

Interparfums

First Half  
Report  
2021  
**Interparfums**



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2021  
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# 1 Consolidated management report

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## Translation disclaimer

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

## 1 — Review of operations

Sales for the 2021 first half totaled €266.3 million on growth of 11.7% at current exchange rates and 15.5% at constant exchange from one year earlier.

The acceleration in activity in Q1 2021 gained further momentum in the second quarter with sales of more than €130 million, a significant increase in relation to Q2 2020, but more importantly up 19.5% from Q2 2019. This performance reflects the underlying strengths of all the portfolio's major brands but also the success of the latest launches, in particular the *I Want Choo* and *Montblanc Explorer Ultra Blue* lines.

### 1.1 — Brand highlights

€m	H1 2019	H1 2020	H1 2021	21/19
Montblanc	71.8	36.2	69.4	-3.3%
Jimmy Choo	46.2	26.7	60.1	+30.1%
Coach	41.7	33.6	52.3	+25.4%
Lanvin	28.1	10.9	26.6	-5.3%
Rochas	14.6	12.4	17.6	+20.5%
Karl Lagerfeld	7.2	4.2	8.8	+22.2%
Van Cleef & Arpels	9.5	4.7	8.0	-15.8%
Boucheron	10.1	4.4	7.9	-21.8%
Kate Spade	-	-	7.9	na
Other	9.2	6.1	7.6	-17.4%
<b>Total sales</b>	<b>238.4</b>	<b>139.3</b>	<b>266.3</b>	<b>+11.7%</b>

With sales of nearly €70 million, Montblanc fragrances has returned to a level comparable to the first half of 2019, the year of the *Montblanc Explorer* line's launch, boosted by the rollout of the *Montblanc Explorer Ultra Blue* line in April 2021.

Bolstered by a more normal level of sales of its established lines and the particularly promising launch of the *I Want Choo* line, Jimmy Choo fragrances rose 30% in relation to H1 2019.

Coach fragrances benefited from the strength of the women's and men's *Coach* lines launched during the last few years and the *Coach Dreams Sunset* line's rollout in Q2.

After a difficult year in 2020 for the brand's main markets, Lanvin fragrances' sales returned to more normal levels following the strong rebound in Eastern Europe and Asia.

Rochas fragrances are back on a positive track following the rollout in certain countries of its eco-friendly fragrance line, *Rochas Girl*.

Finally, the *Kate Spade* line, the company's first initiative for this brand, has met with a positive response in the American market.

### 1.2 — Highlights by region

Performances by region were particularly mixed.

North America registered remarkable growth (+54%) in relation to H1 2019. The combination of a very buoyant perfume and cosmetics market in the United States, sustained sales by the portfolio's main lines and the better-than-expected performance of the *I Want Choo* line, fueled exceptional growth by the US subsidiary (+68% in local currency).

After several difficult quarters, Eastern Europe (+45%) rebounded sharply as business resumed, particularly for Lanvin fragrances.

Activity in the Asia Pacific region was back up to H1 2019 levels after strong upturns in several countries, in particular Singapore, Australia or South Korea, but above all the accelerating pace of fragrance sales in China.

Western Europe and France have gradually returned to coherent levels though remain impacted by multiple lockdowns during the period as well as an unfavorable comparison base effect linked to the launch of the men's line, *Montblanc Explorer* in early 2019.

In the Middle East, sales for all the portfolio's brands remained impacted in relation to H1 2019, with the exception of Rochas fragrances.

## 2 — Consolidated financial highlights

€m	H1 2019	H1 2020	H1 2021	21/19
Sales	238.4	139.3	266.3	+12%
Gross margin % of sales	152.3 63.9%	83.0 59.6%	171.4 64.4%	+13%
Operating profit % of sales	39.0 16.4%	10.4 7.5%	65.6 24.6%	+68%
Net income % of sales	27.2 11.4%	8.9 6.4%	45.5 17.1%	+67%

In the 2021 first half, the gross margin increased by 13% in relation to the same period in 2019, thus returning to a normative level of more than 64% by applying strict control over production costs.

Marketing and advertising expenses of €37 million were in line with the sales budget established in November 2020. And with sales largely exceeding expectations, operating profit in H1 2021 rose nearly 70% in relation to H1 2019 with the operating margin reaching on an exceptional basis 24.7%.

Net income followed the same trends by gaining 67% in relation to H1 2019 to more than €45 million for the period.

€m	12/31/2020	06/30/2021
Intangible assets and property, plant and equipment	166.9	261.9
Cash and cash equivalents	228.2	221.1
Shareholders' equity (attributable to the parent)	492.5	513.3
Borrowings and financial liabilities	11.0	130.5

And while the arrangement of a 10-year-loan in connection with the acquisition of the company's future headquarters significantly altered the balance sheet's profile, the financial structure remains solid with more than €220 million in cash and more than €500 million in shareholders' equity at June 30, 2021.

### 3 — Half-year milestones

#### January

— Launch of the *I Want Choo* line of Jimmy Choo  
*I Want Choo*, the brand's 4<sup>th</sup> fragrance line, is a powerful oriental floral Eau de Parfum finished with a seductive twist.

— Launch of the *Kate Spade New York* line  
For Interparfums' first initiative, the radiating joy, confidence and optimism of the *Kate Spade New York* woman reflects the cheerful and sparkling spirit of the much-loved American fashion brand.

#### February

— Launch of *Orchid Leather* in the  
Van Cleef & Arpels *Collection Extraordinaire*  
Named in honor of the precious orchid that produces the vanilla pod, *Orchid Leather* takes us on an imaginary journey. This new fragrance is the latest addition to the *Collection Extraordinaire* range launched several years ago.

#### March

— Launch of the *Rochas Girl* line  
*Girl* is the fragrance for a new generation which is attentive to its own well-being. *Girl* is a low-environmental impact line with a vegan formula that contains 90% natural-origin ingredients and manufactured in France using recycled glass and plastics.

#### April

— Acquisition of the future headquarters property  
In mid-April, Interparfums completed the acquisition of its future headquarters at 10 rue de Solférino in the 7<sup>th</sup> arrondissement of Paris.

— Launch of the *Montblanc Explorer Ultra Blue* line  
*Montblanc Explorer Ultra Blue* conveys an irrepressible spirit of adventure and exploration that awakens a desire to discover nature's palette of blues: sky, lakes and mountain glaciers. This new line thus expands the brand's top-selling line, *Montblanc Explorer*, launched in early 2019.

— *Cuir de Venise*, a new fragrance added to the Boucheron collection

Boucheron unveils its latest creation: *Cuir de Venise*, a warm and enveloping woody fragrance celebrating the leather craftsmanship of Venetian masters.

— Karl Lagerfeld: a new *Places by Karl* duo  
With *Tokyo – Shibuya* (a woman's Eau de Parfum) and *Hamburg – Alster* (a men's Eau de Parfum) the odyssey continues with two new destinations, a futuristic metropolis and the cradle of childhood where it all began.

#### May

— Dividend  
To partially compensate the absence of a dividend in 2020 (for FY 2019), the company decided to make a considerable effort in 2021 (for FY 2020) by offering a dividend of €0.55 per share representing nearly 95% of the prior's year's earnings.

#### June

— End of eligibility for inclusion in equity savings accounts for Small and Mid Caps (PEA-PME)  
Reflecting the growth in Interparfums' market capitalization, it is no longer eligible for this tax-advantaged equity savings regime.

— Launch of *Coach Dreams Sunset*  
Following the launch of the *Coach Dreams* line in early 2020, *Coach Dream Sunset* evokes the warmth of memories in the making and the magic of possibilities on the horizon.

— Bonus share issue  
The company proceeded with its 22<sup>nd</sup> bonus share issue on the basis of one new share for every ten shares held.

### 4 — Outlook

With double-digit growth in relation to 2019, Interparfums' sales in the 2021 first half outpaced the worldwide perfumes and cosmetics market. And despite the current pressure on supply chains with respect to the sourcing of raw materials and components, the outlook for the second half is favorable. Based on the current production plan, for the 2021 full year revenue should reach €460 million to €480 million.

Earnings in the 2021 first half were exceptionally high, significantly above the level achieved in H1 2019. However, this performance will not be repeated in the second half as the weight of marketing and advertising expenditures is traditionally high at year-end and a portion of the surplus operating profit is reinvested. On that basis, an operating margin of 14%-15% is expected for the 2021 full year.

## 5 — Risk Factors and information on related parties

### 5.1 — Risk Factors

#### Risks linked to the Covid-19 pandemic

The unprecedented global health situation has forced the Group to adapt its strategy in order to anticipate the potential long-term impacts of this crisis. In 2020 it was successful in both preserving its results and margins by intervening early on to reduce its costs and ensuring a good recovery in business at year-end, but also all jobs.

In 2021 the positive momentum experienced in the second half of 2020 has accelerated.

Based on the current health situation, between now and the end of 2021, the risk assessment could be revised to a scenario of moderate to low financial impact.

Because production is largely concentrated in France and Europe, the impact of the coronavirus epidemic on the sourcing of finished products was contained. In addition, while inventory levels have remained high, this has made it possible to meet customer demand and manage planning for future production in order to take into account the level of activity of the production plants.

Finally, measures adopted by authorities in the first half of 2020 led to the closure of virtually all points of sales in all countries where the Group operates which had a direct and significant impact on sales. This situation significantly improved in the second half of the year and the beginning of 2021, making it possible for sales to return to more normal levels. However, this situation could change again in response to the evolution of the health crisis and the consequences of new measures.

In this context, several advertising investment plans as well as the major launches that were planned have been moved forward to the beginning of 2021. Sourcing and packaging plans have been revised for the coming months, reduced for selected lines or secondary projects while strengthened for the catalog's flagship lines in line with the group's policy of maintaining high inventories.

This situation contributed to a certain number of exceptional payment delays and payment defaults. At the end of 2020, virtually all the company's accounts receivable had been collected. Concerning accounts receivable recognized in the balance sheet at December 31, 2020, only one receivables not covered by credit insurance is considered to represent a high risk of default (in the amount of €1.8 million) and a provision has been recorded for the full amount. There were no payment incidents in the first half of 2021.

During this unprecedented health crisis with its potential for having a negative impact on financing terms, the Group has a sizable cash position (more than 220 million at June 30, 2021).

To partially compensate the absence of a dividend in 2020 (for FY 2019), the company decided to make a considerable effort in 2021 (for FY 2020) by offering a dividend of €0.55 per share representing nearly 95% of the prior's year's earnings.

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

The other Risk Factors are of the same nature as those presented in note 3 "Risk Factors" of the "Consolidated Management Report" (section 1) included in the 2020 registration document filed on March 22, 2021 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There have been no significant changes in these Risk Factors in the 2021 first half.

#### 5.2 — Related party transactions

In the 2021 first half, relations between Interparfums and affiliated companies were comparable with those of fiscal year 2020 presented in Note 6.5 "Information on related parties" of the 2020 consolidated financial statements (section 3) included in the Universal Registration Document filed on March 22, 2021 with the AMF.

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

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

None.





## **2** Condensed consolidated financial statements

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## 1 — Consolidated income statement

<i>€ thousands, Except per share data which is in units</i>	Notes	H1 2020	H1 2021
<b>Sales</b>	3.1	<b>139,284</b>	<b>266,255</b>
Cost of sales	3.2	(56,286)	(94,837)
<b>Gross margin</b>		<b>82,998</b>	<b>171,418</b>
<i>% of sales</i>		<i>59.6%</i>	<i>64.4%</i>
Selling expenses	3.3	(64,557)	(93,105)
Administrative expenses	3.4	(8,012)	(12,680)
<b>Operating profit</b>		<b>10,429</b>	<b>65,633</b>
<i>% of sales</i>		<i>7.5%</i>	<i>24.7%</i>
Financial income		1,055	295
Interest and similar expenses		(373)	(920)
<b>Net finance costs</b>		<b>682</b>	<b>(625)</b>
Other financial income		2,928	2,199
Other financial expense		(2,040)	(1,246)
<b>Net financial income/(expense)</b>	3.5	<b>1,570</b>	<b>328</b>
<b>Income before income tax</b>		<b>11,999</b>	<b>65,961</b>
<i>% of sales</i>		<i>8.6%</i>	<i>24.8%</i>
Income tax	3.6	(3,120)	(20,316)
<i>Effective tax rate</i>		<i>26.0%</i>	<i>30.8%</i>
Share of profit from equity-accounted companies		-	82
<b>Net income</b>		<b>8,879</b>	<b>45,727</b>
<i>% of sales</i>		<i>6.4%</i>	<i>17.2%</i>
Net income (loss) attributable to non-controlling interests		14	196
<b>Net income attributable to parent company shareholders</b>		<b>8,865</b>	<b>45,531</b>
<i>% of sales</i>		<i>6.4%</i>	<i>17.1%</i>
Basic earnings per share <sup>(1)</sup>	3.7	0.19	0.87
Diluted earnings per share <sup>(1)</sup>	3.7	0.19	0.87

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

## 2 — Consolidated statement of comprehensive income and expense

<i>€ thousands</i>	H1 2020	H1 2021
<b>Consolidated net profit for the period</b>	<b>8,879</b>	<b>45,727</b>
Available-for-sale assets	-	-
Currency hedges	(97)	(106)
Deferred tax arising from items able to be recycled	33	27
<b>Items able to be recycled in profit or loss</b>	<b>(64)</b>	<b>(79)</b>
Actuarial gains and losses	-	1,106
Deferred taxes on items unable to be recycled	-	(286)
<b>Items unable to be recycled in profit or loss</b>	<b>-</b>	<b>820</b>
<b>Other comprehensive income total</b>	<b>(64)</b>	<b>741</b>
<b>Comprehensive income for the period<sup>(1)</sup></b>	<b>8,815</b>	<b>46,468</b>
Attributable to non-controlling shareholders	14	196
<b>Attributable to equity holders of the parent</b>	<b>8,801</b>	<b>46,272</b>

### 3 — Consolidated balance sheet

#### ASSETS

€ thousands	Notes	12/31/2020	06/30/2021
<b>Non-current assets</b>			
Net trademarks and other intangible assets	2.1	153,578	150,855
Net property, plant, equipment	2.2	13,298	111,067
Right-of use assets	2.3	8,349	16,877
Long-term investments	2.4	2,834	4,221
Other non-current financial assets	2.4	2,566	2,316
Equity-accounted investments	2.5	12,977	13,059
Deferred tax assets	2.13	7,982	7,484
<b>Total non-current assets</b>		<b>201,584</b>	<b>305,879</b>
<b>Current assets</b>			
Inventory and work-in-progress	2.6	92,520	99,515
Trade receivables and related accounts	2.7	85,961	121,992
Other receivables	2.8	5,298	42,248
Corporate income tax		3,273	1,368
Current financial assets	2.9	103,192	124,621
Cash and cash equivalents	2.9	124,966	96,479
<b>Total current assets</b>		<b>415,210</b>	<b>486,223</b>
<b>Total assets</b>		<b>616,794</b>	<b>792,102</b>

#### SHAREHOLDERS' EQUITY & LIABILITIES

€ thousands	Notes	12/31/2020	06/30/2021
<b>Shareholders' equity</b>			
Share capital		155,965	171,562
Additional paid-in capital		-	-
Retained earnings		305,820	296,244
Net income for the year		30,704	45,531
<b>Equity attributable to parent company shareholders</b>		<b>492,489</b>	<b>513,337</b>
Non-controlling interests		1,629	1,825
<b>Total shareholders' equity</b>	2.10	<b>494,118</b>	<b>515,162</b>
<b>Non-current liabilities</b>			
Provisions for non-current commitments	2.11	12,984	11,795
Non-current borrowings	2.12	-	104,313
Non-current lease liabilities	2.12	6,139	13,834
Deferred tax liabilities	2.13	1,913	2,695
<b>Total non-current liabilities</b>		<b>21,036</b>	<b>132,637</b>
<b>Current liabilities</b>			
Trade payables and related accounts	2.14	51,276	66,954
Current borrowings	2.12	11,000	26,232
Current lease liabilities	2.12	2,852	4,104
Provisions for contingencies and expenses	2.11	925	925
Income tax		2,939	14,746
Other liabilities	2.14	32,648	31,342
<b>Total current liabilities</b>		<b>101,640</b>	<b>144,303</b>
<b>Total shareholders' equity and liabilities</b>		<b>616,794</b>	<b>792,102</b>

#### 4 — Statement of changes in consolidated shareholders' equity

€ thousands	Number of shares	Share capital	Paid-in capital	Other Comprehensive Income	Retained earnings and income	Total equity		Total
						Group share	Non-controlling interests	
<b>As of December 31, 2019<sup>(1)</sup></b>	<b>47,055,449</b>	<b>141,787</b>	-	<b>(1,119)</b>	<b>322,161</b>	<b>462,829</b>	<b>1,609</b>	<b>464,438</b>
Bonus share issues	4,726,219	14,178	-	-	(14,178)	-	-	-
2020 net income	-	-	-	-	30,704	30,704	314	31,018
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	5	-	5	-	5
Remeasurement of financial instruments at fair value	-	-	-	(66)	-	(66)	-	(66)
2019 dividend paid in 2020	-	-	-	-	-	-	(294)	(294)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Treasury shares	13,396	-	-	-	2,292	2,292	-	2,292
Currency translation adjustments	-	-	-	-	(3,274)	(3,275)	-	(3,275)
<b>As of December 31, 2020<sup>(1)</sup></b>	<b>51,795,064</b>	<b>155,965</b>	-	<b>(1,180)</b>	<b>337,705</b>	<b>492,489</b>	<b>1,629</b>	<b>494,118</b>
Bonus share issues	5,198,840	15,597	-	-	(15,597)	-	-	-
2021 half-year earnings	-	-	-	-	45,531	45,531	196	45,727
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	820	-	820	-	820
Remeasurement of financial instruments at fair value	-	-	-	(79)	-	(79)	-	(79)
2020 dividend paid in 2021	-	-	-	-	(28,508)	(28,508)	-	(28,508)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	-	-
Treasury shares	9,305	-	-	-	1,754	1,754	-	1,754
Currency translation adjustments	-	-	-	-	1,330	1,330	-	1,330
<b>As of June 30, 2021<sup>(1)</sup></b>	<b>57,003,209</b>	<b>171,562</b>	-	<b>(439)</b>	<b>342,215</b>	<b>513,337</b>	<b>1,825</b>	<b>515,162</b>

(1) Excluding treasury shares.

## 5 — Consolidated statement of cash flows

€ thousands	06/30/2020	12/31/2020	06/30/2021
<b>Cash flows from operating activities</b>			
Net income	8,879	31,018	45,726
Depreciation, amortization and other	14,072	18,902	5,103
Share of profit from equity-accounted companies	-	(477)	(82)
Net finance costs	(682)	(858)	625
Tax charge of the period	3,250	15,220	20,316
<b>Operating cash flows</b>	<b>25,519</b>	<b>63,805</b>	<b>71,688</b>
Interest expense payments	(624)	(896)	(706)
Tax payments	(4,101)	(17,991)	(7,794)
<b>Cash flow after interest expense and tax</b>	<b>20,794</b>	<b>44,918</b>	<b>63,188</b>
Change in inventory and work in progress	(25,533)	8,509	(6,499)
Change in trade receivables and related accounts	34,040	5,088	(35,149)
Change in other receivables	970	(1,160)	(35,577)
Change in trade payables and related accounts	(25,252)	(12,005)	15,678
Change in other current liabilities	(20,160)	641	(1,034)
<b>Change in working capital needs</b>	<b>(35,935)</b>	<b>1,073</b>	<b>(62,581)</b>
<b>Net cash flows provided by (used in) operating activities</b>	<b>(15,141)</b>	<b>45,991</b>	<b>607</b>
<b>Cash flows from investing activities</b>			
Net acquisitions of intangible assets	(870)	(1,432)	(781)
Net acquisitions of property, plants and equipment	(1,002)	(8,543)	(99,026)
Net acquisitions of property, plants and equipment – right-of-use assets	(699)	(699)	(8,413)
Acquisition of equity interests	(12,500)	(12,500)	-
Net acquisitions of marketable securities (> 3 months)	(6,000)	3,376	(21,045)
Changes in investments and other non-current assets	(8,654)	528	(1,137)
<b>Net cash flows provided by (used in) investing activities</b>	<b>(29,725)</b>	<b>(19,270)</b>	<b>(130,402)</b>
<b>Financing activities</b>			
Issuance of borrowings and new financial debt	12,000	12,000	134,206
Debt repayments	(10,000)	(11,000)	(14,000)
Net change in lease liabilities	(1,220)	(2,640)	8,947
Dividend payments to shareholders	-	-	(28,508)
Treasury shares	1,267	823	663
<b>Net cash flows provided by (used in) financing activities</b>	<b>2,047</b>	<b>(817)</b>	<b>101,308</b>
<b>Change in net cash</b>	<b>(42,819)</b>	<b>25,904</b>	<b>(28,487)</b>
Cash and cash equivalents, beginning of year	151,624	99,062	124,966
<b>Cash and cash equivalents, end of year</b>	<b>108,805</b>	<b>124,966</b>	<b>96,479</b>

The reconciliation of net cash breaks down as follows :

€ thousands	06/30/2020	12/31/2020	06/30/2021
Cash and cash equivalents	108,805	124,966	96,479
Current financial assets	60,283	103,192	124,621
<b>Net cash and current financial assets</b>	<b>169,088</b>	<b>228,158</b>	<b>221,100</b>

### **3** Notes to the consolidated financial statements

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## Notes to the consolidated financial statements

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Boucheron unveils its latest creation: *Cuir de Venise*, a warm and enveloping woody fragrance celebrating the leather craftsmanship of Venetian masters.

— Karl Lagerfeld: a new *Places by Karl* duo  
With *Tokyo – Shibuya* (a woman's Eau de Parfum) and *Hamburg – Alster* (a men's Eau de Parfum) the odyssey continues with two new destinations, a futuristic metropolis and the cradle of childhood where it all began.

### May

— Dividend

To partially compensate the absence of a dividend in 2020 (for FY 2019), the company decided to make a considerable effort in 2021 (for FY 2020) by offering a dividend of €0.55 per share representing nearly 95% of the prior's year's earnings.

### June

— End of eligibility for inclusion in equity savings accounts for Small and Mid Caps (PEA-PME)  
Reflecting the growth in Interparfums' market capitalization, it is no longer eligible for this tax-advantaged equity savings regime.

— Launch of *Coach Dreams Sunset*  
Following the launch of the *Coach Dreams* line in early 2020, *Coach Dream Sunset* evokes the warmth of memories in the making and the magic of possibilities on the horizon.

— Bonus share issue  
The company proceeded with its 22<sup>nd</sup> bonus share issue on the basis of one new share for every ten shares held.

# 1 — Accounting principles

## 1.1 — Compliance statement

The interim condensed consolidated financial statements for the six-month period ending June 30, 2021 were adopted by the Board of Directors on September 7, 2021. They have been prepared in compliance with EC regulations 1606-2002 of July 19, 2002 on international accounting standards and notably IAS 34 on interim financial reporting as endorsed by the European Union. These standards have been consistently applied over the periods presented. The interim financial statements were prepared on the basis of these same rules and methods used to produce the annual financial statements.

This interim condensed financial report must be read in conjunction with the consolidated annual financial statements for the fiscal year ended December 31, 2020. In addition, the comparability of interim and annual financial statements may be affected by seasonal trends of Group business and notably the impact of launch phases of new fragrance lines.

In addition, reflecting the strong impact of the health crisis in 2020 and the measures adopted in response and the good recovery of business in 2021, the income

and expense components of operating income have fluctuated significantly over the period.

Financial information presented herein is based on:

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

## 1.2 — Changes in accounting standards

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the financial statements for the period ending June 30, 2021.

The following standards, amendments or interpretations that entered into effect on January 1, 2021 were applied by the company in preparing its consolidated financial statements for the six-month period ended June 30, 2021.

### Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 “Interest rate benchmark reform”

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

## 1.3 — Basis of consolidation

Interparfums S.A.		Ownership interest (%) Controlling interest (%)	Consolidation method
Interparfums Suisse Sarl	Switzerland	100%	Full consolidation
Inter España Parfums et Cosmetiques S.L.	Spain	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.

The subsidiaries Inter España Parfums et Cosmetiques S.L. and Interparfums Srl are in the process of being wound up. In consequence, while included in the consolidation scope in 2021 they no longer have commercial operations.

At June 30, 2020, Interparfums acquired 25% of the capital of Divabox, specialized in e-commerce for

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

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

## 2 — Notes to the balance sheet

### 2.1 — Trademarks and other intangible assets

#### 2.1.1 — Nature of intangible assets

€ thousands	12/31/2020	+	-	06/30/2021
<b>Gross value</b>				
<b>Indefinite useful life intangible assets</b>				
Lanvin trademark	36,323	-	-	36,323
Rochas Fragrances trademark	86,739	-	-	86,739
Rochas Fashion trademark	19,086	-	-	19,086
<b>Finite useful life intangible assets</b>				
S.T. Dupont upfront license fee Dupont	1,219	-	-	1,219
Van Cleef & Arpels upfront license fee	18,250	-	-	18,250
Montblanc upfront license fee	1,000	-	-	1,000
Boucheron upfront license fee	15,000	-	-	15,000
Karl Lagerfeld upfront license fee	12,877	-	-	12,877
<b>Other intangible assets</b>				
Rights on molds for bottles and related items	14,728	540	-	15,268
Registration of trademarks	570	-	-	570
Software	3,796	241	-	4,037
<b>Total gross amount</b>	<b>209,588</b>	<b>781</b>	<b>-</b>	<b>210,369</b>
<b>Amortization and impairment</b>				
<b>Indefinite useful life intangible assets</b>				
Rochas Fashion trademark	-	(1,986)	-	(1,986)
<b>Finite useful life intangible assets</b>				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(18,250)	-	-	(18,250)
Montblanc upfront license fee	(881)	(33)	-	(914)
Boucheron upfront license fee	(10,000)	(496)	-	(10,496)
Karl Lagerfeld upfront license fee	(10,335)	(318)	-	(10,653)
<b>Other intangible assets</b>				
Rights on molds for bottles and related items	(11,770)	(547)	-	(12,317)
Registration of trademarks	(500)	-	-	(500)
Software	(3,055)	(124)	-	(3,179)
<b>Total amortization and impairment</b>	<b>(56,010)</b>	<b>(3,504)</b>	<b>-</b>	<b>(59,514)</b>
<b>Net total</b>	<b>153,578</b>	<b>(2,723)</b>	<b>-</b>	<b>150,855</b>

At June 30, 2021, an independent external expert's appraisal of the value of the Rochas fashion brand resulted in the recognition of an impairment loss of €1,986,000.

Reflecting the absence of any indications of impairment in the period of trademarks and licenses, no additional impairment charges were recognized for intangible assets.

### 2.2 — Property, plant and equipment

€ thousands	12/31/2020	+	-	06/30/2021
Fixtures, improvements, fittings	4,709	106	-	4,815
Office and computer equipment and furniture	2,352	88	-	2,440
Molds for bottles and caps	16,025	942	(4)	16,963
Building (land and construction)	6,250	95,380	-	101,630
Property acquisition costs	-	2,509	-	2,509
Other	549	-	-	549
<b>Total gross amount</b>	<b>29,885</b>	<b>99,025</b>	<b>(4)</b>	<b>128,906</b>
Amortization and impairment	(16,586)	(1,257)	4	(17,839)
<b>Net total</b>	<b>13,299</b>	<b>97,768</b>	<b>-</b>	<b>111,067</b>

The "building" line item concerns the acquisition of the company's future headquarters. The amounts presented thereunder are partial and not yet allocated

by component, with delivery and settlement of the final balance expected in early 2022.

## 2.3 — Right-of use assets

The main lease agreements identified which are required to be recognized in the balance sheet under assets in application of IFRS 16 concern the premises of the Paris headquarters, the New York and Singapore offices and the Rouen warehousing facility.

"Right-of use assets" also includes components relating to vehicle leases previously presented as tangible assets under IAS 17.

At June 30, 2021, "right-of use assets" broke down as follows:

€ thousands	12/31/2020	+	-	06/30/2021
<b>Gross value</b>				
Property leases	15,236	14,910	(6,462)	23,684
Vehicle leases	564	-	(35)	529
<b>Total gross amount</b>	<b>15,800</b>	<b>14,910</b>	<b>(6,497)</b>	<b>24,213</b>
<b>Amortization</b>				
Property leases	(7,082)	(3,501)	3,641	(6,942)
Vehicle leases	(369)	(60)	35	(394)
<b>Total amortization</b>	<b>(7,451)</b>	<b>(3,561)</b>	<b>3,676</b>	<b>(7,336)</b>
<b>Net total</b>	<b>8,349</b>	<b>11,349</b>	<b>(2,821)</b>	<b>16,877</b>

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

### 2.4.1 — Long-term investments

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

### 2.4.2 — Other non-current financial assets

The signature of the Karl Lagerfeld license agreement resulted in an advance on royalty payments to be charged against future royalties of €9.6 million. This advance is discounted over the license agreement term and reduced accordingly to €2.3 million at June 30, 2021.

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

## 2.5 — Equity-accounted investments

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

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

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

€ thousands	
Divabox's shareholders equity at June 30, 2020	19,231
Group ownership interest (%)	25%
Share in net equity	4,808
Goodwill	7,692
<b>Carrying value of the Group's ownership interest in the joint-venture at June 30, 2020</b>	<b>12,500</b>
Share of profit (loss) from the prior period	477
Share of profit (loss) of associates	82
<b>Equity-accounted investments</b>	<b>13,059</b>

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

## 2.6 — Inventory and work-in-progress

€ thousands	12/31/2020	06/30/2021
Raw materials and components	41,578	52,848
Finished goods	57,736	54,031
<b>Total gross amount</b>	<b>99,314</b>	<b>106,879</b>
Allowances for raw materials	(3,076)	(3,580)
Allowances for finished goods	(3,718)	(3,784)
<b>Accumulated provisions for impairment</b>	<b>(6,794)</b>	<b>(7,364)</b>
<b>Net total</b>	<b>92,520</b>	<b>99,515</b>

## 2.7 — Trade receivables and related accounts

€ thousands	12/31/2020	06/30/2021
Total gross amount	90,252	125,401
Impairment	(4,291)	(3,409)
<b>Net total</b>	<b>85,961</b>	<b>121,992</b>

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

€ thousands	12/31/2020	06/30/2021
Not due	61,011	79,756
0-90 days	25,823	43,617
91-180 days	934	1,514
181-360 days	30	2
More than 360 days	2,454	512
<b>Total gross amount</b>	<b>90,252</b>	<b>125,401</b>

**2.8 — Other receivables**

€ thousands	12/31/2020	06/30/2021
Prepaid expenses	2,304	3,600
Advances and down payments	-	21,571
Value-added tax	1,410	16,225
Hedging instruments	1,010	459
License royalties	423	23
Other	151	370
<b>Total</b>	<b>5,298</b>	<b>42,248</b>

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

Similarly, "Value Added Tax" includes the VAT credit generated from the purchase of the headquarters. This VAT credit was refunded by the tax authorities in July 2021.

**2.9 — Current financial assets, cash and cash equivalents**

€ thousands	12/31/2020	06/30/2021
Current financial assets	103,192	124,621
Cash and cash equivalents	124,966	96,479
<b>Current financial assets, cash and cash equivalents</b>	<b>228,158</b>	<b>221,100</b>

**2.9.1 — Current financial assets**

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

€ thousands	12/31/2020	06/30/2021
Term deposit accounts	49,563	45,648
Capital redemption contracts	53,194	78,537
Other current financial assets	435	436
<b>Current financial assets</b>	<b>103,192</b>	<b>124,621</b>

**2.9.2 — Cash and cash equivalents**

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

€ thousands	12/31/2020	06/30/2021
Interest-bearing accounts	-	-
Term deposit accounts	24,604	17,003
Current interest-bearing accounts	8,759	9,943
Bank accounts	91,603	69,533
<b>Cash and cash equivalents</b>	<b>124,966</b>	<b>96,479</b>

In accordance with IAS 7, capital redemption contracts invested in euro funds, not subject to exit penalties or delays for the release of funds, are liquid and readily convertible into cash and on that basis considered as cash equivalents.

**2.10 — Shareholders' equity****2.10.1 — Share capital**

As of June 30, 2021, Interparfums' capital was comprised of 57,187,249 shares fully paid-up with a par value of €3, 72.59%-held by Interparfums Holding.

For the period under review, capital increases result from the bonus issue of June 16, 2021 for 5,198,840 shares on the basis of one new share for every ten shares held.

**2.10.2 — Performance share awards**

The maximum number of shares to be awarded or the plan implemented on December 31, 2018 was 133,000 shares for senior executives and managers and 26,000 shares for all other employees.

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

The shares awarded without consideration and fully vested may be sold on the vesting date without the application of a holding period.

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

In light of the health context of 2020, and to enable employees to acquire all or part of these securities, on June 24, 2020, pursuant to the proposal of the Chairman-CEO, the Board of Directors decided to review the conditions of performance set for this plan.

To ensure the availability of shares for remittance to employees on maturity, the company purchased 159,260 shares on the market on June 30, 2021 for a total amount of €5.2 million. These shares are presented as a deduction from shareholders' equity.

At June 30, 2021, the estimated number to be remitted was 173,600 shares.

In accordance with IFRS 2, the Interparfums<sup>SA</sup> share price used to estimate the value in the consolidated financial statements is that of the last trading session preceding the implementation of the plan or €33.15. The fair value applied on the award date is €30.20 after taking into account future dividends. The total expense to be spread over the duration of the plan (3.5 years) amounted to €3.9 million.

At June 30, 2021, the cumulative expense since the beginning of the plan was €2,814,000.

### 2.10.3 — Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 23, 2021, 24,780 Interparfums shares with a nominal value of €3 per share were held by the company as of June 30, 2021 or 0.04% of the share capital.

Changes in the period break down as follows:

€ thousands	Av. exch. rate	Number of shares	Book Value
<b>At December 31, 2020</b>	<b>40.28</b>	<b>48,563</b>	<b>1,956</b>
Acquisition	50.12	105,701	5,298
Bonus issue of June 16, 2021	-	1,601	-
Sales	45.47	(131,085)	(5,961)
Impairment	-	-	-
<b>At June 30, 2021</b>	<b>52.18</b>	<b>24,780</b>	<b>1,293</b>

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 €60 per share, excluding execution costs;
- The total number of shares acquired may not exceed 5% of the company's capital stock.

### 2.10.4 — Non-controlling interests

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

€ thousands	12/31/2020	06/30/2021
Reserves attributable to non-controlling interests	1,315	1,629
Earnings attributable to non-controlling interests	314	196
<b>Non-controlling interests</b>	<b>1,629</b>	<b>1,825</b>

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

### 2.10.5 — Information on equity

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

Since 1998, the company has adopted a dividend policy designed to reward shareholders while at the same time associating them with the Group's expansion

To partially compensate the absence of a dividend in 2020 (for FY 2019), the company decided to make a considerable effort in 2021 (for FY 2020) by offering a dividend of €0.55 per share representing nearly 95% of the prior's year's earnings.

Given its financial structure, the Group has the ability to secure financing for important projects from banks in the form of medium-term loans. At the end of May 2020, a 10-year €120 million loan was obtained to finance the acquisition of the company's new headquarters office complex in Paris.

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

## 2.11 — Provisions for contingencies and expenses

<i>€ thousands</i>	12/31/2020	Allowances	Actuarial gains/losses	Provisions used the period	Reversal of unused provisions	06/30/2021
Provisions for retirement severance payments	9,770	338	(1,106)	(168)	-	8,834
Provision for expenses <sup>(1)</sup>	439	110	-	-	-	549
Provisions for operating losses	2,775	-	-	(363)	-	2,412
<b>Total provisions for expenses &gt; 1 year</b>	<b>12,984</b>	<b>448</b>	<b>(1,106)</b>	<b>(531)</b>	<b>-</b>	<b>11,795</b>
Provision for expenses	-	-	-	-	-	-
Provisions for operating losses	925	-	-	-	-	925
Other provisions for contingencies < 1 year	-	-	-	-	-	-
<b>Total provisions for contingencies &gt; 1 year</b>	<b>925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>925</b>
<b>Total provisions for contingencies and expenses</b>	<b>13,909</b>	<b>448</b>	<b>(1,106)</b>	<b>(531)</b>	<b>-</b>	<b>12,720</b>

(1) The provision for expenses concerns the social contribution payable in connection with the restricted share unit plan of 2018.

The provision for operating losses recorded in 2020 concerns the risk of future losses for the activity of a minor brand of the portfolio for which the probability of generating a net decline in revenue is high. This provision is calculated over the remaining term of the license agreement. It is recognized each year as the actual losses are incurred in the accounts.

### Tax risk

In recent years, Interparfums<sup>SA</sup> has been subject to tax audits concerning notably the activity of Interparfums Suisse, without however calling into question the legal basis for this company.

In 2018, tax authorities raised questions about the potential tax in France of all or part of the earnings generated by Interparfums Suisse. Because the territoriality of this company had never, at any time, been challenged, Interparfums<sup>SA</sup> did not consider recording a provision for tax contingencies in the financial statements for the period ended December 31, 2018 to be necessary.

In February 2020, the French tax authorities continue to review this matter by issuing a new audit notification.

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

## 2.12 — Borrowings, financial liabilities and lease liabilities

### Borrowings and financial liabilities

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

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

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

At the same time, in order to finance the VAT related to the acquisition, Interparfums obtained an additional loan for €14.2 million. The reimbursement of this loan was to be made through a single payment once the tax authorities have refunded the VAT tax credit which occurred in July 2021.

### Lease liabilities

"Lease liabilities" includes liabilities representing the present value of future these 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 Paris headquarters, the New York and Singapore offices and the warehousing facility in Rouen.

### 2.12.1 — Changes in finance costs

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

<i>€ thousands</i>	12/31/2020	Cash flow	Non-cash items			06/30/2021
			Net acquisitions	Changes in fair value	Amortization	
Borrowings	11,000	106,000	-	-	-	117,000
VAT loan	-	14,204	-	-	-	14,204
Loan acquisition costs	-	(1,134)	-	-	50	(1,084)
Interest rate swap	-	-	-	425	-	425
<b>Total borrowings and other financial liabilities</b>	<b>11,000</b>	<b>119,070</b>	<b>-</b>	<b>425</b>	<b>50</b>	<b>130,545</b>
Lease liabilities	8,991	(2,224)	14,908		(3,737)	17,938
<b>Total financial debt</b>	<b>19,991</b>	<b>116,846</b>	<b>14,908</b>	<b>425</b>	<b>(3,687)</b>	<b>148,483</b>

### 2.12.2 — Borrowings, financial liabilities and lease liabilities by maturity

<i>€ thousands</i>	Total	Up to 1 year	1 to 5 years	5 years or more
Borrowings and financial liabilities	130,545	26,232	47,646	56,667
Lease liabilities	17,938	4,104	9,029	4,805
<b>Total at June 30, 2021</b>	<b>148,483</b>	<b>30,336</b>	<b>56,675</b>	<b>61,472</b>

### 2.12.3 — Covenants and special provisions

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

No other special provision is attached to this loan.

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



## 2.13 — Deferred tax

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

<i>€ thousands</i>	12/31/2020	Changes through reserves	Changes through income	06/30/2021
<b>Deferred tax assets</b>				
Timing differences between financial and tax accounting	3,209	-	(62)	3,147
Provisions for retirement liabilities	134	(286)	286	134
Loss carryforwards	294	-	998	1,292
Forward hedging instruments	-	27	70	97
IFRS 16 – right-of-use assets	53	-	86	139
Leases	2	-	(1)	1
Intra-group inventory margin	3,580	-	(410)	3,170
Advertising and promotional costs	1,004	-	(208)	796
Other	-	-	-	-
<b>Total deferred tax assets before amortization</b>	<b>8,276</b>	<b>(259)</b>	<b>759</b>	<b>8,776</b>
Depreciation of deferred tax assets	(294)	-	(998)	(1,292)
<b>Net deferred tax assets</b>	<b>7,982</b>	<b>(259)</b>	<b>(239)</b>	<b>7,484</b>
<b>Deferred tax liabilities</b>				
Acquisition costs	416	-	-	416
Bonus shares	-	(49)	49	-
Levies imposed by governments	132	-	(43)	89
Borrowing costs associated with the acquisition of the headquarters office complex	-	-	281	281
Capitalization of costs associated with the Rochas brand acquisition	1,258	-	-	1,258
Capitalization of costs associated with the acquisition of headquarters building	-	-	648	648
Gains (losses) on treasury shares	-	172	(172)	-
Impairment of treasury shares	-	-	-	-
Forward hedging instruments	-	-	-	-
Derivatives	107	-	(104)	3
Other	-	-	-	-
<b>Total deferred tax liabilities</b>	<b>1,913</b>	<b>123</b>	<b>659</b>	<b>2,695</b>
<b>Total net deferred tax</b>	<b>6,069</b>	<b>(382)</b>	<b>(898)</b>	<b>4,789</b>

## 2.14 — Trade payables and other current liabilities

### 2.14.1 — Trade payables and related accounts

<i>€ thousands</i>	12/31/2020	06/30/2021
Trade payables for components	10,054	23,817
Other trade payables	41,222	43,137
<b>Total</b>	<b>51,276</b>	<b>66,954</b>

### 2.14.2 — Other liabilities

<i>€ thousands</i>	12/31/2020	06/30/2021
Accrued credit notes	2,335	1,730
Tax and employee-related liabilities	12,451	12,537
Accrued royalties	11,218	12,188
Hedging instruments	803	1,048
Interparfums Holding current accounts	1,681	1,635
Other liabilities	4,160	2,204
<b>Total</b>	<b>32,648</b>	<b>31,342</b>

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

## 2.15 — Financial instruments

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

€ thousands	Notes	2021				2020	
		At amortized cost	Fair value through profit or loss	Carrying value	Fair value	Carrying value	Fair value
<b>Other non-current financial assets</b>							
Long-term investments	2.4	4,221	-	4,221	4,221	2,834	2,834
Total non-current financial assets	2.4	2,316	-	2,316	2,316	2,566	2,566
Equity-accounted investments	2.5	13,059	-	13,059	13,059	12,977	12,977
<b>Current financial assets</b>							
Trade receivables and related accounts	2.7	121,992	-	121,992	121,992	85,961	85,961
Other receivables	2.8	42,248	-	42,248	42,248	5,298	5,298
Derivative instruments subject to hedge accounting (based on documentation establishing the hedging relationship)		-	-	-	-	-	-
Other current financial assets	2.9	124,621	-	124,621	124,621	103,192	103,192
Cash and cash equivalents	2.9	96,479	-	96,479	96,479	124,966	124,966
<b>Non-current financial liabilities</b>							
Non-current borrowings and financial liabilities <sup>(1)</sup>	2.12	97,986	-	104,313	104,313	-	-
<b>Current liabilities</b>							
Trade payables and related accounts	2.14	66,954	-	66,954	66,954	51,276	51,276
Current borrowings and financial liabilities <sup>(1)</sup>	2.12	26,165	-	26,232	26,232	11,000	11,000
Other liabilities	2.14	31,022	-	31,342	31,342	32,648	32,648
Derivative instruments subject to hedge accounting (based on documentation establishing the hedging relationship)		320	-	-	-	-	-

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

No change in fair value has been recorded through equity.

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

## 2.16 — Risk management

The primary risks related to the Group's business and organization result from interest rate and foreign

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

### 2.16.1 — Interest rate risks

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

### 2.16.2 — Liquidity risks

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

€ thousands	Up to 1 year	1 to 5 years	> 5 years	Total
Other non-current financial assets	500	1,816	-	2,316
Current financial assets	83,537	41,084	-	124,621
Cash and cash equivalents	96,479	-	-	96,479
<b>Total financial assets</b>	<b>180,516</b>	<b>42,900</b>	<b>-</b>	<b>223,416</b>
Borrowings and financial liabilities	(25,996)	(47,388)	(56,736)	(130,120)
<b>Total financial liabilities</b>	<b>(25,996)</b>	<b>(47,388)</b>	<b>(56,736)</b>	<b>(130,120)</b>
<b>Net position before hedging</b>	<b>154,520</b>	<b>(4,488)</b>	<b>(56,736)</b>	<b>93,296</b>
Hedging of assets and liabilities (swaps)	(236)	(258)	69	(425)
<b>Net position after hedging</b>	<b>154,284</b>	<b>(4,746)</b>	<b>(56,667)</b>	<b>92,871</b>

### 2.16.3 — Foreign exchange risks

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

€ thousands	USD	GBP	JPY
Assets	42,539	5,669	1,287
Liabilities	(2,248)	(954)	(2)
<b>Net position before hedging at the closing price</b>	<b>40,291</b>	<b>4,715</b>	<b>1,285</b>
Net position hedged	(24,403)	(4,196)	(380)
<b>Net position after hedging</b>	<b>15,888</b>	<b>519</b>	<b>905</b>

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (50.8% of sales) and to a

lesser extent the Pound sterling (4.1% of sales) and the Japanese yen (1.0% of sales).

### 3 — Notes to the income statement

Reflecting the strong impact of the health crisis in 2020 and the measures adopted in response and the good recovery of business in 2021, the income and expense components of operating income have fluctuated significantly over the period.

No other non-recurring expenses directly linked to the management of the current health crisis were recorded in 2020.

#### 3.1 — Breakdown of consolidated sales by brand

<i>€ thousands</i>	<b>H1 2020</b>	<b>H1 2021</b>
Montblanc	36,185	69,440
Jimmy Choo	26,705	60,087
Coach	33,624	52,336
Lanvin	10,941	26,572
Rochas	12,429	17,610
Boucheron	4,401	7,932
Kate Spade	-	7,927
Van Cleef & Arpels	4,665	7,953
Karl Lagerfeld	4,240	8,844
Other	6,094	7,554
<b>Sales</b>	<b>139,284</b>	<b>266,255</b>

#### 3.2 — Cost of sales

<i>€ thousands</i>	<b>H1 2020</b>	<b>H1 2021</b>
Raw materials, trade goods and packaging	(69,414)	(97,413)
Changes in inventory and allowances for impairment	18,345	9,316
POS advertising	(777)	(861)
Staff costs	(2,068)	(3,547)
Allowances and reversals/impairment	(1,800)	(1,855)
Property rental expenses	(199)	(62)
Transportation costs	(311)	(358)
Other expenses related to the cost of sales	(62)	(57)
<b>Total cost of sales</b>	<b>(56,286)</b>	<b>(94,837)</b>

#### 3.3 — Selling expenses

<i>€ thousands</i>	<b>H1 2020</b>	<b>H1 2021</b>
Advertising	(29,747)	(36,816)
Royalties	(11,302)	(21,490)
Staff costs	(10,120)	(15,929)
Service fees/subsidiaries	(2,344)	(3,657)
Subcontracting	(1,555)	(3,057)
Transportation costs	(1,739)	(2,820)
Travel and entertainment expenses	(1,300)	(1,008)
Allowances and reversals	(2,865)	(3,528)
Tax and related expenses	(1,642)	(1,795)
Commissions	(420)	(537)
Property rental expenses	(172)	917
Other selling expenses	(1,351)	(3,385)
<b>Total selling expenses</b>	<b>(64,557)</b>	<b>(93,105)</b>

**3.4 — Administrative expenses**

€ thousands	H1 2020	H1 2021
Purchases and external costs	(3,111)	(3,444)
Staff costs	(3,765)	(5,644)
Property rental expenses	(67)	(181)
Allowances and reversals	(697)	(2,594)
Travel expenses	(131)	(118)
Other administrative expenses	(241)	(699)
<b>Total administrative expenses</b>	<b>(8,012)</b>	<b>(12,680)</b>

**3.5 — Net financial income/(expense)**

€ thousands	H1 2020	H1 2021
Financial income	1,055	295
Interest and similar expenses	(373)	(920)
<b>Net finance costs</b>	<b>682</b>	<b>(625)</b>
Currency losses	(2,037)	(1,246)
Currency gains	2,922	2,197
<b>Net currency gains (losses)</b>	<b>885</b>	<b>951</b>
Other financial income and expenses	3	2
<b>Net financial income/(expense)</b>	<b>1,570</b>	<b>328</b>

**3.6 — Income tax**

€ thousands	H1 2020	H1 2021
Current income tax – France	(3,013)	(12,218)
Current income tax – Foreign operations	(1,423)	(7,200)
<b>Total current income tax</b>	<b>(4,436)</b>	<b>(19,418)</b>
Deferred tax- France	598	(784)
Deferred tax- Foreign operations	718	(114)
<b>Total deferred taxes</b>	<b>1,316</b>	<b>(898)</b>
<b>Total income taxes</b>	<b>(3,120)</b>	<b>(20,316)</b>

**3.7 — Earnings per share**

In thousands of euros, except number of shares and earnings per share in euros	H1 2020	H1 2021
Consolidated net income	8,865	45,531
Average number of shares	47,501,070	52,232,953
<b>Basic earnings per share<sup>(1)</sup></b>	<b>0.19</b>	<b>0.87</b>
<b>Dilutive effect of stock options:</b>		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	47,501,070	52,232,953
<b>Diluted earnings per share<sup>(1)</sup></b>	<b>0.19</b>	<b>0.87</b>

(1) Adjusted for bonus shares granted in 2020 and 2021.

## 4 — Segment reporting

### 4.1 — Business lines

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

However, a separate presentation is not provided for income statement aggregates because the "Fashion" business represents less than 0.5% of Group sales.

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

Segment assets consist of operating assets used primarily in France.

### 4.2 — Geographical segments

Sales by geographical sector break down as follows:

<i>€ thousands</i>	H1 2020	H1 2021
North America	41,610	101,335
South America	11,491	21,224
Asia	21,739	42,154
Eastern Europe	7,924	23,510
Western Europe	26,712	37,880
France	12,793	16,683
Middle East	14,977	20,710
Africa	2,038	2,759
<b>Sales</b>	<b>139,284</b>	<b>266,255</b>

## 5 — Off-balance sheet commitments

### 5.1 — Off balance sheet commitments given

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

<i>€ thousands</i>	Main characteristics	12/31/2020	06/30/2021
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	257,664	239,469
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses to be paid regardless of sales volume for the period.	4,891	2,268
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.	4,155	4,581
<b>Total commitments given in connection with operating activities</b>		<b>266,710</b>	<b>246,318</b>

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

Commitments with respect to forward currency sales at June 30, 2021 amounted to US\$12,000,000, £3,600,000 million and ¥50,000,000.

Commitments with respect to forward currency sales at June 30, 2021 budgeted in the 2021 second half amounted to US\$49,500,000.

### 5.1.3 — Commitments given by maturity at June 30, 2021

<i>€ thousands</i>	<b>Total</b>	<b>Up to 1 year</b>	<b>1 to 5 years</b>	<b>5 years or more</b>
Guaranteed minima on trademark royalties	239,469	14,859	125,090	99,520
Guaranteed minima for warehousing and logistics	2,268	2,268	-	-
Firm component orders	4,581	4,581	-	-
<b>Total commitments given</b>	<b>246,318</b>	<b>21,708</b>	<b>125,090</b>	<b>99,520</b>

### 5.2 — Off-balance sheet commitments received

Commitments in connection with forward currency sales at June 30, 2021 amounted to €10,071,000 for hedges for US dollars, €4,188,000 for Pound sterling

and €373,000 for Japanese yen representing total commitments of €14,632,000.

Commitments with respect to forward currency purchases at June 30, 2021 budgeted in the 2021 second half amounted to €41,290,000 for US dollar hedges.

## 6 — Information on related parties

In the 2021 first half, there were no changes with respect to relations between Interparfums and affiliated undertakings (parent company and subsidiaries) and those disclosed in the notes to the consolidated financial statements in the 2020 Universal Registration

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

## 7 — Other information

### 7.1 — License agreements

	Nature of license	License inception date	Duration	Expiration date
Boucheron	Inception	January 2011	15 years	December 2025
Coach	Inception	June 2016	10 years	June 2026
Jimmy Choo	Inception	January 2010	12 years	-
	Renewal	January 2018	13 years	December 2031
Karl Lagerfeld	Inception	November 2012	20 years	October 2032
Kate Spade	Inception	January 2020	10 years and 6 months	June 2030
Moncler	Inception	January 2021	6 years	December 2026
Montblanc	Inception	July 2010	10 years and 6 months	-
	Renewal	January 2016	5 years	December 2025
Paul Smith	Inception	January 1999	12 years	-
	Renewal	July 2008	7 years	-
	Renewal	July 2017	4 years	December 2021
Repetto	Inception	January 2012	13 years	December 2024
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	-
Van Cleef & Arpels	Inception	January 2007	12 years	-
	Renewal	January 2019	6 years	December 2024

In June 2020, Interparfums and Moncler entered into an exclusive global fragrance license agreement for a contractual period of 6 years and with the possibility for an extension for 5 years.

Under this agreement, Interparfums will create, produce and distribute new perfumes and fragrance-related products. Interparfums will distribute these fragrances globally to department and specialty stores and duty free shops, as well as in the Moncler brand retail stores.

The launch of the first fragrance line is planned during the first quarter of 2022.

### 7.2 — Own brands

#### — Lanvin

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

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

### Rochas

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

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

### 7.3 — Employee-related data

Changes in the workforce by department break down as follows:

Number of employees at	06/30/2020	06/30/2021
Executive Management	2	2
Production & Operations	46	48
Marketing	72	61
Export	76	78
France	42	40
Finance & Corporate Affairs	61	58
Rochas fashion	8	4
<b>Total</b>	<b>307</b>	<b>291</b>

### 7.4 — Post-closing events

None



## Certificate of the company officer responsible for the interim financial report

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2021, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of Interparfums and all consolidated companies, and that the interim management report included herein presents a true and fair view of the major events that occurred during

the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties concerning the remaining six months of the fiscal year.

Paris, September 7, 2021

**Philippe Santi**  
Executive Vice President

## Person responsible for financial information

**Philippe Santi**  
Executive Vice President

# Statutory Auditors' review report on the interim financial statements

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

To the Shareholders,

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

- The limited review of the accompanying condensed consolidated interim financial statements of Interparfums for the six-month period from January 1, 2021 to June 30, 2021;
- The verification of the information given in the interim management report.

The global crisis linked to the Covid-19 pandemic has created particular conditions for preparing for and auditing the interim consolidated financial statements for this period. In particular, this crisis and the exceptional measures taken in connection with the public health emergency have resulted in multiple consequences for companies, particularly for their business, their financing, as well as increased uncertainties about their future outlook. Certain measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our work.

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

## I — Conclusion on the financial statements

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

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

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

## II — Specific verifications

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

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

Courbevoie and Paris, September 7, 2021

The Statutory Auditors *French original signed by:*

**SFECO& Fiducia Audit**  
Gilbert BERDUGO

**Mazars**  
Guillaume WADOUX

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Boucheron  
Coach  
Jimmy Choo  
Karl Lagerfeld  
Kate Spade  
Lanvin  
Moncler  
Montblanc  
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