 of section 1 "Consolidated management report" of this registration document.

4

Shareholder information

1 • Statutory information

1.1 • The company

1.1.1 • General information

Company name: Interparfums.

Registered office: 4, rond-point des Champs-Élysées 75008 Paris.

Tel.: +33 (0)1 53 77 00 00.

Date of incorporation: April 5, 1989.

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

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

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

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

Fiscal year: The fiscal year is a twelve-month period starting on 1 January and ending 31 December.

Siret: No. 350 219 382 00032.

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

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

Activity code: 46.45 Z Wholesale perfume and beauty products.

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

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

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

1.2 • Main legal provisions and bylaws

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

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

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

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

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

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

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

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

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

1.2.4 • Documents on display

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

1.2.5 • Legal jurisdiction

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

2 • Capital stock

2.1 • Five-year history of capital stock transactions

Year	Transaction type	Number of shares	Shares created	Total shares	Share capital *(in €)*
2014	Exercise of 2009 stock options	63,239	63,239	24,294,657	72,883,971
	Exercise of 2010 stock options	480	480	24,295,137	72,885,411
	Bonus share issues	4,858,331	4,858,331	29,153,468	87,460,404
2015	Exercise of 2009 stock options	35,325	35,325	29,188,793	87,566,379
	Exercise of 2010 stock options	63,670	63,670	29,252,463	87,757,389
	Bonus share issues	2,919,269	2,919,269	32,171,732	96,515,196
2016	Exercise of 2010 stock options	118,014	118,014	32,289,746	96,869,238
	Bonus share issues	3,219,038	3,219,038	35,508,784	106,526,352
2017	Bonus share issues	3,550,878	3,550,878	39,059,662	117,178,986
2018	Bonus share issues	3,905,966	3,905,966	42,965,628	128,896,884

As of December 31, 2018, Interparfums' capital was composed of 42,965,628 shares with a par value of €3.

2.2 • Authorized capital

The shareholders' Meeting of April 28, 2017 also authorized the Board of Directors to increase the capital by an amount not exceeding €40 million through the capitalization of earnings, additional paid-in capital and reserves.

The Board of Directors made use of this authorization at the Board meetings of May 2, 2017 resulting in the creation of 3,550,878 new shares in the amount of €10,652,634 and of May 7, 2018 resulting in the creation of 3,905,966 new shares in the amount of €11,717,898.

2.3 • Ownership of Interparfums capital stock and voting rights

2.3.1 • Situation at February 28, 2019

	Shares held	% of capital	Theoretical voting rights	% of theoretical votes	Voting rights exercisable at the AGM	% of voting rights at the AGM
Interparfums Holding S.A.	31,090,034	72.4%	62,180,068	83.8%	62,180,068	84.3%
French investors	3,424,718	8.0%	3,436,609	4.6%	3,436,609	4.7%
Foreign investors	5,710,551	13.3%	5,710,551	7.7%	5,710,551	7.7%
Individuals	2,307,737	5.4%	2,397,611	3.2%	2,397,611	3.3%
Employee shareholders	211,470	0.5%	211,470	0.3%	-	-
Treasury shares	221,118	0.5%	221,118	0.3%	-	-
Total	**42,965,628**	**100.0%**	**74,157,427**	**100.0%**	**73,724,839**	**100.0%**

Based on a survey of shareholder ownership, there were 9,239 shareholders at February 28, 2019. Excluding Interparfums Holding, the Interparfums' shareholder base breaks down as follows:

– 218 French institutional investors and mutual funds owning 8.0% of the capital stock compared with 250 in 2018 owning 8.4%);
– 138 foreign investors owning 13.3% of the capital stock compared with 130 in 2018 owning 11.5%);
– 8,885 individual shareholders owning 5.4% of the capital stock (compared with 8,320 in 2018 owning 7.2%).

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

Four independent Directors serve on the Board of Directors providing a mechanism for preventing an abusive exercise of control of the company.

2.3.2 • Changes in Interparfums SA's shareholder base

At February 28	2017	2018	2019
Interparfums Holding	72.4%	72.4%	72.4%
French investors	10.9%	8.4%	8.0%
Foreign investors	10.0%	11.5%	13.2%
Individuals	6.6%	6.8%	5.4%
Employee shareholders	-	0.4%	0.5%
Treasury shares	0.1%	0.5%	0.5%
Total	**100.0%**	**100.0%**	**100.0%**

2.4 • Breakdown of Interparfums Holding's capital stock as of December 31, 2018

Interparfums Holding, whose sole equity holding is Interparfums, is itself wholly owned by Interparfums Inc., listed on NASDAQ in New York with approximately 14,330 shareholders. As of December 31, 2018 it had the following ownership structure:

– Philippe Benacin and Jean Madar: 44.47%;
– Free float: 55.53%.

2.5 • Dividend

Since 1998, the company has adopted a policy of distributing dividends that today represents 60% of consolidated earnings, destined to reward shareholders while at the same time associating them with the Group's expansion. In early May 2018, a dividend of €0.67 per share was paid or a total of €26.1 million.

2.6 • Shareholders' agreements

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

2.7 • Double voting right

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

2.8 • Special shareholder disclosure obligations

Thresholds are defined by article 20 of the bylaws whereby in accordance with the provisions of article L.233-7 of the French Commercial Code (*Code de commerce*) all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must inform the Company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading. This notification must also be sent to the AMF no later than the fourth trading day before the close of trading following the day this threshold was crossed.

In 2018, no incidents of the crossing of such share ownership or voting right thresholds were reported to the company.

2.9 • Key stock market data

In number of shares and euros	2014	2015	2016	2017	2018
Shares outstanding as of December 31	29,153,468	32,171,732	35,508,784	39,059,662	42,965,628
Market capitalization as of December 31	€654 million	€730 million	€973 million	€1.350 billion	€1,450 billion
High (1)	34.50	33.33	27.40	38.45	45.30
Low (1)	17.82	20.73	19.60	26.02	32.35
Average (1)	27.00	26.07	23.68	30.82	37.83
Year-end (1)	22.45	22.70	27.40	34.55	33.75
Average daily volume (1)	17,058	14,840	11,124	15,442	17,689
Earnings per share (1)	0.87	0.95	0.98	1.07	1.15
Dividend per share (1)	0.44	0.50	0.55	0.50	0.71
Average number of shares outstanding (2)	26,739,881	30,649,926	33,192,284	37,280,813	40,610,168

(1) Historical data (not restated for bonus share issues undertaken each year).
(2) Excluding treasury shares.

2.10 • Share price

Even though, due to the intentionally scaled-down program of launches, the company had issued guidance at the end of 2017 for moderate growth in 2018, the share price maintained its steady rise since spring 2018 (€31-€32) to reach a higher in early October 2018 (€45.30).

A market correction across all financial markets as of this date led to a decline in the share price to €36-€37 in November, followed by a second correction in early December bringing the share to €33-€34.

By ending the year at December 31, 2018 at €33.75, the Interparfums share represented one of the few in 2018 registering a gain for the year of 7.5% in relation to December 31, 2017.

The different publications of 2018 sales or earnings in early 2019 triggered a strong increase, bringing the share price to above the record high of October 2018, and reaching €46-€47 in mid-March 2019 or an increase from the start of the year of more than 35%.

Trading volumes (for all platforms combined) have increased, reaching an average daily volume of €41,000 shares within an overall environment for Mid Caps of decreasing liquidity.

2.11 • Share price and trading activity trends since 2016

In euros	High	Low	Trading volume *(number of shares)*	Trading volume *(€ millions)*
2016				
January	22.51	19.60	221,041	4,680
February	23.60	19.81	245,393	5,400
March	23.80	22.23	208,408	4,839
April	24.40	22.85	179,685	4,221
May	23.50	21.98	131,518	2,971
June	23.90	20.18	347,195	7,937
July	24.16	21.79	206,329	4,752
August	24.49	23.25	136,533	3,251
September	25.40	23.93	546,572	13,513
October	26.35	24.90	211,956	5,243
November	26.06	24.75	224,930	5,660
December	27.40	25.15	199,200	5,239
2017				
January	28.10	26.02	257,345	7,031
February	28.90	27.90	307,340	8,742
March	32.07	27.85	359,815	10,575
April	31.80	29.00	398,268	12,037
May	36.44	32.12	288,907	9,778
June	38.45	36.75	383,506	13,503
July	35.05	32.00	326,826	10,918
August	33.60	31.01	285,563	9,313
September	33.98	32.30	334,465	11,191
October	35.20	32.00	341,067	11,459
November	34.15	30.30	384,835	12,416
December	35.05	33.60	269,753	9,284
2018				
January	38.15	34.30	413,910	15,222
February	37.45	34.05	358,703	12,606
March	37.40	34.95	341,331	12,288
April	38.25	36.20	256,708	9,452
May	40.05	37.95	338,849	13,324
June	41.70	35.50	488,462	18,474
July	38.50	35.85	299,053	11,096
August	39.95	38.15	255,025	10,001
September	44.40	39.40	342,834	14,293
October	45.30	36.15	608,095	24,408
November	39.50	36.75	396,435	15,136
December	39.60	32.35	411,317	14,365
2019				
January	43.95	32.10	829,491	30,595
February	46.20	44.00	556,248	19,531

Historical data (not restated for bonus share issues).

A capital increase through a bonus share issue on the basis of one new share for ten existing shares was carried out in June 2016. This resulted in the automatic division of the share price from this date by 1.10.

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3 • Combined Ordinary and extraordinary general Meeting of April 26, 2019

3.1 • Board of Directors' report – Presentation of resolutions to the Annual General Meeting

Approval of the separate annual and consolidated financial statements – Approval of non-deductible expenses (Resolutions 1 and 2)

We hereby request that you approve these annual and consolidated financial statements for the period ended December 31, 2018 showing a profit of €36,525,324 in the annual financial statements and a profit attributable to equity holders of the parent in the consolidated financial statements of €47,150,000. Information on revenue and earnings performances for the period is presented in the 2018 registration document. We also ask you to approve €24,338 in non-deductible expenses.

Appropriation of net income and distribution of dividends (Resolution 3)

It is requested that you approve the appropriation of the profit for fiscal 2018 of €36,525,324 and set the amount for the gross dividend per share at €0.71. On this basis, the payout rate of consolidated net income attributable to equity holders of the parent for the year would be 65%.

If your Annual General Meeting approves this proposal, the ex-dividend date will be May 2, 2019 and the payment date May 6, 2019. The breakdown of amounts of dividends paid for the last three financial periods are presented in this resolution. For individuals with their tax residence in France, the dividend is subject to either, a flat tax (*prélèvement forfaitaire unique*) applied to the gross dividend of 12.8% (article 200 A of the French General Tax Code), or, taxation according to the progressive income taxed scale, after notably applying the 40% reduction (article 200 A, 13, and158 of the French General Tax Code). This latter option must be expressly selected by the taxpayer who applies to all investment income and is irrevocable. In the second case, the dividend is in addition subject to social charges of 17.2%.

Regulated agreements under articles L225-38 *et seq.* of the French Commercial Code (Resolution 4)

As a preliminary point, we remind you that only new agreements concluded during the last period ended are submitted to this Meeting.

Your Board of Directors informs you that no new agreements covered by articles L.225-38 of the French Commercial Code were concluded in 2018 and, hereby request that you accordingly simply note the absence of new agreements.

Appointments of the statutory and alternate auditors (Resolutions 5 to 8)

We remind you that the terms of office of Statutory Auditors of the firms Mazars and SFECO & Fiducia Audit, as well as the terms of office of the Alternate Auditors, Messrs. Serge Azan and Jean-Maurice EL Nouchi will expire at the end of this Meeting called for the purpose of approving the financial statements for the period ended December 31, 2018.

On the recommendation of the Audit Committee, the Board of Directors proposes that the offices of the Statutory Auditors of firms Mazars and SFECO & Fiducia Audit be renewed for terms of six years each, i.e. until the end of the ordinary Annual General Meeting to be held in 2025 and called for the purpose of approving the financial statements for the period ending December 31, 2024. At the recommendation of the Audit Committee, the Board of Directors proposes to not renew the terms of office of the Alternate Auditors of Messrs. Serge Azan and Jean-Maurice El Nouchi and to not proceed with their replacement in accordance with the law and notably the provisions of article L.823-1 of the French Commercial Code.

The Audit Committee has confirmed that its decision has not been influenced by a third-party and that it is not subject to any contractual clause which might restrict its choice.

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Benacin, Chairman-Chief Executive Officer (Resolution 9)

Section 2.2 Compensation of the Chair-Chief Executive Officer of the Report on Corporate Governance included in chapter 3 of the 2018 registration document describes all components of compensation due or granted to the Chair-Chief Executive Officer for fiscal 2018 on the basis of his office.

In accordance with the provisions of article L.225-100 of the French Commercial Code, we invite you to vote in favor of the components of compensation due or attributable to Mr. Philippe Benacin, Chair-Chief Executive for the period ended.

It is specified that in application of the provisions of article L.225-100 of the French Commercial Code, the payment of the components of variable compensation due to M. Philippe Benacin for 2018 is subject to approval of resolution 9 by this Meeting.

Approval of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits granted to the Chairman-Chief Executive Officer and/or any other executive officer (Resolution 10)

As a preliminary point, with respect to the current governance, it is specified that only the compensation of Mr. Philippe Benacin for his office as Chair-Chief Executive Officer (*Président Directeur-Général*) is concerned by this compensation policy. The compensation of the two Executive Vice Presidents (*Directeurs Généraux Délégués*) is linked exclusively to their employment contract and is thus excluded from this policy.

Section 2.1. of the Report on Corporate Governance included in chapter 3 of the 2018 registration document describes the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any nature attributable to executive officers.

In accordance with the provisions of article L.225-37-2 of the French Commercial Code, we invite you to vote in favor of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any nature attributable to Mr. Philippe Benacin, Chair-Chief Executive Officer.

These principles and criteria are applicable to any executive officer receiving compensation for his or her office and will remain valid, as applicable, in the event of a change in the Executive Management or the Board's chair.

Payment of components of variable compensation payable for fiscal 2019 to the Chairman-CEO is contingent on approval by the ordinary general Meeting of the shareholders of the Company to be held in 2020.

Renewal of the authorization concerning the implementation of the share repurchase program (Resolution 11)

We hereby ask you under the terms of the 11th resolution, to renew the authorization given to your Board of Directors, which it may in turn delegate, to maintain the share buyback program of the Company for a new period of 18 months, according to the terms and conditions and within the framework of the objectives (liquidity, external growth, employee share ownership, setting aside shares for the requirements of securities giving access to share capital and cancellation) submitted for your approval, and in particular:

– a maximum purchase price of €70 per share;
– a limitation of acquiring not more than 5% of the number of shares comprising the capital stock.

This authorization will cancel the authorization granted to your Board of Directors by the eighteenth ordinary resolution of the General Meeting of April 27, 2018.

By way of indication, based on a capital stock of 42,965,628 shares at December 31, 2018 and a purchase price of €70 per share, the maximum amount of funds that may be allocated to financing this program would be limited to €150,379,670.

With respect to the previous program, it is specified that during the period from January 1, 2018 to December 31, 2018, the company acquired 512,407 shares at an average price of €37.68 and sold 495,124 shares at an average price of €36.93 within the framework of the liquidity agreement. No shares acquired through this program were canceled.

At December 31, 2018, the shares held in treasury by the Company represented 0.19% of the capital stock. These treasury shares do not carry voting rights or entitlement to dividend payments which will be allocated in consequence to "retained earnings".

Delegations of financial authorities (Resolutions 12 to 15)

The Board of Directors wishes to benefit from delegations of authority to carry out, if it considers useful, any issues that may be found necessary within the framework of the development of the Company's activities, as well as from any authorizations necessary for the purpose of having an employee stock ownership policy and promoting the company's development.

For this reason it is requested that you renew the delegations of authority and financial authorizations which are expiring.

A list of delegations in progress can be found in paragraph 1.5 of the Report on Corporate Governance in Chapter 3 of the 2018 registration document.

Delegation of authority to increase the share capital by capitalizing reserves, earnings or premiums (Resolution 12)

The delegation of authority previously granted by your General Meeting of April 28, 2017 to the Board of Directors will expire on June 27, 2019.

By this resolution, we propose that you renew the delegation of authority to be given to your Board of Directors to increase the capital stock, through one or more tranches, for an amount not exceeding fifty million euros (50 000 000 €), by the capitalization of reserves, earnings, additional paid-in premiums or other eligible amounts, by the issuance and grant of bonus shares or the increase in the par value of existing ordinary shares, or a combination thereof, notably for the purpose of awarding new shares to its shareholders.

This limit will be independent of all other limits set by other resolutions of this General Meeting.

This delegation of authority would be valid for a term of 26 months from the date of this General Meeting, i.e. until June 25, 2021.

This delegation of authority will supersede and cancel, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

If this delegation of authority were to be approved, your Board would carry out for the 20th consecutive year a new bonus share issue for its shareholders on the basis of one new share for every ten shares held.

The delegation of authority previously given by the General Meeting of April 28, 2017 was partially used in 2017 by creating 3,550,878 new shares in the amount of €10,652,634, and then in 2018 with the creation of 3,905,966 new shares in the amount of €11,717,898.

Authorization to grant stock options to employees or selected corporate officers (Resolution 13)

We propose that you authorize your Board of Directors for a new period of 38 months to grant options to subscribe for and/or purchase shares for the benefit of employees, or certain categories thereof and/or corporate officers defined by law, of the Company and affiliated companies or economic interest groups according to the provisions of article L.225-180 of the French Commercial Code.

The maximum number of options that may be granted by the Board of Directors under this authorization may not give a right to subscribe for or purchase a number of shares exceeding 1% of the share capital existing on the date of the grant by the Board of Directors.

The subscription and/or purchase price for the shares for beneficiaries would be set on the day the options are granted by the Board of Directors and shall at least equal the average trading price for the Interparfums share over the twenty trading sessions preceding the date the option is granted, without being less than 80% of the average purchase price for shares held by the company for purchases made in the conditions provided for by articles L.225-208 and L.225-209 of the French Commercial Code or options to purchase shares only.

The term of the options set by the Board of Directors may not exceed a period of five years from their grant date.

In consequence, your Board of Directors will possess, within the limits set above, all powers to set the other terms and conditions for the grant of options and their exercise, and notably for setting the conditions according to which the options shall be granted and the list or categories of beneficiaries as provided for above, set the period or periods for exercising the options thus granted, perform or have performed all measures and formalities to record the completion of the capital increase (s) that may be undertaken, amend the bylaws in consequence and, in general, undertake everything that is necessary.

Authorization for restricted share awards to be granted from existing shares and/or new shares to be issued without consideration (bonus shares) to employees and/or selected company officers (Resolution 14)

It is requested that you renew the authorization to award restricted stock units to employees of the Company and affiliated companies and/or selected company officers.

On that basis, we propose that you authorize the Board of Directors for a period of 38 months to carry out, within the framework of article L.225-197-1 of the French Commercial Code, restricted stock awards granted from new shares.

The beneficiaries of these grants may be:

- employees or selected categories thereof of the company or companies or economic interest groups directly or indirectly related to it within the meaning of article L.225-197-2 of the French Commercial Code;
- the corporate officers fulfilling the conditions of article L.225-197-1 of the French Commercial Code.

The number of shares able to be granted may not exceed 3% of the share capital on the grant date by the Board of Directors, with the total number of shares thus defined not taking into account any adjustments that might be made in the event of corporate actions involving the Company's capital.

Shares granted to beneficiaries would be fully vested after a vesting period to be set by the Board of Directors which may not be less than one year.

The beneficiaries must, as applicable, hold their shares for a period set by the Board of Directors, that is at least equal to the vesting period and, as applicable, the holding period, combined which may not be less than two years.

By way of exception, shares granted will become fully vested before the end of this vesting period in the case of disability of the beneficiary falling under the second and third categories provided for in article L.341-4 of the French social security code (*code de la sécurité sociale*).

This authorization constitutes waiver by operation of law of your preferential subscription right to the new shares issued through the capitalization of reserves, additional paid-in capital and earnings.

On that basis, your Board of Directors, within the limits set above, will benefit from all powers to:

- set the terms and conditions and, as applicable, the criteria for grants and the terms and conditions for performance shares;
- determine the identity of the beneficiaries of share awards from among the persons fulfilling the conditions set above as well as the number of shares reverting to each;
- as applicable, ensure the existence of sufficient reserves and with each grant, transfer to restricted reserves the amounts required for the payment of the new shares to be granted;

– decide to proceed with the capital increase (s) by the capitalization of reserves, additional paid-in capital or earnings corresponding to the issue of new shares thus granted;
– acquire shares required through the share repurchase program and allocate them to the share plan;
– determine the impacts on the rights of beneficiaries of transactions modifying the capital or which might affect the value of the shares granted, and carried out during the vesting periods;
– take all necessary measures to impose or not an obligation to hold the shares and ensure compliance therewith as applicable;
– and generally, in accordance with the laws in force, take all steps necessary to implement this authorization.

Delegation of authority to increase the capital for the benefit of participants in a company savings plan (Resolution 15)

We submit this resolution to your vote in order to comply with article L.225-129-6 of the French Commercial Code, whose terms require the extraordinary general Meeting to also vote on a resolution proposing a capital increase under the conditions provided for in article L.3332-18 *et seq.* of the French Labor Code when it delegates its authority to proceed with capital increase by consideration in cash. As the General Meeting is called to approve an authorization which allows the Board of Directors to grant stock options which may result in capital increases in cash, it is also required to vote on a delegation for the benefit of participants in a company savings plan.

Under the terms of this resolution, it is asked that you delegate to the Board of Directors the authority to increase the share capital, at once or in installments, by issuing ordinary shares or securities giving access to the company's capital in favor of participants in one or more company or group employee stock ownership plans established by the company and/or French or foreign companies affiliated with it in accordance with the provisions of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code.

In application of the provisions of article L.3332-21 of the French Labor Code, the Board of Directors may provide for grants without consideration to beneficiaries, of shares to be issued or already issued or other securities giving access to the Company's share capital to be issued or already issued, with respect to (i) contributions that may be paid in accordance with procedures for company or group stock ownership plans and/or (ii), as applicable, the share price discount.

As required by law, the General Meeting would cancel the shareholders' preferential subscription rights.

The maximum nominal amount of the capital increases that may be carried out under this delegation of authority shall be 2% of the share capital on the date of the Board of Directors' deciding to proceed with this capital increase, whereby this amount is independent of any other limit imposed upon capital increase authorities. This amount may be increased, as necessary, by the nominal amount of the capital increase necessary, in accordance with the law, and, as the case may be, applicable contractual provisions providing for other such measures, to preserve rights of holders of rights or securities giving access to the company's capital.

This delegation would be for a period of 26 months.

It is specified that in accordance with the provisions of article L.3332-19 of the French Labor Code, the price of the shares to be issued may not be more than 20% or 30% below, when the lock-up period provided for under the plan in accordance with articles L.3332-25 and L.3332-26 of the French Labor Code is greater than or equal to ten years, (or any other maximum percentage provided for by applicable legal provisions when the price is set), the average opening price for the twenty trading sessions preceding the date of the decision setting the opening date of the subscription nor greater than this average.

This delegation of authority will supersede and cancel, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

Powers for formalities (Resolution 16)

You are asked to confer upon the Board of Directors all powers necessary to fulfill the legal formalities required and resulting from this shareholders' Meeting.

The Board of Directors invites you to vote in favor the resolutions which have been submitted to you.

Ordinary resolutions

Resolution one

Approval of the annual financial statements for the period ended December 31, 2018, approval of non-deductible expenses

The shareholders, after having considered the reports of the Board of Directors and the Auditors for the period ended December 31, 2018, approve the financial statements as presented showing on this date net income of €36,525,324.

The shareholders furthermore approve the total amount of disallowed deductions under article 39-4 of the French General Tax Code of €24,338 as well as the corresponding tax.

Resolution two

Approval of the consolidated financial statements for the period ended December 31, 2018

The shareholders, after having considered the reports of the Board of Directors and the Auditors on the consolidated financial statements for the period ended December 31, 2018, approve these financial statements as presented showing on this date a net profit (attributable to equity holders of the parent) of €47,150,000.

Resolution three

Approval of the net income appropriation, setting the dividend

The shareholders, on the Board of Directors' proposal decide to appropriate net income for the fiscal period ended December 31, 2018 as follows:

Inception	
– Profit of the period	€36,525,324
Appropriation	
– Legal reserve	€1,171,790
– Dividends	€30,505,596
– Retained earnings	€4,847,938

The shareholders note for the record a total gross dividend reverting to each share of €0.71.

For individuals with their tax residence in France, the dividend is subject to either, a flat tax (*prélèvement forfaitaire unique*) applied to the gross dividend of 12.8% (article 200 A of the French General Tax Code), or, taxation according to the progressive income taxed scale, after notably applying the 40% reduction (article 200 A, 13, and158 of the French General Tax Code). This latter option must be expressly selected by the taxpayer which applies to all investment income and is irrevocable. The dividend is in addition subject to social charges of 17.2%.

The ex-dividend date will be May 2, 2019 and the dividend payment date May 6, 2019.

In the event of a change in the number of shares conferring dividend rights, excluding treasury shares, in relation to the number of 42,965,628 shares comprising the share capital at December 31, 2018, the total amount of dividends will be adjusted in consequence and the amount allocated to "Retained earnings" will be determined on the basis of dividends actually paid.

In accordance with the provisions of article 243 *bis* of the French General Tax Code, shareholders shall duly note that dividends for the last three financial periods were as follows:

For the fiscal year	Distributions eligible for the tax basis reduction		Distributions not eligible for the tax basis reduction
	Dividends	Other distributions	
2015	€16,088,502 (1) or € 0.50 per share	-	-
2016	€19,529,831 (1) or € 0.55 per share	-	-
2017	€26,169,973 (1) or € 0.67 per share	-	-

(1) Including the unpaid amount of dividends relating to treasury shares and allocated to retained earnings.

Resolution four

Statutory Auditors' special report on regulated agreements and commitments – Recognition of the absence of new agreements

The shareholders, after considering the auditors' special report indicating the absence of any new agreements of the type mentioned in articles L.225-38 *et seq.* of the French Commercial Code, duly note their conclusions.

Resolution five

Reappointment of SFECO & Fiducia Audit as Statutory Auditor

On the Board of Directors' proposal, the shareholders renew the appointment of the firm SFECO & Fiducia Audit whose term of office expires at the end of this Meeting, as Statutory Auditor for a term of six years or until the close of the ordinary Annual General Meeting to be held in 2025 called for the purpose of approving the financial statements for the fiscal year ending 31 December 2024.

Resolution six

Non-renewal and non-replacement of Mr. Serge Azan as alternate Auditor

On the proposal of the Board of Directors, the shareholders decide, after duly noting that the functions of alternate Auditor of Mr. Serge Azan expire at the end of this Meeting, not to renew or replace his office, in application of the law and notably the provisions of article L.823-1 of the French Commercial Code.

Resolution seven

Reappointment of Mazars as Statutory Auditor

On the Board of Directors' proposal, the shareholders renew the appointment of the firm Mazars whose term of office expires at the end of this Meeting, as Statutory Auditor for a term of six years or until the close of the ordinary Annual General Meeting to be held in 2025 called for the purpose of approving the financial statements for the fiscal year ending 31 December 2024.

Resolution eight

Non-renewal and non-replacement of Mr. Jean-Maurice El Nouchi as alternate Auditor

On the proposal of the Board of Directors, the shareholders decide, after duly noting that the functions of alternate Auditor of Mr. Jean-Maurice El Nouchi expire at the end of this Meeting, not to renew or replace his office, in application of the law and notably the provisions of article L.823-1 of the French Commercial Code.

Resolution nine

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Benacin, Chairman-Chief Executive Officer

The shareholders, ruling in accordance with article L.225-100 subsection II of the French Commercial Code, approve the fixed, variable or exceptional components making up the total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Benacin on the basis of his office as Chairman-Chief Executive Officer as presented in the report on corporate governance, section 2.2, chapter 3 of the 2018 registration document.

Resolution ten

Approval of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any nature attributable to the Chairman-Chief Executive Officer and/or any other executive officer

The shareholders, ruling in accordance with article L.225-37-2 of the French Commercial Code, approve the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any nature granted to the Chairman-Chief Executive Officer and/or any other executive office as presented in the report on corporate governance, section 2.1, chapter 3 of the 2018 registration document.

Resolution eleven

Authorization to be granted to the Board of Directors for dealing in its own shares within the framework of article L.225-209 of the French Commercial Code

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

This authorization cancels the authorization granted to the Board of Directors by the eighteenth ordinary resolution of the General Meeting of April 27, 2018.

Under this program, shares may be purchased for the following purposes:

- market making in the secondary market or ensuring the liquidity of the Interparfums share with an investment services provider through a liquidity agreement complying with market practice allowed by regulations, it being specified that the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares acquired, after deducting the number of shares resold;
- retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
- ensuring sufficient shares are available for stock option and/or restricted share award (bonus share) plans (or equivalent plans) for the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or all other forms of share grants to employees and/or corporate officers of the Group;
- ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
- canceling shares, as applicable, acquired in accordance with the authorization granted by the nineteenth extraordinary resolution of the shareholders' General Meeting of April 27, 2018.

These shares may be purchased by any means, including through block purchases of shares, and at times deemed appropriate by the Board of Directors.

The company does not intend to make use of options or derivatives.

The maximum purchase price is €70 per share. In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants to shareholders, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €150,379,670.

The shareholders grant all powers to the Board of Directors to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

Extraordinary resolutions

Resolution twelve

Authority granted to the Board of Directors to issue shares through the capitalization of additional paid-in capital, reserves or profit

The shareholders, in accordance with the conditions of *quorum* and majority that apply at extraordinary shareholders meetings, after having reviewed the Board of Directors' report, and in compliance with the provisions of articles L.225-129-2 and L.225-130 of the French Commercial Code:

1) Grant the Board of Directors authority to decide to increase the share capital through one or several tranches and at times and according to procedures it shall determine through the capitalization of reserves, retained earnings or additional paid-in capital or other amounts that may be capitalized, by the issuance and grant of bonus shares or the increase in the par value of existing ordinary shares, or a combination thereof.

2) Decide if the Board makes use of this authorization, in accordance with provisions of article L.225-130 of the French Commercial Code, in the case of a capital increase in the form of a bonus share grant, that the fractional shares shall not be negotiable or transferable and that the corresponding security shall be sold. The proceeds of said sales will be allocated to the holders of such rights within the time limits provided for by regulation.

3) Set the duration for this authorization provided for under this resolution at twenty-six months from the date of this meeting.

4) Decide that the maximum nominal amount of the capital increase under this resolution may not exceed €50 million, without taking into account the nominal amount of the increase required, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, to preserve the rights of holders of rights or securities giving access to the Company's capital.

This limit is independent of all other limits set by other resolutions of this AGM.

5) Give to the Board of Directors all powers to implement this resolution and, in general, undertake all measures and formalities necessary for the successful completion of the capital increase, record its completion and amend the bylaws in consequence.

6) Duly note that this authorization supersedes and cancels, for the unused portion, as applicable, of any prior authorization having the same purpose.

Thirteenth resolution

Authorization to be given to the Board of Directors for stock option awards to employees (and/or selected corporate officers)

The shareholders, after considering the Board of Directors' report and the Auditors' special report:

1) Authorize the Board of Directors within the framework of the provisions of articles L.225-177 to L.225-185 of the French Commercial Code, to grant, on one or more occasions, for the benefit of the beneficiaries indicated below, stock options conferring rights to subscribe for new shares of the Company to be issued in connection with a capital increase or to purchase existing shares of the Company originating from a share buyback program according to the conditions provided for by law.

2) Set the period of validity for this delegation of authority at thirty-eight months from the date of this General Meeting.

3) Decide that the beneficiaries of these options shall include only:

– on the one hand, employees or selected employees, or certain categories thereof, of the company Interparfums and, as applicable, affiliated companies or an economic interest group according to the provisions of article L.225-180 of the French Commercial Code;
– and, on the other hand, corporate officers fulfilling the conditions set forth in article L.225-185 of the French Commercial Code.

4) The total number of shares that may be granted by the Board of Directors under this authorization may not give a right to subscribe for or purchase a number of shares exceeding 1% of the share capital existing on the date of the grant by the Board of Directors, whereby the total number of options thus defined does not take into account adjustments that might be made in accordance with applicable legal and regulatory provisions for the purpose of preserving the rights of stock option beneficiaries.

5) Decide that the subscription and/or purchase price for the shares for beneficiaries shall be set on the day the options are granted by the Board of Directors within the limits and according to the procedures provided for by articles L.225-177 and L.225-179 of the French Commercial Code, whereby this amount shall at least equal the average trading price for the Interparfums share over the twenty trading sessions preceding the date the option is granted, without being less than 80% of the average purchase price for shares held by the company for purchases made in the conditions provided for by articles L.225-208 and L.225-209 of the French Commercial Code.

6) Decide that no option may be granted during blackout periods provided for by regulations.

7) Duly note that this authorization entails express waiver by shareholders in favor of beneficiaries of options of their pre-emptive subscription rights to subscribe for new shares that will be issued as the options are exercised;

8) Grant the Board of Directors all powers to set the other conditions and procedures granting stock options and their exercise and in particular to:

– set the conditions according to which the options shall be granted and determine the list or categories of beneficiaries as provided for above; set, as applicable the conditions of seniority and performance to be fulfilled by these beneficiaries; decide the conditions according to which the price and number of shares may be adjusted, in particular in the scenarios provided for by articles R.225-137 to R.225-142 of the French Commercial Code;
– decide on the possible restrictions for the immediate resale of the shares which will be purchased and/or subscribed for, it being specified that in the case of options granted to executive officers, the Board of Directors must either decide that options may not be exercised by the beneficiaries before terminating their functions or set the number of shares issued from the exercise of options that they will be required to retain in registered form until the termination of their functions;
– set the period or periods for exercising the options thus granted, it being specified that the term of the options may not exceed a period of five years from their grant date;
– provide for the option of temporarily suspending the exercise of options for a period not to exceed three months in the case of capital transactions involving the exercise of rights attached to shares;
– as applicable, acquire shares required through the share repurchase program and allocate them to the stock option plan;
– perform or have performed all measures and formalities to record the completion of the capital increase (s) that may be undertaken by virtue of the authorization, amend the bylaws in consequence and, in general, undertake everything that is necessary;
– at its sole discretion if it so deems appropriate, charge issuance costs resulting from capital increases to the corresponding premium and deduct from such premiums amounts necessary to bring the legal reserve in line with one tenth of new amount of equity after each increase.

9) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, any prior delegation having the same purpose.

Resolution fourteen

Authorization to be granted to the Board of Directors to grant restricted shares without consideration (bonus shares) to salaried employees and/or selected corporate officers

The shareholders, after having considered the Board of Directors' report and the Auditors' special report, authorize the Board of Directors to, on one or more occasions, in accordance with the provisions of article L.225-197-1 and L.225-197-2 of the French Commercial Code, grant ordinary shares of the company, existing or to be issued, to the benefit of:

– employees or selected categories thereof of the Company or companies or economic interest groups directly or indirectly related to it within the meaning of article L.225-197-2 of the French Commercial Code;
– and/or corporate officers fulfilling the conditions set forth in article L.225-197-1 of the French Commercial Code.

The number of shares able to be granted under this authorization may not exceed 3% of the share capital on the date granted by the Board of Directors, with the total number of shares thus defined not taking into account adjustments that might be made in the event of corporate actions involving the company's capital.

Shares granted to beneficiaries will be fully vested after a vesting period to be set by the Board of Directors which may not be less than one year.

The beneficiaries will, as applicable, hold their shares for a period set by the Board of Directors, that is at least equal to the vesting period and, as applicable, the holding period, combined which may not be less than two years.

By way of exception, shares granted will be fully vested before the end of this vesting period in the cases of disability of the beneficiary falling under the second and third categories provided for in article L.341-4 of the French social security code (*code de la Sécurité sociale*).

All powers are granted to the Board of Directors to:

– set the terms and conditions and, as applicable, the criteria for grants and the terms and conditions for performance shares;
– determine the identity of the beneficiaries as well as the number of shares granted to each;
– as applicable:
  - ensure the existence of sufficient reserves and with each grant, transfer to restricted reserves the amount required for the payment of the new shares to be granted,
  - decide, when the time comes, to proceed with the capital increase (s) by the capitalization of reserves, additional paid-in capital or earnings corresponding to the issue of new shares thus granted,
  - acquire shares required through the share repurchase program and allocate them to the share plan,
  - determine the effects on the rights of beneficiaries, of corporate actions modifying the capital or potentially affecting the value of the shares granted and carried out during the vesting period and, in consequence, modify or adjust as necessary the number of shares granted to preserve the rights of beneficiaries,
  - decide to set or not set a holding period at the end of the vesting period and, as applicable, determine the length of the period and take all necessary measures to ensure compliance therewith by the beneficiaries,
  - and generally, in accordance with the laws in force, take all steps necessary to implement this authorization.

This authorization constitutes waiver by operation of law by the shareholders of their preferential subscription right to the new shares issued through the capitalization of reserves, additional paid-in capital and earnings.

It is granted for thirty-eight months from the date of this meeting.

This authorization of authority supersedes and cancels, for the unused portion, as applicable, any prior authorization having the same purpose.

Resolution fifteen

Delegation of authority to the Board of Directors to proceed with a capital increase through the issuance of shares canceling shareholders' preemptive rights in favor of employees participating in a company savings plan pursuant to the provisions of articles L.3332-18 *et seq.* of the French Labor Code

The shareholders, after considering the Board of Directors' report and the Auditors' special report, ruling in accordance with the provisions of articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code:

1) Delegate their authority to the Board of Directors, for the purpose, if it deems opportune, on the basis of its decision alone, of increasing the share capital, at once or in installments, by issuing ordinary shares or securities giving access to the Company's capital to be issued in favor of participants in one or more company or group employee stock ownership plans established by the company and/or French or foreign companies affiliated with it in accordance with the provisions of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code.

2) Cancel in favor of these persons the preferential subscription rights to shares that may be issued under this delegation of authority.

3) Set the period of validity of this delegation of authority at twenty-six months from the date of this meeting.

4) Limit the maximum nominal amount of the capital increase(s) that may be carried out under this delegation of authority to 2% of the share capital on the date of the Board of Directors' deciding to proceed with this capital increase, whereby this amount is independent of any other limit imposed upon capital increase authorities. This amount may be increased, as necessary, by the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other methods for preserving rights, the rights of holders of rights or securities giving access to the company's capital.

5) Decide that the price of the shares to be issued pursuant to subsection 1) of this authorization may not be more than 20% or 30% below, when the lock-up period provided for under the plan in accordance with articles L.3332-25 and L.3332-26 of the French Labor Code is greater than or equal to ten years, (or any other maximum percentage provided for by applicable legal provisions when the price is set), the average opening price for the twenty trading sessions preceding the date of the decision setting the opening date of the subscription nor greater than this average.

6) Decide, in application of the provisions of article L.3332-21 of the French Labor Code, that the Board of Directors may provide for grants without consideration to beneficiaries defined above in the first paragraph, of shares to be issued or already issued or other securities giving access to the Company's share capital to be issued or already issued, with respect to (i) contributions that may be paid in accordance with procedures for company or group stock ownership plans and/or (ii), as applicable, the share price discount.

7) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

The Board of Directors may or may not implement this delegation of authority, take all necessary measures and proceed with all necessary formalities.

Sixteenth resolution

Powers for formalities

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of these minutes to carry out all the publication, filing and other formalities that may be required by law.

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Group organization

Interparfums and its subsidiaries

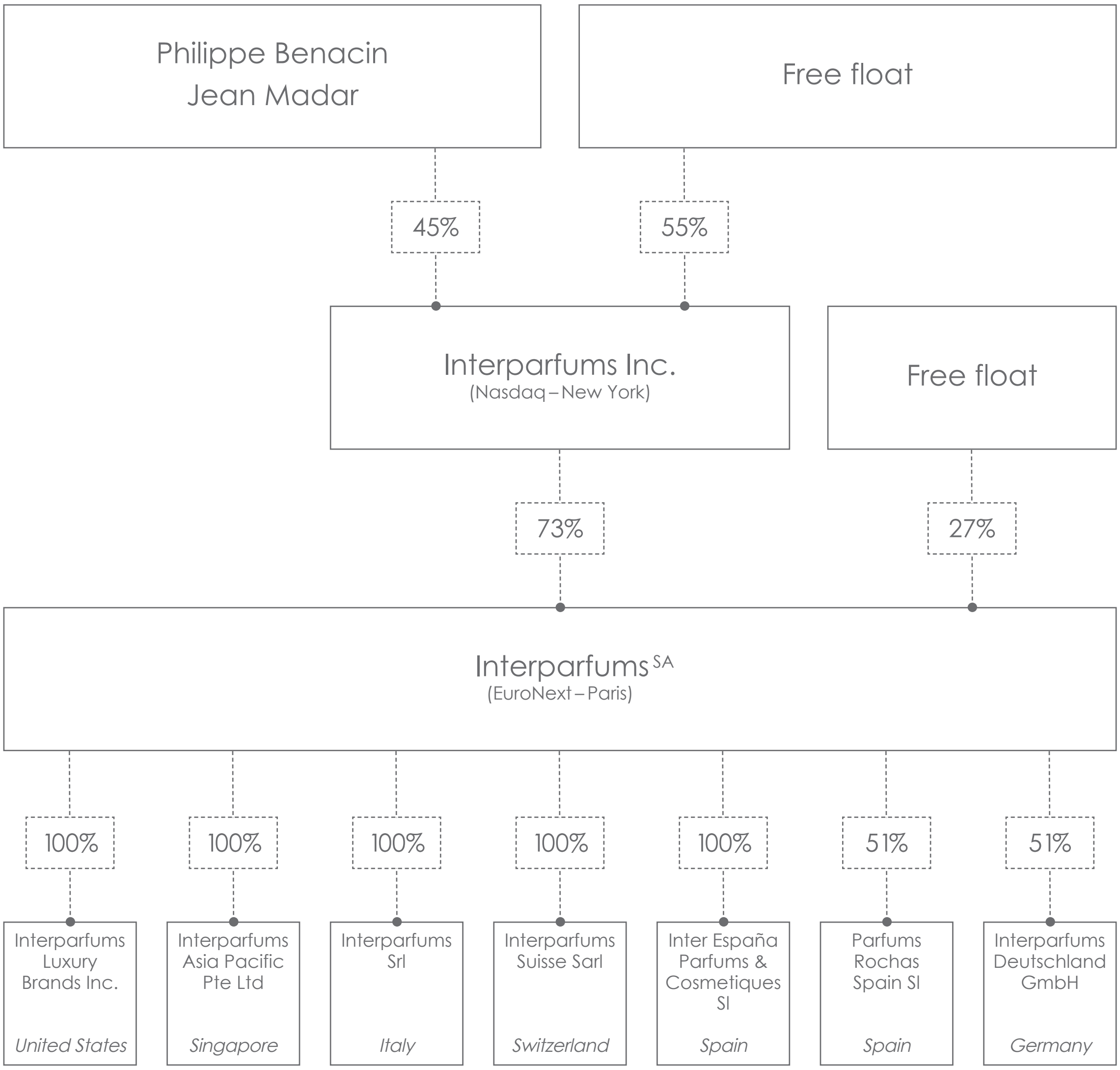
Commercial operations are conducted largely through Interparfums SA To pursue its international development, Interparfums set up three new subsidiaries in 2007 in the key European markets on a wholly-owned basis or in partnership with its local distributors: Germany (51%), Italy (100%) and Spain (100%).

Interparfums also created a wholly-owned subsidiary in Switzerland, Interparfums Suisse Sarl. This subsidiary is the owner of the Lanvin brand name for class 3 products.

In 2010, Interparfums SA further strengthened its presence in markets and major regions by creating wholly-owned distribution subsidiaries in Singapore (Interparfums Asia Pacific) and the United States (Interparfums Luxury Brands) respectively.

Pursuant to the Rochas brand acquisition in 2015, Interparfums SA created a subsidiary for the distribution of fragrances under this new brand in Spain (Parfums Rochas Spain SL). This entity is 51%-held.

Detailed information on the percentage of voting rights is provided in section 2.3 "Breakdown of share capital and voting rights" and chapter 5 "Shareholder information".



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History of the company

1982
Creation of Interparfums SA in France by Philippe Benacin and Jean Madar.

1985
Creation of Interparfums Inc. in the United States, parent company of Interparfums SA.

1988
Beginning of the selective perfume activity with the signature of a license agreement for the Régine's brand.
Initial public offering of Interparfums Inc. on NASDAQ in New York.

1993
Signature of a license agreement to create and produce perfumes under the Burberry name and distribute them worldwide.

1994
Listing of Interparfums SA on the over-the-counter market of the Paris Stock Exchange.

1995
Transfer of the company from the over-the-counter market to the Second Market of Paris Stock Exchange with a rights issue.

1997
Signature of a license agreement to create and produce perfumes under the S.T. Dupont name and distribute them worldwide Dupont.

1998
Signature of a license agreement to create and produce perfumes under the Paul Smith name and distribute them worldwide.

2004
Signature of a license agreement for the Nickel brand, specialized in skincare and personal hygiene products for men.
Signature of a license agreement to create and produce perfumes under the Lanvin brand and distribute them worldwide.

2007
Signature of a license agreement to create and produce perfumes under the Van Cleef & Arpels brand and distribute them worldwide.
Acquisition of the Lanvin trademark and brand name for class 3 products (fragrances and make-up).

2009
Signature of a license agreement to create and produce perfumes under the Jimmy Choo brand and distribute them worldwide.

2010
Signature of a license agreement to create and produce perfumes under the Montblanc brand and distribute them worldwide.
Signature of a worldwide license agreement to create and manage new and existing fragrances under the Boucheron brand.

2011
Signature of a license agreement to create and produce perfumes under the Balmain brand and distribute them worldwide.
Signature of a license agreement to create and produce perfumes under the Repetto brand and distribute them worldwide.

2012
Discontinuation of the Burberry license agreement before the expiry date.
Signature of a license agreement to create and produce perfumes under the Karl Lagerfeld brand and distribute them worldwide.

2015
Signature of a license agreement to create and produce perfumes under the Coach name and distribute them worldwide.
Acquisition of the Rochas trademark and brand name for class 3 (perfumes make-up) and class 25 (fashion) products.

2018
Extension of the Jimmy Choo license agreement.
Nominations and Corporate Awards.

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Nominations and Corporate Awards

1997
"Prix Cristal" for the transparency in financial information
(French Institute of Statutory Auditors – *Compagnie Nationale des Commissaires aux Comptes*)

1998
Nomination for the award for the best annual report
(*La Vie Financière*)

1999
"Grand Prize for Entrepreneurs" award for international growth
(Ernst & Young – *L'Entreprise*)

2001
Oscar for financial performance
(Cosmétique Magazine)

2002
Nomination for the innovation award
(KPMG – *La Tribune*)

Nomination for the "Boldness and Creativity Prize"
(Fimalac – *Journal des Finances*)

2003
Nomination for the "Boldness and Creativity Prize"
(Fimalac – *Journal des Finances*)

2005
Nomination for the "Boldness and Creativity Prize"
(Fimalac – *Journal des Finances*)

"Grand Prize for Entrepreneurs – Région Ile de France" award

2007
Investor Relations Prize for the Small and Mid Caps category
(Forum de la Communication Financière)

3rd *Prix Boursoscan* award for financial communications for the Small and Mid Caps category
(*Boursorama – Opinion Way*)

2010
Trophée Relations Investisseurs – Best Investor Relations Award for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2011
Special Award for Inspiration of the Great Place to Work Institute
(Institut Great Place to Work® – *Le Figaro Économie*)

Mid Cap Corporate Governance Prize
(Agefi)

"Boldness and Creativity Prize" given at an award ceremony by French Prime Minister, François Fillon
(Fimalac – *Journal des Finances*)

2012
Trophée Relations Investisseurs – Best Investor Relations Award for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2013
Trophée Relations Investisseurs – 3rd Prize for Best Investor Relations for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2015
Trophée Relations Investisseurs – Best Investor Relations Award for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2016
Trophée Relations Investisseurs – Third Prize for the "Best Investor Relations by a CEO"
(Forum des Relations Investisseurs et Communication Financière)

2017
Trophée Relations Investisseurs – 2nd Prize for Best Investor Relations for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2018
Strategic Vision Prize – EY Annual Entrepreneurial Awards
(Ile de France region)

8

Auditors and responsibility statements

1 • Auditors

The Statutory Auditors having issued reports on the parent company and consolidated financial statements are:

Mazars
61 rue Henri Regnault
92400 Courbevoie
represented by Guillaume Wadoux
appointed by the AGM of December 1, 2004
reappointed by the AGM of April 22, 2013
expiration date: 2019 AGM

SFECO & Fiducia Audit
50, rue de Picpus
75012 Paris
represented by Roger Berdugo
appointed by the AGM of May 19, 1995
reappointed by the AGM of April 22, 2013
expiration date: 2019 AGM

The alternate Auditors are respectively:

Jean Maurice El Nouchi
61 rue Henri Regnault
92400 Courbevoie
appointed by the AGM of December 1, 2004
reappointed by the AGM of April 22, 2013
expiration date: 2019 AGM

Serge Azan
16 rue Daubigny
75017 Paris
Appointed by the AGM of May 19, 1995
reappointed by the AGM of April 22, 2013
expiration date: 2019 AGM

Auditors' fees are described in note 6.6 to the consolidated financial statements.

2 • Responsibility statement for the registration document

"I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information in this registration document is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and consolidated companies and that the management report included in part one of this registration document faithfully presents business trends, the results and financial position of the company and the description of the main risks and uncertainties.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial situation and accounts presented in this registration document and read the entire registration document."

Philippe Santi

Executive Vice President, Chief FInancial and Legal Officer

3 • Executive officer responsible for financial information

Philippe Santi

Executive Vice President, Chief FInancial and Legal Officer
psanti@interparfums.fr
00 (33) 1 53 77 00 00

Requests for information

•

To receive information or be added to the company's financial communications mailing list contact the Investor Relations department (attention: Karine Marty):

Telephone: +33 800 47 47 47
Fax: +33 (0)1 40 74 08 42
From the website: www.interparfums.fr

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

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