mazars

61, rue Henri Regnault
92400 Courbevoie
France

SFECO & Fiducia Audit

50, rue de Picpus
75012 Paris
France

INTERPARFUMS

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

INTERPARFUMS
Société anonyme au capital de 207 589 710 €
Siège sociale : 10 rue de Solférino, 75007 Paris
RCS Paris B 350 219 382

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31st, 2023.

To annual general meeting of Interparfums

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Interparfums for the year ended December 31st, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Groupasat December 31st, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirement rules required by the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1st, 2023, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- **Valuation of brands and other intangible assets**

Notes 1 .8 and 3.1 to the consolidated financial statements.

Identified risk

At December 31, 2023, brands and other intangible assets amounted to 235.2 million euros, out of a balance sheet total of 968.2 million euros. These intangible assets mainly comprise capitalized expenditure incurred in connection with the acquisition of licenses or brands.

These intangible assets are tested for impairment whenever there is an indication of impairment in the case of licenses and license rights, or at least annually in the case of brands. Their recoverable amount is determined:

- for licenses and license entry rights, using the discounted cash flow method over the actual or estimated life of the licenses to be generated by these assets. The data used for this purpose comes from annual budgets and multi-year plans drawn up by management over the life of the licenses.

- for own-name brands, on the basis of the higher of fair value less costs to sell and value in use, estimated on the basis of forecast cash flows derived from 5-year multi-year plans, discounted to infinity.

A provision for impairment is booked whenever the recoverable value of these fixed assets is less than their book value.

An assessment of the value of the Rochas mode brand was carried out by an independent external expert and did not give rise to any additional impairment.

Notes 1.8 and 3.1 to the consolidated financial statements describe how impairment tests are performed.

We considered that the valuation of brands and other intangible assets is a key audit matter because of their significant importance in the company's accounts and because the determination of their recoverable amount, which is most often based on discounted future cash flow forecasts, requires the use of assumptions, estimates or assessments by the company's management.

Our response

We have examined the work carried out by the Company and an independent external expert on Rochas Mode, as well as the methods used to perform the impairment tests. We paid particular attention to brands and license agreements for which the carrying amount is close to the estimated recoverable amount.
We also assessed the main estimates used by management to prepare cash flow forecasts on the basis of available information, in particular the main assumptions used in the budgets drawn up by management.

We assessed the appropriateness of the discount rate and perpetual growth rate used, where applicable, with the assistance of our financial valuation experts, and performed our own sensitivity tests.

We have verified the arithmetical calculations made by the company and assessed the sensitivity analyses provided in the notes to the financial statements.

We have verified that appropriate disclosures have been made in notes 1.8 and 3.1 to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Executive Vice President , complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Interparfums by the annual general meeting held on December 1st, 2004, for Mazars and on May 19th, 1995, for SFECO & Fiducia Audit.

As at, Mazars and SFECO & Fiducia Audit were in the 20th year and 29th year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Mazars	SFECO & FIDUCIA Audit
Courbevoie, on 11th of March 2024	Paris, on 11th of March 2024
Francisco SANCHEZ	Gilbert BERDUGO
Partner	Partner

Interparfums

Consolidated financial statements as of December 31, 2023

Consolidated financial statements

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Consolidated income statement

€ thousands except per share data which is in units	Notes	2022	2023
Sales	4.1	**706,624**	**798,481**
Cost of sales	4.2	(234,344)	(273,462)
Gross margin		**472,280**	**525,019**
% of sales		*66.8%*	*65.8%*
Selling expenses	4.3	(305,835)	(330,518)
Administrative expenses	4.4	(28,133)	(34,054)
Current operating income		**138,312**	**160,447**
% of sales		*19.6%*	*20.1%*
Other operating expenses	4.5	(6,491)	—
Other operating income		—	5,113
Operating profit		**131,821**	**165,560**
% of sales		*18.7%*	*20.7%*
Financial income		1,997	7,437
Interest and similar expenses		(2,766)	(7,389)
Net finance income / (costs)		**(769)**	**48**
Other financial income		28,916	11,274
Other financial expense		(26,682)	(13,567)
Net financial income / (expense)	4.6	**1,465**	**(2,245)**
Income before income tax		**133,286**	**163,315**
% of sales		*18.9%*	*20.5%*
Income tax	4.7	(33,061)	(43,935)
Effective tax rate		*24.8%*	*26.9%*
Share of profit / (loss) from equity-accounted companies		(47)	293
Net income		**100,178**	**119,673**
% of sales		*14.2%*	*15.0%*
Share of net (income)/loss attributable to non-controlling interests		**(655)**	**(931)**
Net income attributable to owners of the parent		**99,523**	**118,742**
% of sales		*14.1%*	*14.9%*
Net earnings per share [1]	4.8	1.58	1.80
Diluted earnings per share [1]	4.8	1.58	1.80

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

Consolidated statement of comprehensive income and expense

€ thousands	2022	2023
Net income	**100,178**	**119,673**
Available-for-sale assets	—	—
Currency hedges	3,016	110
Deferred taxes on currency hedges	(779)	(28)
Currency translation adjustments	3,979	(3,268)
Items able to be recycled in profit or loss	**6,216**	**(3,186)**
Actuarial gains and losses	2,178	(571)
Deferred taxes on items unable to be recycled	(563)	147
Items unable to be recycled in profit or loss	**1,615**	**(424)**
Other comprehensive income total	**7,831**	**(3,610)**
Comprehensive income for the period	**108,009**	**116,063**
Share of net (income)/loss attributable to non-controlling interests	(655)	(931)
Comprehensive income attributable to owners of the parent	**107,354**	**115,132**

Consolidated balance sheet

ASSETS *€ thousands*	Notes	2022	2023
Non-current assets			
Net trademarks and other intangible assets	3.1	231,595	235,215
Net property, plant, equipment	3.2	148,169	148,599
Right-of use assets	3.3	12,314	14,370
Long-term investments	3.4	3,316	2,509
Non-current financial assets	3.4	7,901	4,726
Equity-accounted investments	3.5	12,424	12,467
Deferred tax assets	3.13	12,345	19,403
Total non-current assets		**428,064**	**437,289**
Current assets			
Inventory and work-in-progress	3.6	153,466	202,387
Trade receivables and related accounts	3.7	138,902	139,452
Other receivables	3.8	29,563	11,018
Corporate income tax		2,222	326
Current financial assets	3.9	99,013	39,987
Cash and cash equivalents	3.9	136,747	137,734
Total current assets		**559,913**	**530,904**
Total assets		**987,977**	**968,193**

SHAREHOLDERS' EQUITY & LIABILITIES *€ thousands*	Notes	2022	2023
Shareholders' equity			
Share capital		188,718	207,590
Additional paid-in capital		—	—
Retained earnings		304,218	314,670
Net income for the year		99,523	118,742
Equity attributable to owners of the parent		**592,459**	**641,002**
Non-controlling interests		2,183	2,672
Total shareholders' equity	3.10	**594,642**	**643,674**
Non-current liabilities			
Non-current provisions for contingencies and expenses	3.11	7,422	8,781
Non-current borrowings	3.12	122,767	98,689
Non-current lease liabilities	3.12	10,233	12,100
Deferred tax liabilities	3.13	5,211	7,956
Total non-current liabilities		**145,633**	**127,526**
Current liabilities			
Trade payables and related accounts	3.14	113,235	110,659
Current borrowings	3.12	24,260	24,306
Current lease liabilities	3.12	2,699	3,014
Current provisions for contingencies and expenses	3.11	—	—
Corporate income tax		7,315	9,070
Other liabilities	3.14	100,194	49,944
Total current liabilities		**247,703**	**196,993**
Total shareholders' equity and liabilities		**987,977**	**968,193**

Statement of changes in consolidated shareholders' equity

€ thousands	Number of shares	Share capital	Paid-in capital	Other comprehensive income	Retained earnings and income	Total equity		
						Attributable to owners of the parent	Non-controlling interests	Total
As of December 31, 2021 (2)	**56,999,729**	**171,562**	**—**	**2,765**	**367,082**	**541,409**	**1,920**	**543,329**
Bonus share issues	5,718,724	17,156	—	—	(17,156)	—	—	—
2022 net income	—	—	—	—	99,523	99,523	655	100,178
Change in actuarial gains and losses on provisions for pension obligations	—	—	—	1,615	—	1,615	—	1,615
Remeasurement of financial instruments at fair value	—	—	—	2,237	—	2,237	—	2,237
2021 dividend paid in 2022	—	—	—	—	(53,565)	(53,565)	(392)	(53,957)
Changes in Group structure of consolidated operations	—	—	—	—	—	—	—	—
Own shares	97,778	—	—	—	(2,739)	(2,739)	—	(2,739)
Currency translation adjustments	—	—	—	3,979	—	3,979	—	3,979
As of December 31, 2022 (2)	**62,816,231**	**188,718**	**—**	**10,596**	**393,145**	**592,459**	**2,183**	**594,642**
Bonus share issues	6,290,597	18,872	—	—	(18,872)	—	—	—
2023 net income	—	—	—	—	118,742	118,742	931	119,673
Change in actuarial gains and losses on provisions for pension obligations	—	—	—	(424)	—	(424)	—	(424)
Remeasurement of financial instruments at fair value	—	—	—	82	—	82	—	82
2022 dividend paid in 2023	—	—	—	—	(65,944)	(65,944)	(442)	(66,386)
Changes in Group structure of consolidated operations	—	—	—	—	—	—	—	—
Own shares	(44,622)	—	—	—	(645)	(645)	—	(645)
Currency translation adjustments		—	—	(3,268)		(3,268)	—	(3,268)
As of December 31, 2023 (2)	**69,062,206**	**207,590**	**—**	**6,986**	**426,426**	**641,002**	**2,672**	**643,674**

(2) Excluding own shares

Statement of cash flows

€ thousands	**2022**	**2023**
Cash flows from operating activities		
Net income	100,178	119,673
Depreciation, amortization and other	27,187	22,409
Share of profit from equity-accounted companies	298	(293)
Net finance income / (costs)	769	(48)
Tax charge of the period	33,398	43,935
Cash flow from operations before tax and finance costs	**161,830**	**185,676**
Interest expense payments	(2,694)	(3,777)
Tax payments	(30,346)	(39,201)
Cash flow from operations after tax and finance costs	**128,790**	**142,698**
Change in inventory and work in progress	(67,925)	(63,251)
Change in trade receivables and related accounts	(13,276)	(146)
Change in other receivables	(5,915)	21,566
Change in trade payables and related accounts	21,087	(2,576)
Change in other current liabilities	16,058	(13,783)
Change in working capital requirements	**(49,971)**	**(58,190)**
Net cash flows provided by (used in) operating activities	**78,819**	**84,508**
Cash flows from investing activities		
Net acquisitions of intangible assets	(51,439)	(41,562)
Net acquisitions of property, plant and equipment	(26,405)	(7,540)
Net acquisitions of right-of-use assets	5,105	(4,899)
Acquisition of equity interests	—	—
Net acquisitions of marketable securities	(2,363)	87,218
Changes in long-term investments	731	807
Net cash flows provided by (used in) investing activities	**(74,371)**	**34,024**
Cash flows from financing activities		
Issuance of borrowings and new financial debt	50,000	113
Debt repayments	(13,043)	(24,500)
Loan to stakeholders	—	(27,550)
Change in lease liabilities	(2,697)	2,182
Dividend payments to shareholders	(53,565)	(65,944)
Own shares	(5,104)	(1,845)
Net cash flows provided by (used in) financing activities	**(24,409)**	**(117,544)**
Change in net cash	**(19,961)**	**987**
Opening cash and cash equivalents	156,708	136,747
Closing cash and cash equivalents	**136,747**	**137,734**

The reconciliation of net debt breaks down as follows:

€ thousands	**2022**	**2023**
Cash and cash equivalents	136,747	137,734
Current financial assets	99,013	39,987
Cash and current financial assets	**235,760**	**177,721**
Current borrowings	(24,260)	(24,306)
Non-current borrowings	(122,767)	(98,689)
Total gross debt	**(147,027)**	**(122,995)**
Net debt	**88,733**	**54,726**

Notes to the consolidated financial statements

Annual highlights

February

Launch of *Montblanc Signature Absolue*

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

Launch of *Jimmy Choo Rose Passion*

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

Launch of *Kate Spade Chérie*

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

March

Launch of *Eau de Rochas Citron Soleil*

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

Launch of *Les sommets Moncler and Homme* collection

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

April

Launch of *Rochas Girl Life*

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

Launch of *Montblanc Explorer Platinum*

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

May

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

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

Dividend

The Company paid a dividend of €1.05 per share representing a ratio of 66% of the 2022 consolidated net income.

June

Bonus share issue

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

July

Launch of *Coach Love,* an Eau de Toilette for Women

The renowned American luxury house has unveiled its new fragrance bearing the evocative name *Coach Love*, a playful and joyful perfume that celebrates love in all its expressions.

Launch of a new fragrance duo, *Les Parfums Matières*

A new duo is born, *Fleur de Pivoine* & *Bois de Cyprès*, a bespoke blend of subtly contrasting floral freshness for her, and a stylized aromatic fougere for him.

Launch of *Thé Amara* of the Van Cleef & Arpels Extraordinary Collection

Inspired by the art of tea, the new fragrance in the Collection Extraordinaire Van Cleef & Arpels, *Thé Amara*, invites you to experience a distinctive sensory voyage like no other.

November

Continuing improvement in the ESG rating

Interparfums further improved its ESG rating following the 2023 campaign conducted by EthiFinance ESG Ratings which ranks the best-performing companies in environmental, social and corporate governance practices.

December

Further improvement in Sustainalytics' ESG rating

Interparfums' rating by Sustainalytics, a leading ESG rating firm, was raised to 24.8, an increase of nearly 10 points in just one year, and is now on a par with the leading companies in the Beauty sector.

Financial exposure to the war in Ukraine

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

In 2023, Russia and Belarus accounted for less than 5% of Interparfums' sales. The Group complies with the restrictions imposed by the European Union and has implemented a specific billing policy for these two countries that renders the collection risks on trade receivables negligible.

The Group has factored this conflict and its potential impact into its impairment test for the Lanvin brand, which has historically maintained a strong presence in Eastern Europe. A 10% decline in annual sales for the years after 2025 has no impact on the value of the Lanvin brand at the end of December 2023.

1. Accounting principles

1.1. Compliance statement

In accordance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards, the 2023 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, 2023 were adopted by the Board of Directors on February 27, 2024. They will become definitive after having been approved by the Ordinary General Meeting of April 16, 2024.

1.2. Changes in accounting standards

No standards, amendments or interpretations issued by the IASB and IFRIC were early adopted in preparing the financial statements for the year ended December 31, 2023.

Application of the following standards, amendments or interpretations, effective as of January 1, 2023, are mandatory. No transactions related to these standards were undertaken in 2023. These amendments have no impact on the consolidated financial statements presented for the year ended December 31, 2023.

– Amendments to IFRS 17, “Insurance Contracts”

– Amendments to IAS 1 Presentation of financial statements - Practice Statement 2 "Disclosure of accounting policies"

– Amendments to IAS 8 "Definition of accounting estimates"

– Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"

– Amendments to IAS 12 "International tax reform - OECD Pillar Two rules"

1.3. Basis of consolidation

Interparfums S.A.		Ownership interest (%)	Consolidation method
Interparfums Suisse Sarl	Switzerland	100%	Full consolidation
Parfums Rochas Spain	Spain	51%	Full consolidation
Interparfums Srl	Italy	100%	Full consolidation
Interparfums Luxury Brands	United States	100%	Full consolidation
Interparfums Asia Pacific pte Ltd	Singapore	100%	Full consolidation
Divabox	France	25%	Equity method

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

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

Interparfums Srl was in the process of being wound up at December 31, 2023 and liquidated in February 2024. While included in the consolidation scope, since the end of 2020 it no longer has had any commercial activities.

Subsidiaries' financial statements are prepared on the basis of the same accounting period as the parent company. The fiscal year covers the 12-month period ending on December 31.

1.4. Consideration of climate change risks

The Group's current exposure to the consequences of climate change is limited. For that reason, any impact of climate change at this stage is not significant.

Interparfums is developing a sustainable development policy designed to offer consumers responsible products throughout their life cycle. This policy is based on 3 pillars: offering environmentally and socially responsible components and packaging, ensuring consumer health and safety, and increasing the use of natural ingredients and components in our fragrances. In the Group's opinion, this policy does not require significant short or medium term investments. Rather, it is more a matter of adjusting processes and procedures and supporting our suppliers in applying this approach.

In addition, climate change and the consequences thereof will invariably impact the price of raw materials, production, distribution and transportation costs. Short-term effects are considered insignificant. Moreover, the Group has a resilient business model that allows it to adjust variable costs to preserve the net margin should production costs increase or sales decline.

1.5. 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, 2023. Translation losses and gains arising from the conversion of year-end amounts denominated in foreign currencies on December 31, 2023 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:

Currency	**Closing exchange rate**		**Average exchange rate**	
	2022	**2023**	**2022**	**2023**
US dollar (USD)	1.0666	1.1050	1.0530	1.0813
Singapore dollar (SGD)	1.4300	1.4591	1.4512	1.4523
Swiss franc (CHF)	0.9847	0.9260	1.0047	0.9719

1.6. 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 and of provisions for contingencies and expenses. Although these estimates are based on management's best knowledge of current events and situations, actual results may ultimately differ from these estimates.

1.7. Sales

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 any form of discount and rebate.

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.

1.8. Trademarks and other intangible assets

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

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

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

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

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

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

The discount rate before tax applied for remeasurement is the weighted average cost of capital (WACC) of 10.39% at December 31, 2023 compared to 7.60% at December 31, 2022. This ratio is determined on the basis of a positive long-term interest rate of 2.59% 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 2% at December 31, 2023 and 1.6% at December 31, 2022.

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.

1.9. 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. Tangible fixed assets include molds for caps.

In April 2021, the French subsidiary completed the acquisition of its headquarters, comprising land, buildings and facilities. Land is not subject to depreciation while buildings and fixtures and fittings are depreciated on a straight-line basis over a period of 50 years and 7 to 25 years, respectively.

In 2022 and 2023, the French subsidiary acquired premises for the expansion of its headquarters. As soon as they are put into service, the portion allocated to land is not depreciated whereas the portion allocated to facades, installations and fixtures is depreciated on a straight-line basis over periods of 25, 15 and 7 years respectively.

	Depreciation period
Buildings	20-50 years
Fixtures and fittings	5-15 years
Molds for bottles and caps,	2-5 years
Office and computer equipment	3 years

The majority of tangible fixed assets are used in France.

1.10. Inventory and work-in-progress

Inventories are valued at the lower of cost or probable resale value. A provision for impairment is assessed on a case-by case-basis and 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.

1.11. Non-current financial assets

The line item "non-current financial assets" consists of:

- A royalties advance on the Karl Lagerfeld license agreement that is charged against future royalties every year. This advance was remeasured at present value according to the amortized cost method over the license agreement's term and the corresponding offset is recognized by increasing the amortization of upfront license fees,

- fixed-rate pay swaps with an asset position used to hedge variable-rate debt.

1.12. 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.

1.13. Deferred tax

Deferred taxes corresponding to timing differences between the tax and accounting basis of consolidated assets and liabilities, and to taxes on consolidation restatements, are calculated under the liability method based on known year-end 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 are subject to depreciation when appropriate.

1.14. Equity-accounted investments

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

1.15. Cash, cash equivalents and current financial assets

The item “Cash and cash equivalents” includes marketable securities and cash at bank and in hand that consist of highly liquid investments readily convertible into a known cash amount without penalty and subject to an insignificant risk of changes in value.

"Current financial assets" mainly include capital redemption contracts, loans granted and listed shares in companies in the luxury goods sector.

1.16. Own shares

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

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

1.17. Provisions for contingencies and expenses

- Retirement severance benefits

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

For the measurement of retirement severance benefits, Interparfums has adopted the procedure for voluntary severance agreements introduced by Ordinance 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 ordinance’s adoption 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. The retirement benefit is paid in the form of a capital payment.

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

- Provisions for other contingencies and expenses

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

1.18. Financial instruments

Derivative financial and hedging instruments are used by the Group to reduce exposure to interest rate and foreign currency 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 nine 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 to cover sales budgets in US dollars. In accordance with IFRS 9 these hedges have been 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 2023, revenue was restated to take into account the impact of these hedges.

Interest rate hedges

A swap to hedge interest-rate risks in connection with the Solférino loan subject to interest based on the 1-month Euribor was arranged in 2021 on the basis of two-thirds of the nominal amount and two-thirds of the term. Because this financial instrument was not qualified as a hedge under IFRS 9, it is recognized at fair value through profit or loss.

A swap to hedge interest-rate risks in connection with the Lacoste loan subject to interest based on the 1-month Euribor was arranged at the end of 2022 on the basis of the full nominal amount and term. Because this financial instrument was qualified as a hedge under IFRS 9, it is recognized at fair value through other comprehensive income (equity).

1.19. Borrowings

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

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

1.20. Other liabilities

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

1.21. Performance share awards

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

1.22. Registration of trademarks

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

1.23. Earnings per share

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

Fully-diluted earnings per share are calculated based on the average number of shares outstanding in the period, after subtracting only own 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. Basis of presentation

2.1. Presentation of the income statement

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

2.2. Presentation of the balance sheet

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

2.3. Segment information

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

2.3.1. Business lines

The Company's main activity is "Perfumes". Because the financial performance indicators of each brand making up this business are similar, the Group's income statement and balance sheet in consequence 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 0.1% of revenue, it is not presented separately in the income statement.

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

2.3.2. Geographical segments

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

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

3. Notes to the balance sheet

3.1. Trademarks and other intangible assets

3.1.1. Nature of intangible assets

€ thousands	**2022**	**+**	**-**	**2023**
Gross value				
Indefinite useful life intangible assets				
Lanvin trademark	36,323	—	—	36,323
Rochas Fragrances trademark	86,739	—	—	86,739
Rochas Fashion trademark	19,086	—	—	19,086
Finite useful life intangible assets				
S.T. Dupont upfront license fee	1,219	—	—	1,219
Van Cleef & Arpels upfront license fee	18,250	—	—	18,250
Montblanc upfront license fee	1,000	—	—	1,000
Boucheron upfront license fee	15,000	—	—	15,000
Karl Lagerfeld upfront license fee	12,877	—	—	12,877
Lacoste upfront license fee	90,000	—	—	90,000
Other intangible assets				
Rights on molds for bottles and related items	16,634	935	—	17,569
Registration of trademarks	570	—	—	570
Other	4,137	627	(680)	4,084
Total gross amount	**301,835**	**1,562**	**(680)**	**302,717**
Amortization and impairment				
Indefinite useful life intangible assets				
Rochas Fashion trademark	(8,477)	—		(8,477)
Finite useful life intangible assets				
S.T. Dupont upfront license fee	(1,219)	—	—	(1,219)
Van Cleef & Arpels upfront license fee	(18,250)	—	—	(18,250)
Montblanc upfront license fee	(1,000)	—	—	(1,000)
Boucheron upfront license fee	(12,000)	(1,000)	—	(13,000)
Karl Lagerfeld upfront license fee	(11,604)	(637)	5,113	(7,128)
Other intangible assets				
Rights on molds for bottles and related items	(13,989)	(1,085)	—	(15,074)
Registration of trademarks	(500)	—	—	(500)
Other	(3,201)	(333)	680	(2,854)
Total amortization and impairment	**(70,240)**	**(3,055)**	**5,793**	**(67,502)**
Net total	**231,595**	**(1,493)**	**5,113**	**235,215**

Own brands

- **Lanvin trademark**

As the Group 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 the Group 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**

The total upfront license fee of €1.2 million has been fully amortized since June 30, 2011.

- **Van Cleef & Arpels upfront license fee**

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

An amendment agreement extending the partnership between Van Cleef & Arpels and Interparfums was signed in May 2018 for six additional years as from January 2019. 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.

In February 2023, an amendment agreement was signed by Montblanc and Interparfums extending their partnership for an additional 5 years as from January 2026. This amendment does not provide for an additional upfront license fee.

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

The upfront license fee includes the difference between the nominal value and the present value of the advance on royalties for €3.3 million (See note 3.4.2. Non-financial assets).

On December 31, 2022, this upfront license fee was impaired for €5.1 million. Following a review of the assumption underlying the contract's estimated useful life, this impairment was reversed in full in 2023.

- **Lacoste upfront license fee**

A €90 million upfront license fee was recognized at the end of 2022 with €50 million paid in December of that year and €40 million paid in December 2023. This amount will be amortized over the life of the license, i.e. 15 years as from January 1, 2024.

- **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

Impairment tests are carried out at the level of individual brands at least once a year and more frequently when evidence of impairment exists.

For all discounts, the weighted average cost of capital (WACC) of 10.39% is applied.

After considering physical and transitional climate-related risks that could impact cash flows, the Group has not identified any significant risks over the next five years. The Group has a resilient business model that allows it to adjust variable costs to preserve the net margin should production cost increase or sales decline.

- **Own brands**

A valuation was performed of the Lanvin and Rochas Perfumes brands on December 31, 2023 by discounting future cash flows to infinity.

No impairment was recorded in the period for the Lanvin brand.

With respect to Rochas Fashion, an evaluation of the value of the brand was performed in December 2023 by an independent outside expert appraiser. This valuation confirmed the net value of the brand as recorded, i.e. €10.6 million at December 31, 2023, using the excess earnings method.

- **Upfront license fees**

All upfront license fees were measured on December 31, 2023 using the discounted cash flow method over the term of the licenses.

- **Analysis of sensitivity**

With regard to impairment testing of the Group's directly owned fragrance brands, the Group performed a sensitivity analysis based on assumptions for the discount rate, the net operating margin at completion, and for the perpetuity growth rate by applying a 100 bp increase to the discount rate, a 500 bp decrease to the net margin at completion and a 100 bp decrease to the perpetuity growth rate. Based on this analysis, no impairment risks were identified for the year 2023.

For Rochas fashion, a 50 bp increase in the discount rate would have led to a reduction in the estimated value by €0.8 million.

For licensed brands, the net carrying values are low. Sensitivity tests have nonetheless been performed and they did not call into question the carrying value recognized at the end of 2023.

3.2. Property, plant and equipment

€ thousands	**2022**	**+**	**-**	**Reclassification**	**2023**
Fixtures, improvements, fittings	5,807	589	(422)	360	6,334
Office and computer equipment and furniture	3,776	848	(583)	8	4,050
Molds for bottles and caps	19,683	2,789	—	(427)	22,045
Building (land and construction)	138,887	3,312	(66)	—	142,133
Other	777	2	(86)	59	752
Total gross amount	**168,930**	**7,540**	**(1,157)**	**—**	**175,313**
Amortization and impairment	**(20,761)**	**(6,963)**	**1,011**	**—**	**(26,714)**
Net total	**148,169**	**577**	**(146)**	**—**	**148,599**

3.3 Right-of use assets

The main lease agreements identified which are required to be recognized in the balance sheet under assets in application of IFRS16 are the premises of the New York and Singapore offices and the warehousing facility near Rouen.

"Right-of use assets" also includes components relating to vehicle leases.

At December 31, 2023, “right-of use assets” broke down as follows:

(*€ thousands*)	2022	+	-	2023
Gross value				
Property leases	19,673	4,770	(46)	24,397
Vehicle leases	403	129	(69)	463
Total gross amount	**20,076**	**4,899**	**(115)**	**24,860**
Amortization				
Property leases	(7,558)	(2,703)	28	(10,233)
Vehicle leases	(204)	(122)	69	(257)
Total amortization	**(7,762)**	**(2,825)**	**97**	**(10,490)**
Net total	**12,314**	**2,074**	**(18)**	**14,370**

The €4.9 million increase in right-of-use assets reflects mainly a change in the end date of a lease and the signature of an additional lease by Interparfums Luxury Brands in the United States.

3.4. Long-term investments and non-current financial assets

3.4.1. Long-term investments

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

3.4.2. Non-current financial assets

3.4.2.1. Advances on royalties

The signature of the Karl Lagerfeld license agreement resulted in an advance on royalty payments to be charged against future royalties of €9.6 million. This advance was discounted over the license agreement term and reduced accordingly to €1.1 million at December 31, 2023.

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

3.4.2.2. Interest rate swaps

In April 2021, to finance the acquisition of its future headquarters, the French subsidiary obtained a 10-year €120 million loan.

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

At December 31, 2023, the valuation of the swap showed an asset position of €3.7 million.

3.5 Equity-accounted investments

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

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

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

€ thousands	
Divabox's shareholders equity at June 30, 2020	19,231
Group ownership interest (%) in Divabox	25%
Share in net equity	4,808
Goodwill	7,692
Carrying value of the Group's ownership interest in the joint-venture at June 30, 2020	**12,500**
Share of prior period earnings	474
Dividend payments in 2021, 2022 and 2023	(800)
Share of earnings of the period	293
Equity-accounted investments at December 31, 2023	**12,467**

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

3.6 Inventory and work-in-progress

€ thousands	**2022**	**2023**
Raw materials and components	89,163	99,319
Finished goods	71,233	118,905
Total gross amount	**160,396**	**218,224**
Allowances for raw materials	(5,060)	(9,624)
Allowances for finished goods	(1,870)	(6,213)
Accumulated depreciation of inventory	**(6,930)**	**(15,837)**
Net total	**153,466**	**202,387**

3.7 Trade receivables and related accounts

€ thousands	**2022**	**2023**
Total gross amount	**140,883**	**141,029**
Depreciation	(1,981)	(1,577)
Net total	**138,902**	**139,452**

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

€ thousands	**2022**	**2023**
Not due	99,497	114,860
0-90 days	39,467	22,668
91-180 days	1,314	2,067
181-360 days	586	901
More than 360 days	19	533
Total gross amount	**140,883**	**141,029**

3.8 Other receivables

€ thousands	**2022**	**2023**
Prepaid expenses	2,924	4,229
Value-added tax	21,885	4,051
Hedging instruments	1,116	1,729
Advances and down payments	3,638	1,009
Other	—	—
Total	**29,563**	**11,018**

“Advances and down payments” include amounts held in escrow relating to property purchases for the Interparfums SA headquarters.

As a reminder, "Value-added tax" in 2022 included €18 million in deductible VAT linked to the €90 million (excl. tax) upfront fee for the Lacoste license agreement signed in December 2022. This amount was collected in the year 2023.

3.9 Current financial assets and cash and cash equivalents

€ thousands	**2022**	**2023**
Current financial assets	99,013	39,987
Cash and cash equivalents	136,747	137,734
Current financial assets and cash and cash equivalents	**235,760**	**177,721**

3.9.1. Current financial assets

Current financial assets break down as follows:

€ thousands	**2022**	**2023**
Capital redemption contracts	79,644	198
Shares	18,621	8,471
Other current financial assets	748	31,318
Current financial assets	**99,013**	**39,987**

Because capital redemption contracts were analyzed as instruments designed as medium or long term investment vehicles, they were classified as current financial assets. However, it is noted that these contracts are liquid and readily convertible into cash by the Group at any moment. These contracts were almost entirely settled as of December 31, 2023.

The shares represent investments in companies in the luxury sector.

Other current financial assets include a €27.4 million loan to Interparfums, Inc., the Group's parent company, and €3 million in financial investments.

3.9.2. Cash and cash equivalents

Cash in banks and cash equivalents break down as follows:

€ thousands	**2022**	**2023**
Term deposit accounts	43,403	72,756
Interest-bearing bank accounts	24,937	60,913
Other bank account balances	68,407	4,065
Cash and cash equivalents	**136,747**	**137,734**

Term accounts of more than three months are analyzed as investments readily available within a few days, with no exit penalties, regardless of their original maturity. For that reason, they are presented under "Cash and cash equivalents" for the current period and the period presented for the purpose of comparison.

3.10. Shareholders' equity

3.10.1. Share capital

As of December 31, 2023, Interparfums SA's capital was comprised of 69,196,570 shares fully paid-up with a par value of €3, 72.49%-held by Interparfums Holding.

Capital increases in 2023 are the result of the bonus share issue of June 27, 2023 in the amount of 6,290,597 shares on the basis of one new share for every ten shares held.

3.10.2. Performance share awards

Plan 2018

With regard to the plan set up on December 31, 2018, the maximum number of shares to be awarded on inception was 133,000 shares for senior executives and managers and 26,600 shares for all other employees.

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

Actual transmission of the securities was contingent on the presence of the employee on June 30, 2022, regardless of the status of the beneficiary and/or criteria of performance relating to consolidated revenue for the year 2021 for 50 % of the restricted stock units awarded, and 2021 consolidated operating profit for the other 50% awarded to senior executive and manager beneficiaries.

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

At December 31, 2022, the cumulative expense since the beginning of the plan amounted to €4.4 million.

Plan 2022

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

Shares, purchased by the Company on the market, will be fully vested by their beneficiaries at the end of a vesting period of three years and three months, i.e. on June 16, 2025, and without a holding period.

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

To ensure the availability of shares for remittance to employees on maturity, the Company purchased on the market 63,281 shares in 2022 and 18,000 shares in 2023, for a total value of €3,784,000. These shares are presented as a deduction from shareholders' equity. Following the award of one new share for every 10 shares held on June 27, 2023, 87,609 shares were held for delivery under this plan at December 31, 2023.

As of December 31, 2023, and taking into account the distribution of restricted stock units on the basis of one new share for every 10 shares held on June 20, 2022 and June 27, 2023, the estimated number of shares to be delivered amounts to 93,405 shares.

In accordance with IFRS 2, the Interparfums SA share price used to estimate the value in the consolidated financial statements is that of the last trading session preceding the implementation of the plan or €53.80. The fair value applied on the award date was €49.89, after taking into account future dividends. The total expense to be spread over the duration of the plan (3.25 years) amounts to €3.9 million.

At December 31, 2023, the cumulative expense since the beginning of the plan was €2.1 million.

3.10.3. Own shares

3.10.3.1. Own shares held under the liquidity agreement

Within the framework of the share repurchase program authorized by the General Meeting of April 21, 2023, 62,681 Interparfums shares with a nominal value of €3 per share were held by the Company as of December 31, 2023 or 0.09% of the share capital.

Changes in the period break down as follows:

€ thousands	**Av. exch. rate**	**Number of shares**	**Book Value**
At December 31, 2022	**€52.04**	**42,387**	**2,206**
Acquisition	€59.50	550,177	32,733
Bonus issue of June 27, 2023	—	3,860	—
Sales	€59.65	(533,743)	(31,838)
Depreciation	—	—	—
At December 31, 2023	**€49.47**	**62,681**	**3,101**

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

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

– The maximum purchase price is €125 per share, excluding execution costs,
– The total number of shares held may not exceed 2.5% of the Company's capital stock.

3.10.3.2. Own shares held in connection with bonus share plans

The Group purchases its own shares to be used for bonus share plans destined for its employees. Transactions in own shares in fiscal year 2023 were as follows:

	12/31/22	**Purchases**	**Bonus issue of June 27, 2023**	**12/31/23**
Number of shares held	63,281	18,000	6,328	87,609
Value in € thousands	2,834	950	—	3,784

3.10.4. Non-controlling interests

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

€ thousands	**2022**	**2023**
Reserves attributable to non-controlling interests	1,529	1,741
Earnings attributable to non-controlling interests	654	931
Non-controlling interests	**2,183**	**2,672**

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

3.10.5. Information on equity

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

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

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

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

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

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

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

3.11. Provisions for contingencies and expenses

€ thousands	**2022**	**Allowances**	**Actuarial gains / losses**	**Provisions used the period**	**Reversal of unused provisions**	**2023**
Provisions for retirement severance payments	7,225	649	571	(113)	—	8,332
Provision for expenses [(1)]	197	252	—	—		449
Non-current provisions (> 1 year)	**7,422**	**901**	**571**	**(113)**	**—**	**8,781**
Provision for expenses	—		—	—	—	—
Lawsuit contingency provision	—	—	—	—	—	—
Other provisions for contingencies (< 1 year)	—	—	—	—	—	—
Current provisions (< 1 year)	**—**	**—**	**—**	**—**	**—**	**—**
Total provisions for contingencies and expenses	**7,422**	**901**	**571**	**(113)**	**—**	**8,781**

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

3.11.1. Provisions for retirement severance payments

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

For 2023, the following assumptions were applied:
- A negotiated termination at age 65;
- A rate of 51% for employer payroll contributions for all employees;
- A 4% 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 3.17%.

On the basis of these assumptions, the annual expense of €649,000 recorded under current income breaks down as follows:

– Service costs: €407,000;
– Financial expense: €242,000;

Actuarial gains and losses in 2023 resulted in a gain of 571,000 recorded under reserves resulting primarily from changes in assumptions (lower discount rate) and experience adjustments.

A 0.5% increase in the discount rate would result in a €450,000 reduction in the present value of rights at December 31, 2023 versus a 0.5% decrease resulting in a €492,000 increase.

3.12. Borrowings, financial liabilities and lease liabilities

Borrowings and financial liabilities

Solferino office complex

In April 2021, to finance the acquisition of its future headquarters, for an amount of €125 million, Interparfums SA obtained a 10-year €120 million loan.

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

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

The outstanding balance at December 31, 2023 was €87 million.

Lacoste

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

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

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

The outstanding balance at December 31, 2023 was €36 million.

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

At December 31, 2023, the valuation of the swap showed a liability position of €122,000.

Lease liabilities

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

3.12.1. Changes in finance costs

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

€ thousands	2022	Cash flow	Non-cash items			2023
			Net acquisitions	Changes in fair value	Amortization	
Headquarters office complex loan	98,217	(12,000)	—	—	175	86,392
Lacoste license agreement loan	48,810	(12,500)	—	—	59	36,369
Bank overdrafts	—	74	—	—	—	74
Accrued interest	—	—	38	—	—	38
Swap - liability position	—	—	—	122	—	122
Total borrowings and other financial liabilities	**147,027**	**(24,426)**	**38**	**122**	**234**	**122,995**
Lease liabilities	12,932	—	4,875	—	(2,693)	15,114
Total financial debt	**159,959**	**(24,426)**	**4,913**	**122**	**(2,459)**	**138,109**

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

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

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

€ thousands	2022	2023
Borrowings and financial liabilities	147,027	122,995
Interest rate swap (asset position)	(6,335)	(3,660)
Borrowings and financial liabilities net of hedging	**140,692**	**119,335**

3.12.2. Borrowings, financial liabilities and lease liabilities by maturity

€ thousands	Total	Up to 1 year	1 to 5 years	> 5 years
Borrowings and financial liabilities	122,995	24,306	71,789	26,900
Lease liabilities	15,114	3,014	12,100	—
Total at December 31, 2023	**138,109**	**27,320**	**83,889**	**26,900**

3.12.3. Covenants and special provisions

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

No other special provision is attached to this loan.

The Lacoste loan contracted by the parent company is subject to a covenant imposing a leverage ratio (consolidated net debt/consolidated EBITDA) of less than 2.50x. In 2023 this ratio was -0.2.

An amendment was signed in 2022 providing for the interest expense on the Lacoste loan to be marginally indexed to five sustainable development goals, with 2023 as the first year of assessment.

3.13. Deferred tax

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

€ thousands	2022	Changes through reserves	Changes through profit or loss	Reclassification	2023
Deferred tax assets					
Lease liabilities - property leases	—	—	641	3,021	3,662
Intra-group inventory margin	8,226	—	1,094	—	9,320
Advertising and promotional costs	998	—	299	—	1,297
Provisions for pension obligations	1,866	147	138	—	2,152
Profit Sharing	960	—	57	—	1,017
Tax loss carryforwards	519	—	(322)	—	197
Provision for returns	—	—	—	819	819
Provision for doubtful trade receivables	—	—	—	385	385
Other	295	—	30	426	751
Total deferred tax assets before depreciation	**12,864**	**147**	**1,937**	**4,651**	**19,600**
Depreciation of deferred tax assets	(519)	—	322	—	(197)
Net deferred tax assets	**12,345**	**147**	**2,259**	**4,651**	**19,403**
Deferred tax liabilities					
Acquisition costs	(1,485)	—	25	—	(1,460)
Levies imposed by governments	(241)	—	(26)	—	(267)
Borrowing costs	(240)	—	60	—	(180)
Capitalization of costs associated with the brand acquisition	(1,032)	—	—	—	(1,032)
Right-of-use assets - property leases	—	—	(520)	(2,990)	(3,510)
Currency hedges on future sales	(460)	(85)	153	—	(392)
Derivatives	(47)	—	(69)	—	(116)
Swap instrument	(1,637)	57	635	—	(945)
Other	(69)	21	(7)	—	(55)
Total deferred tax liabilities	**(5,211)**	**(7)**	**251**	**(2,990)**	**(7,957)**
Total net deferred tax	**7,134**	**140**	**2,510**	**1,661**	**11,446**

At December 31, 2023, deferred taxes relating to right-of-use assets and lease liabilities have been presented separately as deferred tax liabilities and assets, respectively, whereas they were netted and reported on the line “other” deferred tax assets as of December 31, 2022. Contracts concluded in foreign currencies have also been revalued in accordance with applicable exchange rates.

Deferred tax assets of the US subsidiary, Interparfums Luxury Brands at December 31, 2022, were presented net of corporate income tax for an amount totaling US$2,212,000. These are now presented under deferred tax assets. The resulting reclassification of €1,661,000 has been added to the above table.

3.14. Trade payables and other current liabilities

3.14.1. Trade payables and related accounts

€ thousands	**2022**	**2023**
Trade payables for components	29,463	28,124
Other trade payables	83,772	82,535
Total	**113,235**	**110,659**

3.14.2. Other liabilities

€ thousands	**2022**	**2023**
Accrued credit notes	3,017	4,279
Tax and employee-related liabilities	18,634	21,489
Accrued royalties	16,809	15,797
Hedging instruments	64	—
Current account with Interparfums Holding	1,538	1,164
Outstanding balance of the Lacoste upfront license fee payable	48,000	—
Other liabilities	12,132	7,215
Total	**100,194**	**49,944**

In accordance with the contractual terms, €50 million of the €90 million upfront fee for the Lacoste license was paid in December 2022 and €40 million was paid in December 2023.

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

3.15. Financial instruments

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

			2023		
€ thousands	**Notes**	**Carrying value**	**Fair value through profit or loss**	**Fair value through equity**	**Amortized cost**
Non-current financial assets					
Long-term investments	3.4	2,509	—	—	2,509
Non-current financial assets	3.4	4,726	3,660	—	1,066
Current financial assets					
Trade receivables and related accounts	3.7	139,452	—	—	139,452
Other receivables	3.8	11,018	342	1,387	9,289
Current financial assets	3.9	39,987	12,437	—	27,550
Cash and cash equivalents	3.9	137,734	—	—	137,734
Non-current financial liabilities					
Non-current borrowings	3.12	98,689	—	224	98,465
Current liabilities					
Trade payables and related	3.14	110,659	—	—	110,659
Current borrowings	3.12	24,306	—	(102)	24,408
Other liabilities	3.14	49,944	—	—	49,944

€ thousands	Notes	Carrying value	2022 Fair value through profit or loss	Fair value through equity	Amortized cost
Non-current financial assets					
Long-term investments	3.4	3,316	—	—	3,316
Non-current financial assets	3.4	7,901	6,237	98	1,566
Current financial assets					
Trade receivables and related	3.7	138,902	—	—	138,902
Other receivables	3.8	29,563	—	1,116	28,447
Current financial assets	3.9	99,013	99	—	98,914
Cash and cash equivalents	3.9	136,747	—	—	136,747
Non-current financial liabilities					
Non-current borrowings	3.12	122,767	—	—	122,767
Current liabilities					
Trade payables and related	3.14	113,235	—	—	113,235
Current borrowings	3.12	24,260	—	—	24,260
Other liabilities	3.14	100,194	64	—	100,130

In accordance with IFRS 13, financial assets and liabilities are measured at fair value based on level 2 inputs, except for the fair value of listed shares, presented under "current financial assets" and measured through profit or loss based on listed market-based prices (level 1). The carrying value of other items presented above offers a satisfactory approximation of their fair value.

3.16 Risk management

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

3.16.1. Interest rate risks

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

3.16.2. Liquidity risks

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

€ thousands	Up to 1 year	1 to 5 years	> 5 years	Total
Financial assets and liabilities before hedging				
Non-current financial assets	500	566	—	1,066
Current financial assets	30,772	8,471	744	39,987
Cash and cash equivalents	137,734	—	—	137,734
Total financial assets	**169,006**	**9,037**	**744**	**178,787**
Borrowings and financial liabilities	(24,408)	(71,565)	(26,900)	(122,873)
Total financial liabilities	**(24,408)**	**(71,565)**	**(26,900)**	**(122,873)**
Net position before hedging	**144,598**	**(62,528)**	**(26,156)**	**55,914**
Hedging of assets and liabilities (swaps)	1,724	1,814	—	3,538
Net position after hedging	**146,322**	**(60,714)**	**(26,156)**	**59,452**

3.16.3. Foreign currency exchange 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 (53.1% of sales) and to a lesser extent the pound sterling (4.3% of sales) and the Japanese yen (0.1% of sales).

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

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

€ thousands	USD	GBP	JPY
Assets	46,362	5,458	(104)
Liabilities	(4,796)	(852)	—
Net position before hedging at the closing price	**41,566**	**4,606**	**(104)**
Net position hedged	(28,506)	(2,564)	—
Net position after hedging	**13,060**	**2,042**	**(104)**

- Foreign exchange risk management policy

Interparfums SA'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, Interparfums SA 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, 2023, Interparfums SA had hedged 61% of its receivables in US dollars and 47% for trade receivables booked in pound sterling.

- 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 €46 million on sales and €35 million on operating income. A 10% decrease of these same exchange rates would have an inverse negative effect.

3.16.4. Counterparty risk

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

The Group applies a set of procedures to limit collection risk for its accounts receivable. This includes insurance coverage from Euler Hermes and Coface on a significant portion of export receivables. Credit limits are set on a client-by-client basis based on their financial standing. With regard to sales to Russia and Belarus, the Group complies with the restrictions imposed by the European Union.

4. Notes to the income statement

4.1. Breakdown of consolidated sales by brand

€ thousands	**2022**	**2023**
Jimmy Choo	181,561	209,929
Montblanc	183,970	205,618
Coach	153,814	187,399
Lanvin	50,336	48,294
Rochas	37,680	40,979
Karl Lagerfeld	21,058	25,488
Van Cleef & Arpels	22,440	24,545
Kate Spade	19,264	22,098
Boucheron	17,720	17,410
Moncler	13,956	11,972
Other	4,825	4,748
Sales	**706,624**	**798,481**

4.2. Cost of sales

€ thousands	**2022**	**2023**
Raw materials, trade goods and packaging, net of changes in inventory	(216,669)	(245,441)
POS advertising	(2,655)	(2,803)
Staff costs	(7,376)	(8,473)
Allowances and reversals	(4,130)	(12,262)
Property rental expenses	(110)	(215)
Transportation costs	(1,371)	(2,026)
Other expenses related to the cost of sales	(2,033)	(2,242)
Total cost of sales	**(234,344)**	**(273,462)**

4.3. Selling expenses

€ thousands	**2022**	**2023**
Advertising	(158,610)	(176,966)
Royalties	(59,853)	(65,901)
Staff costs	(33,174)	(37,863)
Transportation costs	(13,351)	(10,421)
Allowances and reversals	(9,548)	(3,799)
Service fees / subsidiaries	(8,237)	(10,180)
Service fees / parent company	(7,585)	(7,866)
Travel and entertainment expenses	(5,957)	(7,960)
Tax and tax related expenses	(3,677)	(4,073)
Commissions	(1,722)	(1,642)
Property rental expenses	(115)	(67)
Other selling expenses	(4,006)	(3,780)
Total selling expenses	**(305,835)**	**(330,518)**

4.4. Administrative expenses

€ thousands	**2022**	**2023**
Administrative fees	(5,320)	(6,724)
Other purchases and external expenses	(2,594)	(3,078)
Staff costs	(13,179)	(14,612)
Property and equipment rental lease expenses	(459)	(1,012)
Allowances and reversals	(4,382)	(5,153)
Travel expenses	(504)	(1,042)
Other administrative expenses	(1,695)	(2,433)
Total administrative expenses	**(28,133)**	**(34,054)**

4.5. Other operating expenses

Other operating expenses concern the recognition of the impairment on the Rochas Fashion brand in 2022 and the reversal of the impairment on the Karl Lagerfeld upfront license in 2023 (see note 3.1.1).

4.6. Net financial income / (expense)

€ thousands	**2022**	**2023**
Financial income	2,093	7,438
Interest and similar expenses	(2,739)	(7,165)
Interest expense on lease liabilities	(123)	(225)
Net finance income / (costs)	**(769)**	**48**
Currency losses	(23,666)	(13,553)
Currency gains	22,886	11,274
Net currency gains (losses)	**(780)**	**(2,279)**
Financial income (expense) on interest rate swaps	6,030	(2,577)
Charges to / (reversals of) financial provisions	(3,017)	2,563
Net financial income / (expense)	**1,465**	**(2,245)**

Financial income rose sharply in response to the overall increase in interest rates on significant cash balances. Interest and similar expenses rose significantly under the dual effect of higher interest rates and the increase in gross debt in December 2023 after obtaining a new loan of €50 million at the end of 2022, as described in note 3.12 of this document.

The foreign exchange result was mainly impacted by the decrease in the value of the US dollar against the euro during the period. This included the recognition of a realized foreign exchange loss in the amount of €2.8 million and an unrealized foreign exchange gain of €0.5 million for fiscal 2023.

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

4.7. Income tax

4.7.1. Analysis of income taxes

€ thousands	**2022**	**2023**
Current income tax - France	(25,265)	(33,518)
Current income tax – Foreign operations	(10,310)	(9,735)
Total current income tax	**(35,575)**	**(43,253)**
Non-current income tax	**—**	**(2,841)**
Deferred tax – France	2,264	2,117
Deferred tax- Foreign operations	250	42
Total deferred taxes	**2,514**	**2,159**
Total income taxes	**(33,061)**	**(43,935)**

A €2.8 million tax adjustment was expensed in 2023 following the tax audit of Interparfums SA for fiscal years 2020 and 2021.

4.7.2. 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 25.83% applicable in France for fiscal 2023 and 2022 to pre-tax income reflects the following.

€ thousands	2022	2023
Tax base	**133,286**	**163,315**
Theoretical tax calculated at the parent company rate	(34,428)	(42,184)
Effect of tax rate differences	1,062	1,245
Recognition of tax income not previously classified as tax assets	337	322
Tax adjustments	—	(2,841)
Permanent non-deductible differences	(32)	(477)
Income tax	**(33,061)**	**(43,935)**

4.8. Earnings per share

€ thousands except number of shares and earnings per share in euros	2022	2023
Consolidated net income	**99,523**	**118,742**
Average number of shares	63,142,394	66,009,114
Net earnings per share (1)	**1.58**	**1.80**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	29,354	68,451
Potential fully diluted average number of shares outstanding	63,171,748	66,077,565
Diluted earnings per share (1)	**1.58**	**1.80**

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

5. Segment reporting

5.1. Business lines

The Company operates in two distinct segments, "Perfumes" and "Fashion", with the latter activity generated by Rochas' fashion business.

However, because the "Fashion" business represents less than 0.1% of Group sales, a separate presentation is not provided for income statement aggregates.

Gross intangible assets relating to the Rochas trademark include €86,739,000 for fragrances and €19,086,000 for fashion or a gross amount totaling €105,825,000.

Segment assets consist of operating assets used primarily in France.

5.2. Geographical segments

Sales by geographical sector break down as follows:

€ thousands	**2022**	**2023**
Africa	5,012	4,845
North America	286,395	322,814
South America	51,375	66,158
Asia	98,607	116,032
Eastern Europe	54,174	70,226
Western Europe	116,659	124,507
France	39,361	43,202
Middle East	55,041	50,697
Sales	**706,624**	**798,481**

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**	**2022**	**2023**
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	259,029	302,493
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses to be paid regardless of sales volume for the period.	25,523	4,663
Firm component orders	Inventories of components on stock with suppliers that the Company undertakes to purchase as required for releases and which the company does not own.	11,096	14,408
Total commitments given in connection with operating activities		**295,648**	**321,564**

The guaranteed minimum amount for brand royalties is estimated on the basis of sales up to December 31, 2023 without taking into account future sales forecasts.

6.1.2. Off-balance sheet commitments given and received in connection with the Company's financing activities

The commitment given with respect to forward currency sales covering foreign currency receivables at December 31, 2023 amounted to £2,500,000 and US$19,000,000 respectively. The commitment received with respect to forward currency purchases at December 31, 2023 amounted to €2,907,000 for pound Sterling hedges and €17,464,000 for US dollar hedges.

Commitments given with respect to forward currency sales at December 31, 2023 budgeted for the first quarter of 2024 amounted to US$42,000,000. Commitments with respect to forward currency purchases at December 31, 2023 budgeted for the first quarter of 2024 amounted to €39,146,000 for US dollar hedges.

6.1.3. Commitments given by maturity at December 31, 2023

€ thousands	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	302,493	49,287	140,946	112,260
Guaranteed minima for warehouse and logistics management	4,663	4,663	—	—
Firm component orders	14,408	14,408	—	—
Total commitments given	**321,564**	**68,358**	**140,946**	**112,260**
Undrawn credit lines	—	—	—	—
Total commitments received	**—**	**—**	**—**	**—**

6.2. License agreements

	Nature of license	License inception date	Duration	Expiration date
S.T. Dupont	Inception	July 1997	11 years	-
	Renewal	January 2006	5 years and 6 months	-
	Renewal	January 2011	6 years	-
	Renewal	January 2017	3 years	-
	Renewal	January 2020	3 years	-
	Renewal	January 2023	1 year	December 2023
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	10 years	-
	Renewal	January 2026	5 years	December 2030
Boucheron	Inception	January 2011	15 years	December 2025
Repetto	Inception	January 2012	13 years	September 28, 2022 in advance
Karl Lagerfeld	Inception	November 2012	20 years	October 2032
Coach	Inception	June 2016	10 years	June 2026
Kate Spade	Inception	January 2020	10 years and 6 months	June 2030
Moncler	Inception	January 2021	6 years	December 2026
Lacoste	Inception	January 2024	15 years	December 2038

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

Interparfums and Repetto decided, by mutual agreement, to terminate the perfume license agreement signed on December 2, 2011, effective September 29, 2022. Under the terms of this agreement, the Company retained the right to sell the products in inventory until midnight on September 28, 2022.

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

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

The first new fragrance line is scheduled to be launched in June 2024.

In February 2023, Interparfums and Montblanc extended their worldwide exclusive fragrance license agreement for an additional five-year period with effect from January 1, 2026 to December 31, 2030.

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 had a buy back option for the brands exercisable on July 1, 2025.

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

Rochas

Interparfums acquired the Rochas brand (perfumes and fashion) at the end of May 2015.

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

6.4.1. Workforce by department

Number of employees at	**12/31/22**	**12/31/23**
Executive Management	5	5
Production & Operations	58	60
Marketing	69	77
Export	78	88
French Distribution	38	38
Finance & Corporate Affairs	67	63
Rochas fashion	2	3
Total	**317**	**334**

6.4.2. Headcount by region

Number of employees at	**12/31/22**	**12/31/23**
France	228	233
North America	70	77
Asia	19	24
Total	**317**	**334**

6.4.3. Staff costs

€ thousands	**2022**	**2023**
Staff costs	34,461	39,624
Social security charges	15,129	15,203
Profit-sharing	4,700	5,026
Performance share awards	2,783	1,183
Total wages and benefits	**57,073**	**61,036**

In addition €775,000 in supplemental retirement benefits for executive management were paid in 2023.

6.5. Information on related parties

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

6.5.1. Management Committee members

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

€ thousands	**2022**	**2023**
Wages and social charges	7,577	8,083
Share based payment expenses	625	470

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

€ thousands	**2022**	**2023**
Gross wages	2,286	2,467
Benefits in-kind	22	22
Supplemental retirement contribution	45	49
	2,353	**2,538**

Mr. Philippe Benacin, co-founder of Interparfums SA, is also a majority shareholder of the parent company Interparfums Inc.

6.5.2. Board of Directors

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

€ thousands	**2022**	**2023**
Compensation received by directors (1)	185	201

(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. At the end of December 2023, the only material existing transaction between Interparfums SA and its subsidiaries and Interparfums Inc. or Interparfums Holding was a US$30 million loan between Interparfums Luxury Brands and Interparfums Inc. This interest-bearing loan to be repaid in 2024 is reported under current financial assets as described in note 3.9.1 herein in Part 3.

6.6. Statutory Auditors' fees

Total auditors’ fees expensed in the income statement relating to their engagement as statutory auditors break down as follows:

€ thousands	Mazars				SFECO & Fiducia Audit			
	2022	%	2023	%	2022	%	2023	%
Statutory auditing, certification of accounts, review of separate and consolidated accounts								
For the issuer	371	59%	390	67%	103	100%	120	100%
For fully consolidated subsidiaries	258	41%	182	31%	—	— %	—	— %
Services other than account certification								
For the issuer	5	1%	8	1%	—	— %	—	— %
For fully consolidated subsidiaries	—	—%	2	— %	—	— %	—	— %
Total	634	100%	582	100%	103	100%	120	100%

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

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

6.7. Post-closing events

None.