Interparfums

2017 Annual report

2017

2017 Annual report **Interparfums**

Interview of the chief executives

With €422 million in sales, up 15% from one year earlier, 2017 was very good year. How do you account for this result?

Without a doubt, the year was indeed "rather good". A performance made possible by better-than-expected sales from all our brands.

Our top-selling brands, Montblanc, Jimmy Choo and Lanvin, consolidated their positions while maintaining sustained and steady growth driven by the strength of their established lines and new launches in 2017.

However, excellent performances in the year were also achieved by virtually all our portfolio's brands.

Coach, the brand's first men's fragrance, one year after the women's line's launch, got off to a very promising start. As a result, confirming its potential, revenue for this brand reached €51 million in less than 18 months.

With growth of 32%, Rochas fragrances, driven by the timeless *Eau de Rochas* and the successful *Mademoiselle Rochas* line's launch also considerably exceeded expectations with €38 million in sales.

And in general, sales levels for all our brands were very good, including in particular for Karl Lagerfeld fragrances which returned to growth and whose *Parfums Matières* duo received a very warm welcome from our customers.

All these factors contributed to excellent sales, but also to an improvement in our operating margin which rose to 14.2%, despite significantly higher advertising expenditures in 2017.

Still, your projections for 2018 issued in November were considered conservative?

Our guidance is always characterized as too conservative… More seriously, we just completed a three-year period of sustained growth and revenue from €297 million to €422 million. For that reason, we believe it is strategically wise, and even essential, to slowdown the pace of our launches to consolidate these gains. Ensuring a launch is successful is relatively easy. However, it is much more important to ensure a line's sustainability over the longer-term. When we see that the *Montblanc Legend* line is continuing to add market share seven years after its launch, then we are certain that this strategy of consolidation is the best.

To move ahead in 2019 on an even stronger footing?

Absolutely! While the 2018 program is relatively modest in terms of launches, despite a few noteworthy initiatives, in particular with flankers for some of our brands, efforts in 2019 will be devoted to preparing for new strategic launches. For Montblanc, Coach, Lanvin and Rochas… And also in 2020…

The following two years will thus be extremely eventful and our teams are already fully focused on preparations for these many projects.

That is also why it was necessary for us to slow the pace in 2018.

You still have substantial cash resources but have not completed an acquisition in nearly 3 years…

With a cash position of more than €220 million, we do indeed have the resources to seriously consider potential acquisition opportunities. We are constantly considering such options, though based on the same criteria we have been applying for over 20 years: Namely, it must make real sense!

The last two acquisitions completed in 2015, Coach and Rochas, accounted for nearly €90 million of our sales in 2017, and reinforce our conviction every day in the relevance of our criteria. This means we will not make an acquisition simply to make an acquisition, but do look very closely at the rare opportunities which emerge. The day we determine an acquisition makes strategic sense, then we will act. I just can't say whether this will be in 2018, 2019 or 2020. However, thanks to our financial position, we will not miss any opportunity.

A word in closing?

Rather, a few words… For a number of years we have decided to support our launches and significantly increase our advertising investments. This strategy has paid off. Our sales are growing, we are continuing to add market share and our operating margin still remains at a very satisfactory level of between 13.0% and 14.5%. We have a portfolio of high-quality and very complementary brands that we are convinced will grow in the medium-term. It is thus an understatement if I say that we are very confident…

Key figures

After growing 25% in 2016, a year that included the launch of the *Montblanc Legend Spirit* line, Montblanc fragrances consolidated their positions, accompanied by further growth from the *Montblanc Legend* line (+8%), launched in 2011.

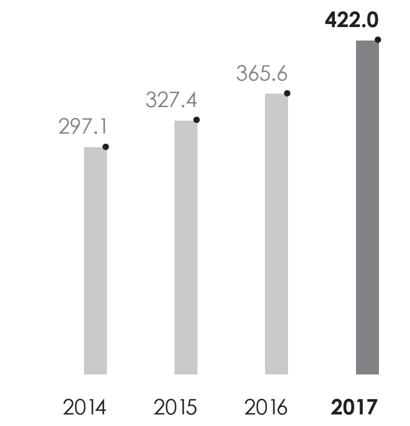
With nearly €100 million in sales, up 17% from one year earlier, Jimmy Choo fragrances maintained the forward momentum that began in 2011, sustained by the *Jimmy Choo Man Ice* and *Jimmy Choo L'Eau* lines launched in 2017 and good performances by the established lines.

Following the challenging period in 2016 in the Russian and Asian markets, Lanvin fragrances had €58 million in sales, driven by the international launch of the *Modern Princess* and the strength of the *Éclat d'Arpège* lines.

Coach fragrances had €51 million in sales reflecting the good performance of the *Coach* women's fragrance line rolled out in 2016, and a market response considerably exceeding initial expectations for the men's fragrance line launched in fall 2017.

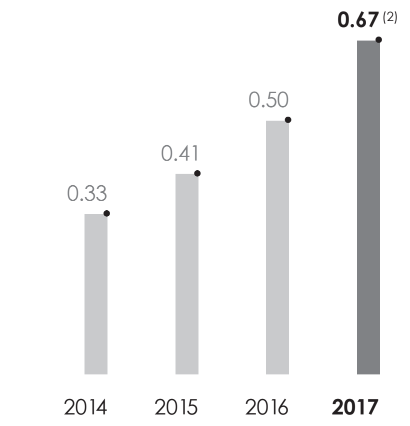
Revenue

(€m)



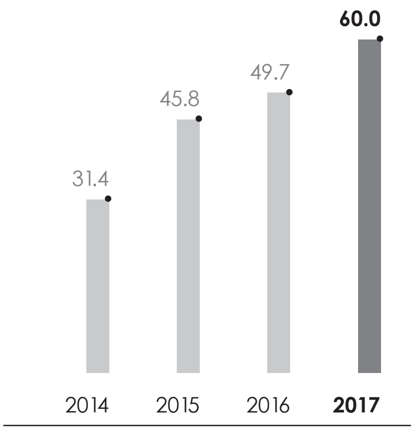
Ordinary dividend per share (1)

(€)



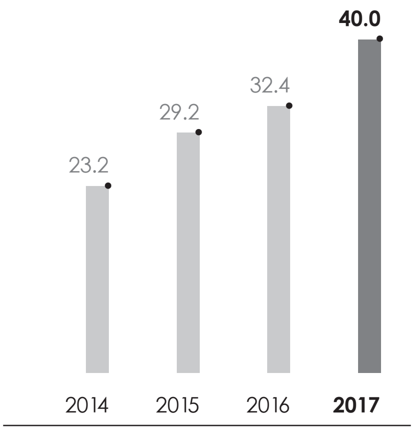
Operating profit

(€m)



Net income

(€m)



Consolidated data at December 31.
(1) Restated for bonus share grants. (2) Subject to approval by the General Meeting.

Rochas fragrances had €38 million in sales, up 32%, sustained by the solidity of the timeless *Eau de Rochas* line and the *Mademoiselle Rochas* line's successful launch in around fifteen markets, the brand's first major initiative since acquired in 2015.

Sales growth remained strong in North America (21% in 2017, 29% in 2016 and 25% in 2015), driven by Jimmy Choo and Coach fragrances in particular.

South America (27%), the Middle East (25%) and Eastern Europe (14%) have returned to high rates of growth, following mixed performances in 2016.

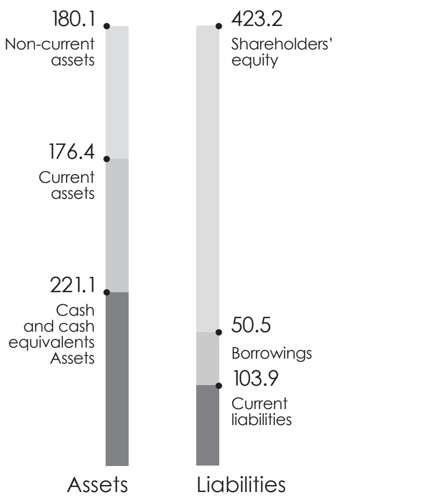
In Western Europe, slower growth (9%) reflects the high base effect from the *Montblanc Legend Spirit* line's launch in early 2016.

With good performances in South Korea, China and Australia in particular, sales in the Asia Pacific region rose 12%, following 11% gains in the prior year.

Sales in France increased marginally (3% excluding the sale of Balmain inventory) with the very successful launch of *Mademoiselle Rochas*, against a market backdrop for cosmetics and perfume contracting 2.5% *(source: NPD France)*.

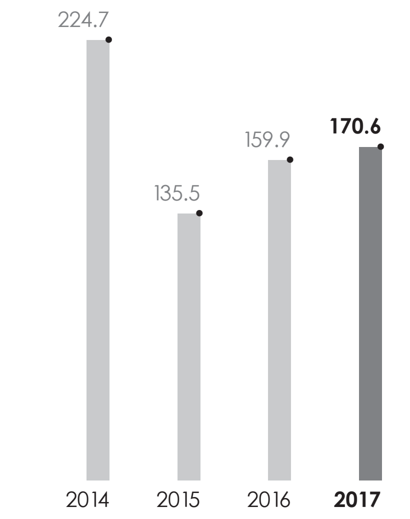
Balance sheet highlights

(€m)



Cash net of borrowings

(€m)



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

Annual highlights

January

Launch of the collection *Boucheron*

The new collection of six fragrances continues the Boucheron heritage and the worldwide hunt for gemstones by adding dimension rich in emotion, light and perfume.

March

Launch of *Mademoiselle Rochas* line

Reflecting Parisian chic, *Mademoiselle Rochas* has that delicious, irresistible "je ne sais quoi" that casts a spell with its floral fruity trail.

Launch of the women's line, *Jimmy Choo L'Eau*

The Jimmy Choo Woman's duality is matched by *L'Eau*'s strong, free-spirited yet resolutely feminine scent. The fragrance combines a symphony of floral, fresh and musky notes.

Balmain license

In connection with the termination of the Balmain license agreement announced in early March, components and finished products inventory at March 31, 2017 was sold to Balmain.

Launch of the women's line, *Montblanc Lady Emblem L'Eau*

A floral fruity musky fragrance conceived for an elegant and gentle woman, given with an innate grace. A unique and timeless beauty, just as the Montblanc diamond.

Launch of the men's line, *Montblanc Emblem Absolu*

The Maison expands the universe of the iconic Emblème fragrance collection with a sensory experience of contrasts and warmth for irresistible magnetism.

April

Appointment of a new member to the Board of Directors

Véronique Gabaï-Pinski, currently Chairmain of the US luxury ready-to-wear company Vera Wang, with more than 25 years of experience in the field of luxury and cosmetics, was appointed Director of Interparfums.

Launch of the men's line, *Jimmy Choo Man Ice*

Refreshing and elegant, *Jimmy Choo Man Ice* opens a new chapter for the Jimmy Choo men's fragrances franchise.

May

Dividend

A dividend of €0.55 per share for fiscal 2016, voted by the General Meeting of April 2017 and representing a 21% increase from 2015, was paid in early May.

Paul Smith license

The Paul Smith fragrance license agreement was extended for an additional four years until December 31, 2021.

June

Bonus share issue

The company proceeded with its 18th bonus share issue on the basis of one new share for every ten shares held.

July

Launch of the men's line, *Montblanc Legend Night*

In this third olfactory chapter… Enter the universe of gentlemen's clubs and discover this new incredibly sensual and masculine fragrance. For a man of mystery.

August

Launch of the Karl Lagerfeld duo *Les Parfums Matières*

The first duo of *Parfums Matières* reinvents two star ingredients of Selective Perfume: Peach Blossom and Vetiver Wood. The essence of style where the fragrance is transformed into substance.

September

Launch of the men's line, *Coach For Men*

An Eau de Toilette that takes you on a journey of endless possibilities, evoking a sense of freedom that comes from the energy and spontaneity of New York City.

Launch of the *Boucheron Quatre Absolu de Nuit* line

Unleashing a breath of freedom, the new fragrance duo plays with the codes of city lights to capture an intrepid spirit.

Fashion Week Women's Fashion

The Paris fashion show for the 2018 spring-summer season was held at the end of September/early October Rochas unveiled its latest creations to the press and buyers.

October

Launch of the men's line, S.T. Dupont *Be Exceptional*

This elegant woody aromatic oriental is a modern combination of a fresh breeze and a warm sensuality.

November

Eligibility for the Deferred Settlement Service (SRD)

The Company announces that the Interparfums share will be included in the Deferred Settlement Service (SRD) of Euronext Paris starting January 1, 2018.

December

Jimmy Choo license

Jimmy Choo and Interparfums announced their decision to amend their license agreement extending their partnership through to December 31, 2031.

Best Investor Relations 2017 Award

The company was awarded the second prize for the Best Investor Relations in the "Mid Cap" category.

Outlook

With sales up more than 15%, Interparfums had an excellent year that considerably exceeded expectations, particularly for the Coach, Jimmy Choo and Rochas brands, and once again confirming the quality of its portfolio. Several flankers will be rolled out in 2018 designed to bolster performances of each of our brands. And to maintain our growth momentum in the years ahead, Interparfums will also be focusing on preparations for new strategic launches planned for 2019 and 2020, notably for the Montblanc, Jimmy Choo, Coach, Lanvin and Rochas brands. Good performances at the start of the year, have already laid the groundwork for achieving the target for annual sales of €430 million.

Supported by a marketing and advertising investment budget of more than €100 million for 2018, the company intends to maintain its long-term focus on building its brands.
In this context, an annual operating margin for 2018 is expected of between 13% and 13.5%.

Behind-the-scenes of the last Rochas Spring/Summer 2018 fashion show

Executive committee (left to right)

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

Board of Directors

Philippe Benacin	Jean Madar	Maurice Alhadève	Patrick Choël	Dominique Cyrot
Chairman and Chief Executive Officer	Director	Independent Director	Director	Independent Director

Delphine Pommier
Vice President,
Marketing

Frédéric Garcia-Pelayo
Executive Vice
President and
Chief International
Officer

Axel Marot
Vice President,
Supply Chain
& Operations

Philippe Santi
Vice President
and Chief
Financial and
Legal Officer

Renaud Boisson
Managing Director
of Interparfums
Singapore

Véronique Gabaï-Pinsky
Director

Frédéric Garcia-Pelayo
Director and
Executive
Vice President

Chantal Roos
Independent
Director

Philippe Santi
Director and
Executive
Vice President

Marie-Ange Verdickt
Independent
Director

Organization and teams

Production & Logistics

The task of managing production, each year, for thousands of product references requires skill in orchestrating and ensuring a harmonious interaction between several activities: technical development, the supply chain, production planning at our subcontractors, logistics, regulatory oversight for France and export markets. A department with 40 employees headed by Axel Marot performs these missions which includes a Quality team ensuring that procedures defined in the specifications are respected.

Marketing

A staff of 43 working under Pierre Desaulles and Delphine Pommier is responsible for this delicate mission of ensuring the product creation process from the initial idea and conception up to display at points of sale. In close collaboration with the fashion houses, this work is based on achieving just the right balance between imagination, sensitivity and maintaining the coherence of each new product with its brand universe.

Export

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

French Distribution

The distribution policy, commercial management, monitoring sales margins and advertising budgets for France are managed by a team of 41 headed by Jérôme Thermoz. Every launch is based on its own specific strategy both with respect to each brand and each retail channel. The primary goal: reach the consumer through strong campaigns and true drivers of differentiation starting with the product's added value.

Finances

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

Rochas Fashion

A team of 4 is in charge the development and setting stylistic direction for the collections of Rochas Fashion, jewelry and accessories for Rochas licensees. Alessandro Dell'Aqua has been the Artistic Director for the Womenswear collection, under license, since 2013.

Subsidiaries

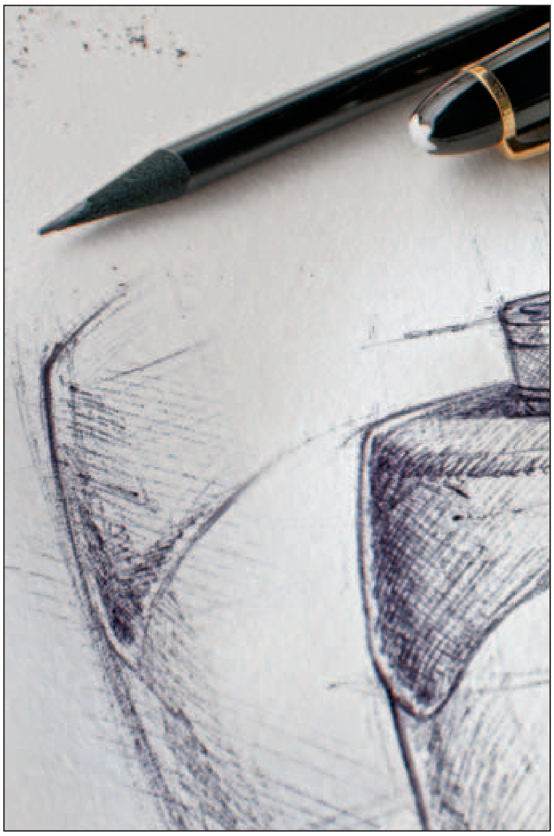
Interparfums has distribution subsidiaries in Europe (Interparfums Gmbh in Germany, Interparfums Srl in Italy and Inter España Parfums et Cosmetiques Sl and Parfums Rochas Spain in Spain) working in collaboration with local partners.

It also has a standalone distribution subsidiary in the United States (Interparfums Luxury Brands) managed by a team of 54 headed by Stanislas Archambault.

Finally, development of operations in the Asian market is spearheaded by the Singapore subsidiary (Interparfums Asia Pacific) with a team of 12 headed by Renaud Boisson.


interparfums

Itinerary of a perfume: our know-how



Imagining, creating

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

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

Manufacturing, packaging

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

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

Ensuring traceability, transport, distribution

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

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

The launch

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

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

Brand portfolio

Our business

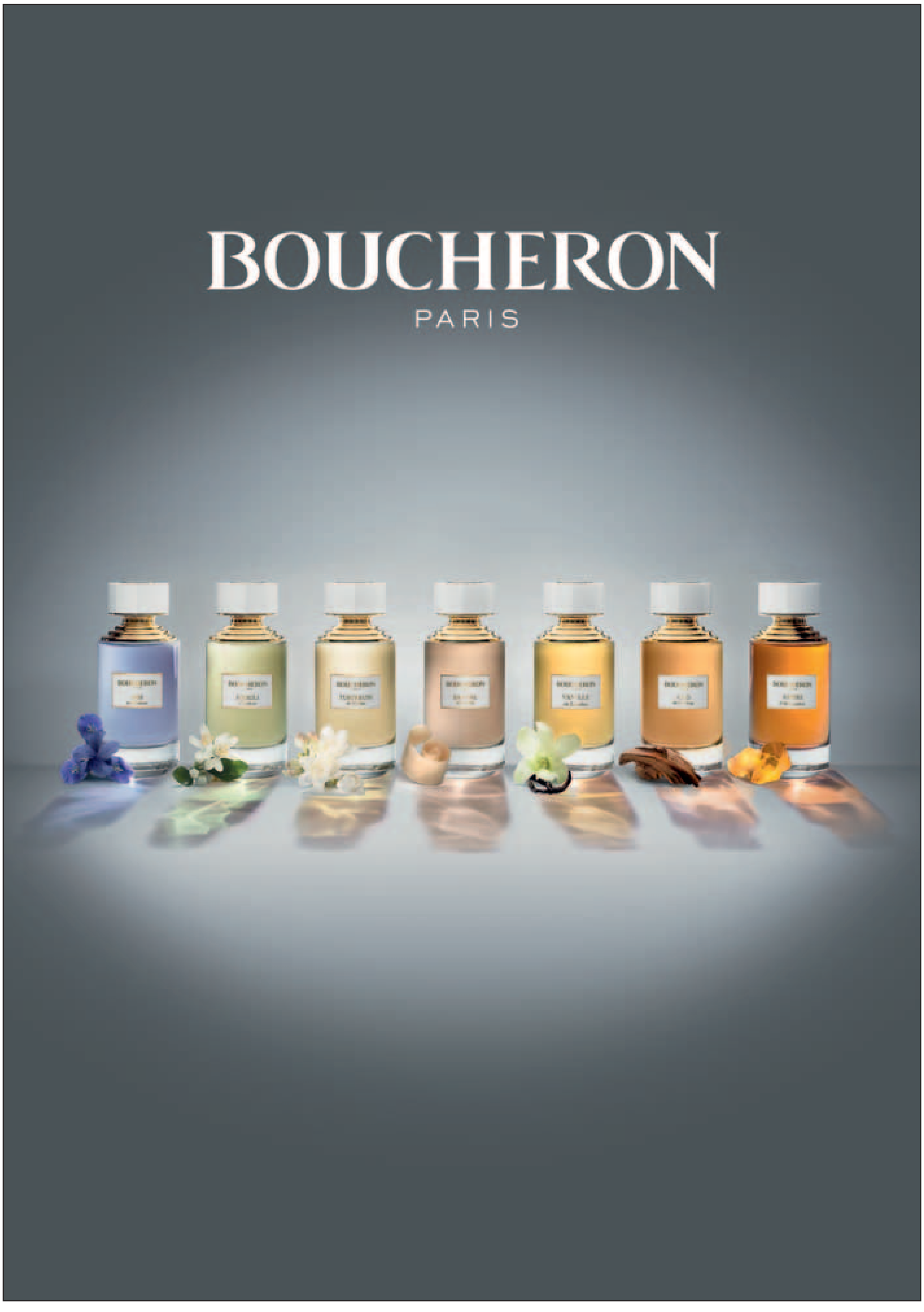
Developing perfume and cosmetic lines through license agreements with leading luxury brands in close collaboration with each of their creative and marketing teams.

Our core values

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

Supporting our vision

A strategy based on long-term partnerships with all stakeholders to ensure optimized management of the creative process and production and a flexible organizational approach involving the outsourcing of packaging and logistics in France.


BOUCHERON
PARIS

Boucheron

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

Lines distributed

Boucheron Femme (1988)
Boucheron pour Homme (1989)
Jaïpur Homme (1998)
Jaïpur Bracelet (2012)
Boucheron Place Vendôme (2013)
Boucheron Quatre (2015)
la collection *Boucheron* (2017)
Boucheron Quatre Absolu de Nuit (2017)

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Building on the stability of the historic lines and the *Boucheron Quatre* line, Boucheron fragrances benefited from the performances of the Boucheron Haute Parfumerie collections, achieving sales of more than €18.4 million.

€18.4

million
2017 sales or
4.4% of total sales

Coach

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

Lines distributed

Coach Eau de Parfum (2016)
Coach Eau de Toilette (2017)
Coach For Men (2017)

•

Coach fragrances had €51 million in sales reflecting the good performance of the women's line, *Coach Eau de Parfum* and *Eau de Toilette* and a market response considerably exceeding initial expectations for the men's fragrance line launched in fall 2017.

Main 2017 awards

Coach For Men:
GQ Grooming Award (U.S.A.)

€50.9

million
2017 sales or
12.1% of total sales


JAMES FRANCO Introducing The NEW FRAGRANCE for MEN
COACH
NEW YORK


JIMMY CHOO
MAN
ICE
LE NOUVEAU PARFUM
JIMMY CHOO
MAN
ICE

Jimmy Choo

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

In December 2017, this license agreement was amended extending their partnership through to December 31, 2031.

Lines distributed

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

•

With €96.1 million in sales, Jimmy Choo showed strong growth, maintaining the positive momentum that began in 2011 driven by good performances from the brand's historic lines combined with the successes of the *Jimmy Choo L'Eau* and *Jimmy Choo Man Ice* lines.

Main 2017 awards

Jimmy Choo L'Eau: Look Magazine Beauty Award for "Best Fragrance" (U.K.)

Jimmy Choo L'Eau: Redbook Beauty Award (U.S.A.)

Jimmy Choo Illicit Flower: Pani Magazine Award "Zloty Nos" (Poland)

Jimmy Choo Man Ice: Men Health Grooming Award (U.S.A)

€96.1

million
2017 sales or
22.8% of total sales

Karl Lagerfeld

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

Lines distributed

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

•

The launch of a first duo in the *Les Parfums Matières* collection propelled Karl Lagerfeld back to growth with sales of €8.8 million, an increase of 36%.

€8.8

million
2017 sales or
2.1% of total sales


LES PARFUMS MATIÈRES
KARL LAGERFELD
FLEUR DE PÊCHER
KARL LAGERFELD
BOIS DE VÉTIVER
KARL LAGERFELD
#KARLLAGERFELD


MODERN
PRINCESS
EAU SENSUELLE
LANVIN
PARIS
LANVIN

Lanvin

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

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

Lines distributed

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

•

After a period of slower sales in selected markets in 2016, Lanvin fragrances had nearly €58 million in sales, driven by the international launch of the women's line *Modern Princess* and the strength of the *Éclat d'Arpège* line.

€57.5

million
2017 sales or
13.7% of total sales

Montblanc

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

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

Lines distributed

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

•

After achieving strong growth in 2016, Montblanc fragrances consolidated their positions with €112 million in sales, bolstered by further growth by the *Montblanc Legend* line (+8%) launched in 2011.

Main 2017 awards

Montblanc Emblem Absolu: Vaunted as "The Fragrance for strong personalities who love to break with convention" by InStyle (Brazil)

Montblanc Lady Emblem Elixir: "Best Women's Fragrance"at the Glamour Beauty Awards in the Premium category (Mexico)

€112.2

million
2017 sales or
26.6% of total sales


MONT
BLANC
LEGEND
NIGHT
LE NOUVEAU PARFUM POUR HOMME

Paul Smith

HELLO YOU!

THE NEW FRAGRANCE FOR MEN

Paul Smith

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

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

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

Lines distributed

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

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Paul Smith fragrances were in line with forecasts. This activity was sustained notably by the *Paul Smith Extrême*, *Paul Smith Man* and *Paul Smith Rose* lines and remains largely concentrated in the United Kingdom.

€6.7

million
2017 sales or
1.6% of total sales

Repetto

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

Lines distributed

Repetto Eau de toilette (2013)
Repetto Eau de parfum (2014)
Repetto Eau Florale (2015)

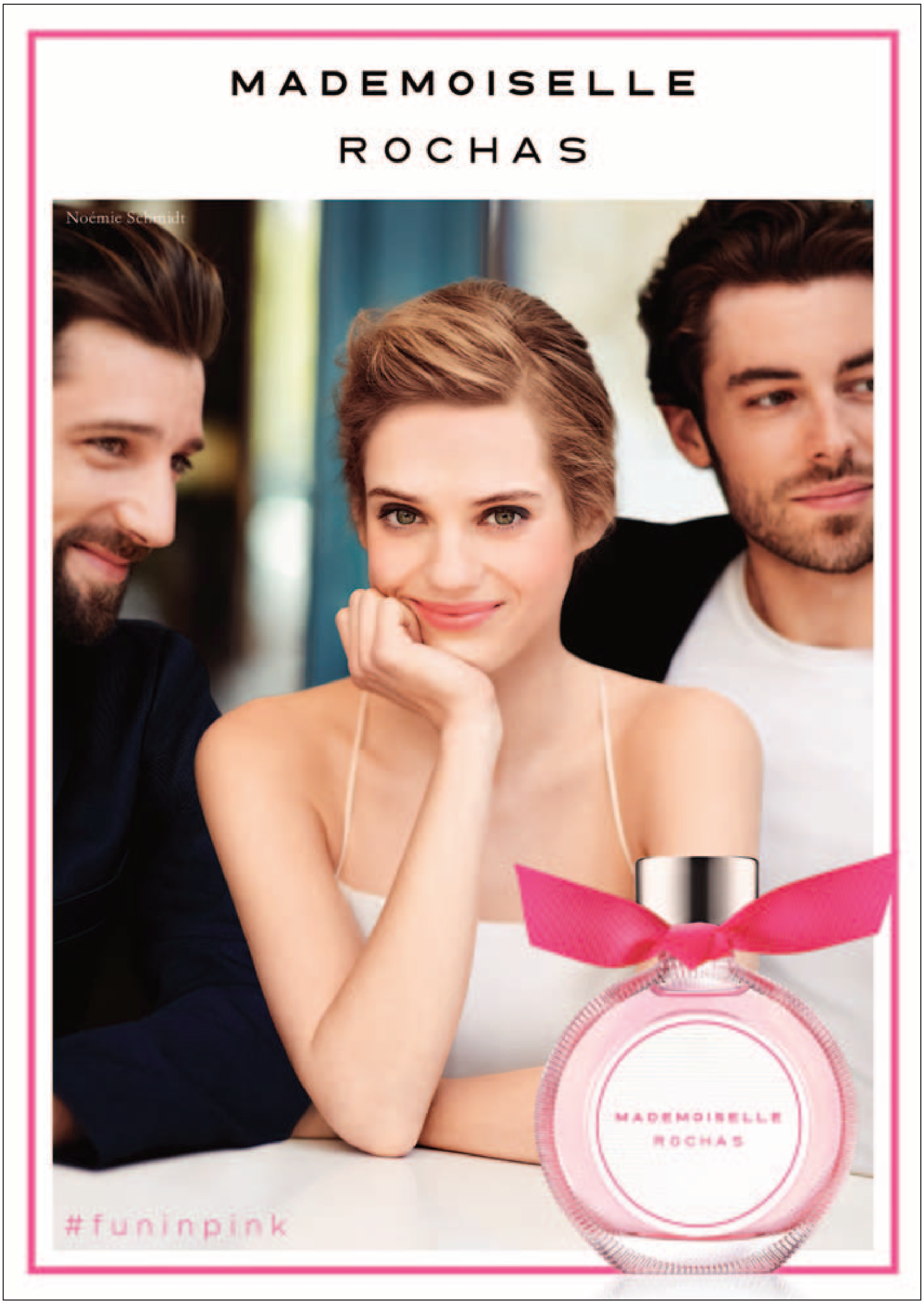
•

Repetto had sales of nearly €4 million, down from 2016. A new women's fragrance initiative, *Dance with Repetto*, was launched in January 2018.

€3.8

million
2017 sales or
1.0% of total sales


repetto
PARIS
Dance with Repetto
LE NOUVEAU PARFUM


MADEMOISELLE
ROCHAS
Noémie Schmidt
#funinpink
MADEMOISELLE
ROCHAS

Parfums Rochas

In May 2015, Interparfums and Procter & Gamble signed an agreement to acquire the Rochas brand, mainly for class 3 (cosmetics) and 25 (fashion).

Lines distributed

Femme (1945)
Madame (1960)
Eau de Rochas (1970)
Rochas Man (1990)
Eau de Rochas Homme (1993)
Tocade (1994)
Mademoiselle Rochas (2017)

•

Rochas fragrances had €38.5 million in sales, up 32%, sustained by the solidity of the timeless *Eau de Rochas* line and the *Mademoiselle Rochas* line's successful launch, the brand's first major initiative since acquired in 2015.

€38.5

million
2017 sales or
9.2% of total sales

The Rochas Brand

Womenswear Collection

The discreet charm of a Parisian woman

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

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

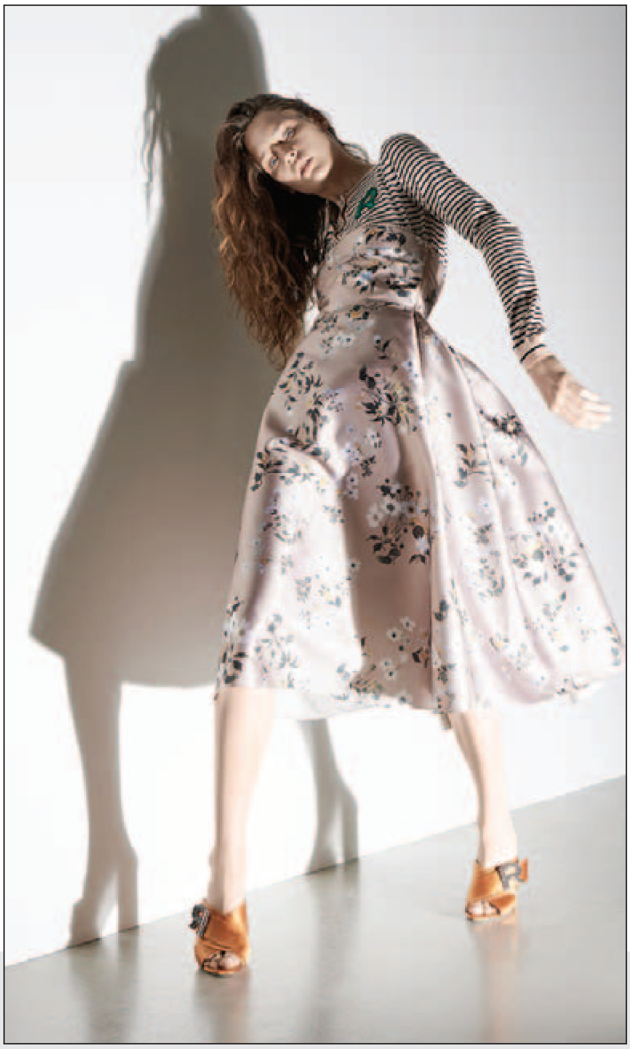
The creations of the Marcel Rochas Fashion House (founded in 1925) play with the forms of its customers and adapt to each of them: from one season to the next they can associate and coordinate their wardrobe.

Rochas today

Alessandro Del Acqua

The Rochas Codes

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



Alessandro Dell'Acqua was appointed Creative Director for the womenswear collection in 2013. He has contributed his know how and taste for modern and elegant sensuality to this noble French Fashion House.

The women's fashion collections are developed in the couture workshops that respect the tradition of craftsmanship where each model is created using the most luxurious materials. A contemporary style that emphasizes the Rochas' iconic and feminine signature silhouette design. Alessandro Dell'Acqua has succeeded in associating the vision of a modern and sophisticated woman in a manner that fully respects the tradition of the fashion house.

S.T. Dupont

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

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

Lines distributed

S.T. Dupont (1998)
S.T. Dupont Essence Pure (2002)
Passenger (2008)
Passenger Cruise (2011)
58 Avenue Montaigne (2012)
S.T. Dupont Paris Saint-Germain (2014)
So Dupont (2014)
Royal Amber (2016)
Be Exceptional (2017)
Oud & Rose (2017)
Noble Wood (2017)

•

S.T. Dupont fragrances had €4.8 million in sales, driven by the *Essence Pure, Classic* lines and the launch of a new men's line, *Be Exceptional*.

€4.8

million
2017 sales or
1.1% of total sales


BE EXCEPTIONAL
The new fragrance for men by
S.T. Dupont
PARIS
S.T. Dupont
PARIS

Van Cleef & Arpels
HAUTE PARFUMERIE
Van Cleef & Arpels
NÉROLI AMARA
N°01783MG
COLLECTION
EXTRAORDINAIRE
COLLECTION
EXTRAORDINAIRE

Van Cleef & Arpels

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

Lines distributed

First (1976)
Collection Extraordinaire (2009)

•

With €17.2 million in sales, Van Cleef & Arpels benefited from the performances of the Haute Parfumerie *Collection Extraordinaire* line (+ 17%) combined with an intentionally more selective range.

Main 2017 awards

Moonlight Patchouli:
Fifi Award (Spain)

€17.2

million
2017 sales or
4.1% of total sales

Shareholder information

"Until the publication of the 2016 results in March 2017, the Interparfums share traded between €26 and €28 (share price not adjusted for the bonus share grant of June). In the second half of March, boosted by the Group's favorable outlook and investor appetite, the share exceeded the €30 mark followed by strong growth in the spring to reach a record high of €35.60 on June 16 or a market capitalization exceeding US$1.3 billion. As from this date and up to mid-November, the share price consolidated its gains to trade within the €32-€35 range.

The publication of cautious 2018 targets on November 14, 2017 reflecting a decision to intentionally focus on flankers, temporarily weighed on the share price. Despite this, the share ended the period at a high level of €34.55, a 38.7% increase for the full year.

Daily trading volume is now up to nearly 30,000 shares (for all platforms combined).

In January 2018, the Interparfums share was included in the Deferred Settlement Service(SRD) of Euronext Paris and joined the compartment A for companies with market capitalizations of more than €1 billion"

Philippe Santi

Executive Vice President
and Chief Financial & Legal Officer

A dual commitment to transparency and fair presentation

Since it was listed on the Paris Stock Exchange in1995, Interparfums' financial communications strategy has been based on a dual commitment to both transparency and fair presentation. This approach is strengthened by a commitment to dialogue and proximity with a range of both targeted and diversified tools: the annual report included with the registration document, half-year report, letter to shareholders, press releases and financial notices. These publications are supplemented by interactive tools and a platform for online exchange www.interparfums.fr as well as individual and group meetings with shareholders, analysts, journalists, fund managers…

In December 2017, Interparfums was awarded the second prize for the Best Investor Relations in the "Mid Cap" category. (Forum des Relations Investisseurs et Communication Financière).

Upcoming publications

2018 second-quarter sales
July 25, 2018

2018 first-half results
September 11, 2018

2018 third-quarter sales
End of October 2018

2019 outlook
Mid-November 2018

2018 Letter to shareholders
Mid-November 2018

2018 sales
End of January 2019

2018 annual results
Mid-March 2019

Upcoming meetings

Shareholders meeting "Investir", Paris
June 15, 2018

F2iC Paris shareholders meeting
September 19, 2018

F2iC Paris shareholders meeting
October 11, 2018

Investors Forum Large & Mid Cap Events trade show in Paris
October 3 & 4, 2018

Actionaria fair, Paris
November 22 & 23, 2018

Institutions providing financial research on Interparfums

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

Shareholder base as of December 31, 2017

Interparfums Inc.: 72.7%
Public: 27.3%

Interparfums has more than 7,850 individual shareholders and 350 institutional shareholders (with foreign investors representing one third).

Securities market information

Market: Euronext Paris
Market: Euronext compartment
Eligible for Deferred Settlement Service (SRD)
IPO date: November 1995
ISIN code: FR0004024222 ITP
Market maker: Oddo BHF

Dividends

At the Annual General Meeting of April 27, 2018, the Board of Directors will propose a dividend of €0.67 per share, a 34% increase from 2017 in light of the bonus share issue of June 2017. On this basis, the payout rate would be 65% of net income.

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

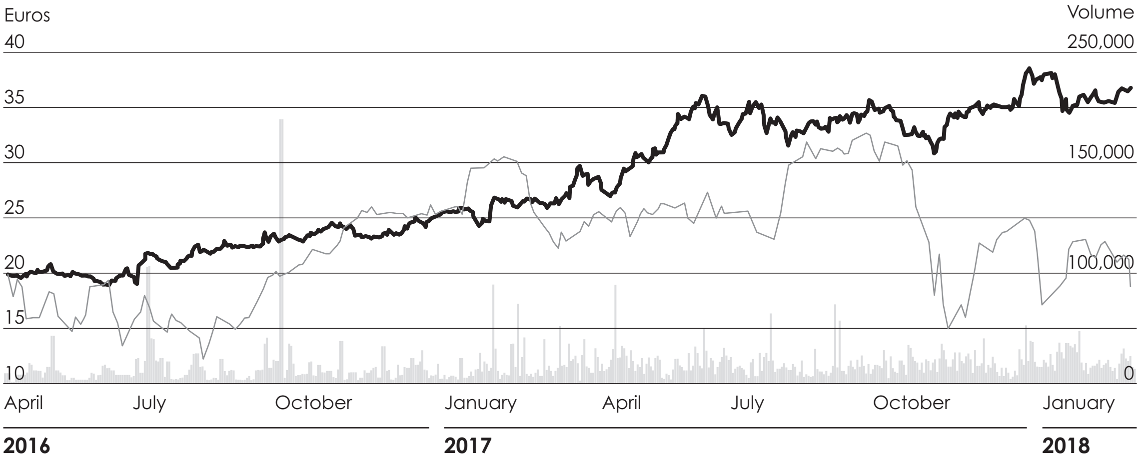
Dividend for fiscal year: Paid in:	2015 2016	2016 2017	**2017** 2018 (a)
Dividend per share (€)	0.50	0.55	0.67
Dividend adjusted for bonus share grants (€)	0.41	0.50	0.67
Annual change for the adjusted dividend	+25%	+21%	+34%

(a) Subject to approval by the General Meeting.

Share price trends

	2015	2016	**2017**
Number of shares comprising the capital (M)	32.2	35.5	39.0
Closing price at December 31 (€)	22.70	27.40	34.55
Market capitalization (€m)	730	973	1,349

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



Condensed financial statements

Consolidated income statement

(at December 31, in € thousands)	2016	**2017**
Revenue	**365,649**	**422,047**
Cost of sales	(128,694)	(146,138)
Gross margin	**236,955**	**275,909**
% of sales	*64.8%*	*65.4%*
Selling and administrative expenses	(186,383)	(215,884)
Current operating income	**50,572**	**60,025**
% of sales	*13.8%*	*14.2%*
Other operating expenses and income	(909)	–
Operating profit	**49,663**	**60,025**
% of sales	*13.6%*	*14.2%*
Net financial expense	684	(1,573)
Income before income tax	**50,347**	**58,452**
% of sales	*13.8%*	*13.8%*
Income tax	(17,490)	(17,841)
Effective tax rate	34.7%	30.5%
Net income before non-controlling interests* **	**32,857**	**40,611**
% of sales	*9.0%*	*9.6%*
Attributable to non-controlling shareholders	419	655
Attributable to equity holders of the parent	**32,438**	**39,956**
% of sales	*8.9%*	*9.5%*

•

Consolidated balance sheet

(at December 31, in € thousands)

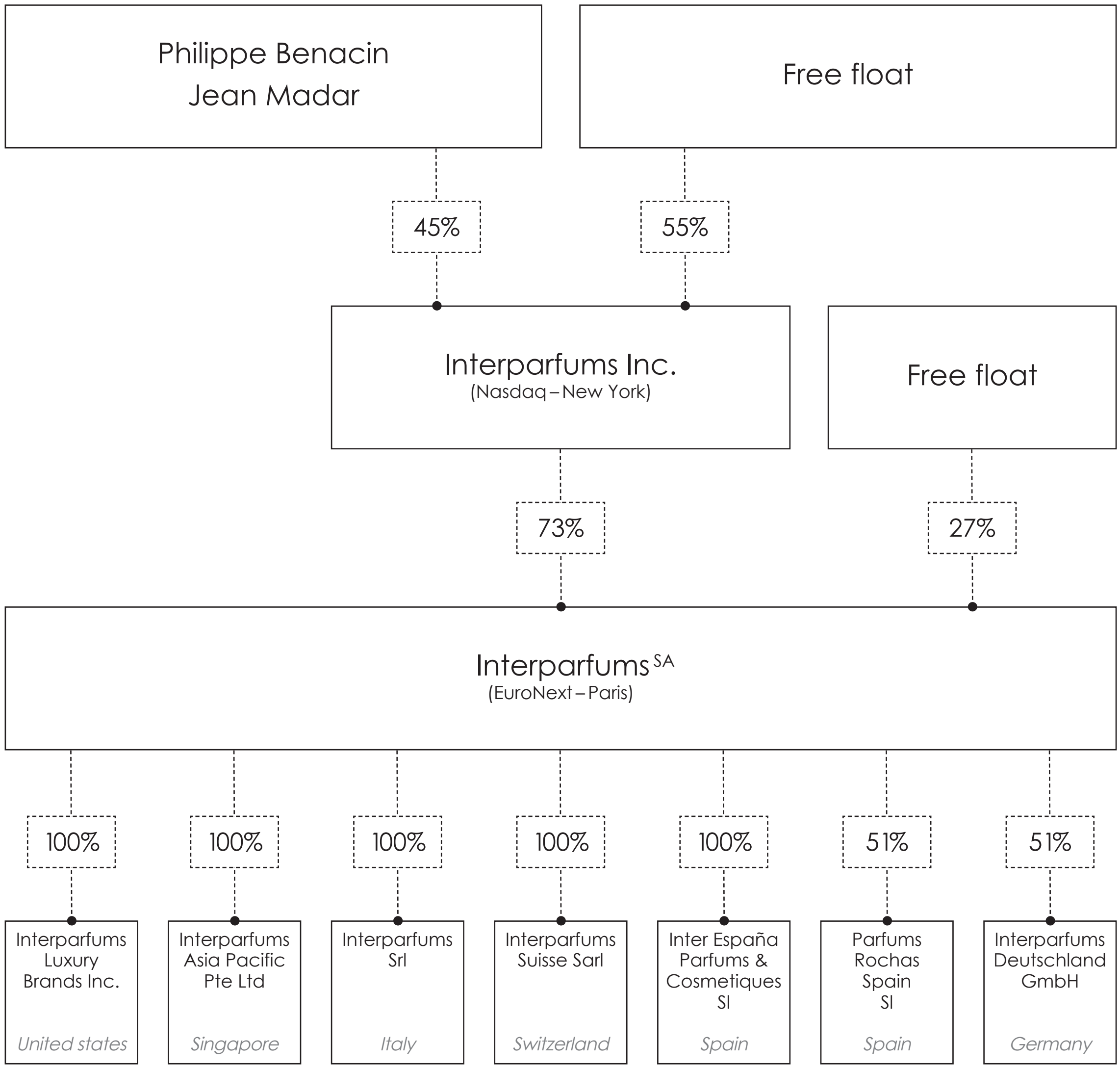
ASSETS

	2016	**2017**
Non-current assets		
Net trademarks and other intangible assets	162,748	159,177
Net property, plant, equipment	7,025	6,454
Financial assets and other non-current financial assets	8,117	6,905
Deferred tax assets	7,174	7,545
Total non-current assets	**185,064**	**180,081**
Current assets		
Inventory and work in progress	66,328	89,486
Trade receivables and related accounts	76,618	75,700
Other receivables and tax assets	16,189	11,213
Cash and cash equivalents	230,605	221,108
Total current assets	**389,740**	**397,507**
Total assets	**574,804**	**577,588**

SHAREHOLDERS' EQUITY & LIABILITIES

	2016	**2017**
Shareholders' equity		
Share capital	106,526	117,179
Additional paid-in capital and reserves	264,594	264,669
Net income for the year	32,438	39,955
Equity attributable to parent company shareholders	**403,558**	**421,803**
Non-controlling interests	847	1,425
Total shareholders' equity	**404,405**	**423,228**
Non-current liabilities		
Provisions for non-current commitments	6,940	8,118
Non-current borrowings	50,341	30,190
Deferred tax liabilities	2,565	2,553
Total non-current liabilities	**59,846**	**40,861**
Current liabilities		
Trade payables and related accounts	61,838	64,830
Current borrowings	20,391	20,322
Provisions for contingencies and expenses	945	923
Other payables and tax liabilities	27,379	27,424
Total current liabilities	**110,553**	**113,499**
Total shareholders' equity and liabilities	**574,804**	**577,588**

Group organization



Interparfums
2017 Registration document

2017

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This original French language version of the registration document (*Document de référence*) was filed with the French financial market authority (*Autorité des Marchés Financiers* or AMF) on March 26, 2018 in compliance with article 212-13 of the AMF General Regulation. It may be used in connection with a financial transaction only if accompanied by a memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and is binding on its signatories.

1

Consolidated management report

Historical financial information

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

- the consolidated financial statements for the period ended December 31, 2016 prepared in accordance with international accounting standards and the auditors' report on these financial statements, as presented in the chapter "IFRS consolidated financial statements" of the original French language version of the registration document filed with the AMF on March 31, 2017 under No. D.17-0277;
- the consolidated financial statements for the period ended December 31, 2015 prepared in accordance with international accounting standards and the auditors' report on these financial statements, as presented in the section "IFRS consolidated financial statements" of the original French language version of the registration document filed with the AMF on March 31, 2016 under No. D.16-0235.

1 • Organization of the company

1.1 • Description of the business

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

The product design cycle of between 12 and 18 months is assured by the company's marketing and development teams in partnership with the licensor.

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

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

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

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

1.2 • The selective market

The prestige beauty market in France valued at €3 billion in 2017 contracted 1% in relation to 2016.

Trends for the Selective Perfumery sector improved in relation to the prior year though remained impacted by growing competition and household purchasing power which has not improved enough to give a boost to the market. Nevertheless, a certain number of products and segments were particularly resilient in 2017 and the success of Black Friday and online sales highlight opportunities to be seized in 2018.

Fragrance sales played an important role for the sector in 2017 with Eaux de Parfum as the segment's locomotive (+3%), confirming consumers' preferences for more concentrated formats than the Eaux de Toilettes. The biggest impact of Black Friday was on fragrances, marking the official opening of the Christmas shopping season. The result was growth in sales in the last two months of the year of 2%.

Online sales rose 27% in 2017 representing a contribution to growth for the entire sector in value of two points. In-store sales in contrast were down 3%, confirming that online business does not represent additional sales but are a reflection of a major transformation in buying practices. Online sales for fragrances were up 22% and skincare 29%.

Source: NPD Group.

1.3 • Annual highlights

January

Launch of the collection *Boucheron*

The new collection of six fragrances continues the Boucheron heritage and the worldwide hunt for gemstones by adding dimension rich in emotion, light and perfume.

March

Launch of *Mademoiselle Rochas* line

Reflecting Parisian chic, *Mademoiselle Rochas*, has that delicious, irresistible "je ne sais quoi" that casts a spell with its floral fruity trail.

Launch of the women's line, *Jimmy Choo L'Eau*

The Jimmy Choo Woman's duality is matched by *L'Eau*'s strong, free-spirited yet resolutely feminine scent. The fragrance combines a symphony of floral, fresh and musky notes.

Balmain license

In connection with the termination of the Balmain license agreement announced in early March, components and finished products inventory at March 31, 2017 was sold to Balmain.

Launch of the women's line, *Montblanc Lady Emblem L'Eau*

A floral fruity musky fragrance conceived for an elegant and gentle woman, given with an innate grace. An unique and timeless beauty, just as the Montblanc diamond.

Launch of the men's line, *Montblanc Emblem Absolu*

La Maison expands the universe of the iconic Emblème fragrance collection with a sensory experience of contrasts and warmth for irresistible magnetism.

April

A new member is appointed to the Board of Directors

Véronique Gabaï-Pinski, currently Chairman of the US ready-to-wear company Vera Wang, with more than 25 years of experience in the field of luxury and cosmetics, was appointed Director of Interparfums.

Launch of the men's line, *Jimmy Choo Man Ice*

Refreshing and elegant, *Jimmy Choo Man Ice* opens a new chapter for the Jimmy Choo men's fragrance franchise.

May

Dividend

A dividend of €0.55 per share for fiscal 2016, voted by the General Meeting of April 2017 and representing a 21% increase from 2015, was paid in early May.

Paul Smith license

The Paul Smith fragrance license agreement was extended for an additional four years until December 31, 2021.

June

Bonus share issue

The company proceeded with its 18th bonus share issue on the basis of one new share for every ten shares held.

July

Launch of the men's fragrance line, *Montblanc Legend Night*

In this third olfactory chapter… Enter the universe of gentlemen's clubs and discover this new incredibly sensual and masculine fragrance. For a man of mystery.

August

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

The first duo of *Parfums Matières* reinvents two star ingredients of selective perfume: Peach Blossom and Vetiver Wood. The essence of style where the fragrance is transformed into substance.

September

Launch of the men's line, *Coach For Men*

An Eau de Toilette takes you on a journey of endless possibilities, evoking a sense of freedom that comes from the energy and spontaneity of New York City.

Launch of the men's line, *Boucheron Quatre Absolu de Nuit*

Unleashing a breath of freedom, the new fragrance duo plays with the codes of city lights to capture an intrepid spirit.

Fashion Week – Womenswear

The Paris fashion show for the 2018 spring-summer season was held at the end of September/early October. Rochas unveiled its latest creations to the press and buyers.

October

Launch of the men's line, S.T. Dupont *Be Exceptional*

This elegant woody aromatic oriental is a modern combination of a fresh breeze and a warm sensuality.

November

Eligibility for the Deferred Settlement Service (SRD)

The Company announces that the Interparfums share will be included in the Deferred Settlement Service (SRD) of Euronext Paris starting January 1, 2018.

December

Jimmy Choo license

Jimmy Choo and Interparfums announced their decision to amend their license agreement extending their partnership through to December 31, 2031.

Best Investor Relations 2017 Award

The company was awarded the second prize for the Best Investor Relations in the "Mid Cap" category.

1.4 • Annual operating highlights and key figures

Bolstered by year-end momentum by the portfolio's main brands, and in particular Coach fragrances, 2017 fourth-quarter sales reached €98.1 million, up 5.8% at current exchange rates and 8.9% at constant exchange rates from the last quarter of 2016. Consolidated annual sales for 2017 in consequence amounted to €422 million, up 15.4% at current exchange rates and 16.3% at constant exchange rates over 2016.

1.5 • Sales by brand

€m *As a % of sales*	2013	2014	2015	2016	2017
Montblanc	62.7 *17.99%*	83.4 *28.07%*	88.1 *26.91%*	110.0 *30.09%*	112.2 *26.59%*
Jimmy Choo	54.6 *15.67%*	59.1 *19.89%*	83.4 *25.47%*	81.7 *22.35%*	96.2 *22.80%*
Lanvin	64.9 *18.62%*	68 *22.89%*	64.1 *19.58%*	56.1 *15.34%*	57.5 *13.63%*
Coach (6 months in 2016)	- -	- -	- -	20.9 *5.72%*	50.9 *12.06%*
Rochas (7 month in 2015)	- -	- -	12.1 *3.70%*	29.2 *7.99%*	38.5 *9.12%*
Boucheron	17.4 *4.99%*	13.9 *4.68%*	17.7 *5.41%*	16.0 *4.38%*	18.4 *4.36%*
Van Cleef & Arpels	19.2 *5.51%*	17.8 *5.99%*	17.5 *5.35%*	19.1 *5.22%*	17.2 *4.08%*
Karl Lagerfeld	0.3 *0.09%*	18.2 *6.13%*	10.4 *3.18%*	6.5 *1.78%*	8.8 *2.09%*
Paul Smith	8.9 *2.55%*	9 *3.03%*	9.5 *2.90%*	9.2 *2.52%*	6.7 *1.59%*
S.T. Dupont	10.1 *2.90%*	12.9 *4.34%*	10.3 *3.15%*	5.4 *1.48%*	4.8 *1.14%*
Repetto	9.0 *2.58%*	9.3 *3.13%*	8.0 *2.44%*	5.0 *1.37%*	3.8 *0.90%*
Balmain	2.5 *0.72%*	5.1 *1.72%*	4.8 *1.47%*	3.8 *1.04%*	2.2 *0.52%*
Other	98.9 *28.38%*	0.4 *0.13%*	0.5 *0.15%*	0.7 *0.19%*	2.4 *0.57%*
Fragrance sales	**348.5**	**297.1**	**326.4**	**363.6**	**419.6**
Rochas fashion license revenues	-	-	1.0	2.0	2.4
Total sales	**348.5**	**297.1**	**327.4**	**365.6**	**422.0**

After growing 25% in 2016, a year that included the launch of the *Montblanc Legend Spirit* line, Montblanc fragrances consolidated their positions as forecasted at the start of the year, accompanied by further growth from the *Montblanc Legend* line (+8%), launched in 2011.

With nearly €100 million in sales, up 17% from one year earlier, Jimmy Choo fragrances have maintained the forward momentum that began in 2011, sustained by the *Jimmy Choo Man Ice* and *Jimmy Choo L'Eau* lines launched in 2017 and good performances by the established lines.

Following a challenging period in 2016 in the Russian and Asian markets, Lanvin fragrances had €58 million in sales, driven by the international launch of the *Modern Princess* and the strength of the *Éclat d'Arpège* lines.

Coach fragrances had €51 million in sales reflecting the good performance of the *Coach* women's fragrance, line rolled out in 2016, and a market response considerably exceeding initial expectations for the men's fragrance line launched in fall 2017.

Rochas fragrances had €38 million in sales, up 32%, sustained by the solidity of the timeless *Eau de Rochas* line and the *Mademoiselle Rochas* line's successful launch in around fifteen markets, the brand's first major initiative since acquired in 2015.

Boucheron and Van Cleef & Arpels fragrances reaped the benefits of the performances of their extraordinary Haute Parfumerie fragrance collections.

Finally, Karl Lagerfeld fragrances have returned to growth following the launch of the first fragrance duo in the *Les Parfums Matières* collection.

1.6 • Sales by region

€m	2016	2017
North America	98.1	118.4
South America	24.5	31.3
Asia	53.3	59.8
Eastern Europe	33.7	39.2
Western Europe	83.8	89.2
France	33.2	37.6
Middle East	32.4	39.7
Africa	4.6	4.4
Perfume sales	**363.6**	**419.6**
Rochas fashion license revenues	2.0	2.4
Total	**365.6**	**422.0**

Sales growth remained strong in North America (+21% in 2017, +29% in 2016 and +25% in 2015), driven by Jimmy Choo and Coach fragrances in particular.

South America (+27%), the Middle East (+25%) and the Eastern Europe (+14%) have returned to high rates of growth, following mixed performances in 2016.

In Western Europe, slower growth (+9%) reflects the high base effect from the *Montblanc Legend Spirit* line's launch in early 2016.

With good performances in South Korea, China and Australia in particular, sales in the Asia Pacific region rose 12%, following 11% gains in the prior year.

Sales in France increased marginally (+3% excluding the sale of Balmain inventory) with the very successful launch of *Mademoiselle Rochas*, against a market backdrop for cosmetics and perfume contracting 2.5%.

2 • Consolidated financial highlights

2.1 • Income statement highlights

€ thousands	2014	2015	2016	2017
Revenue	297,087	327,411	365,649	422,047
International (%)	*91.0%*	*90.9%*	*90.9%*	*91.1%*
Operating profit	31,416	45,825	49,663	60,025
% of sales	*10.6%*	*14.0%*	*13.6%*	*14.2%*
Net income	23,191	29,152	32,438	39,956
% of sales	*7.8%*	*8.9%*	*8.9%*	*9.5%*

To support business growth in 2017, the company devoted more than €100 million to marketing and advertising investments, 27% more than in 2016. Despite these significant efforts, operating profit rose 19% from one year earlier to €60 million. On that basis, the operating margin reached 14.2%.

Net income displayed even stronger growth, up 23% from one year earlier to €40 million, including a refund expected of the 3% French surtax on dividend distributions amounting to €1.7 million. The net margin for the period came to 9.5%.

2.2 • Balance sheet highlights

€m	2016	2017
Non-current assets	185.1	180.1
Inventories	66.3	89.5
Trade receivables	76.6	75.7
Current financial assets	89.2	58.3
Cash and cash equivalents	141.2	162.8
Group shareholders' equity	403.5	421.8
Borrowings and financial liabilities	70.7	50.5
Trade payables	61.8	64.8

Despite the intentional increase in inventory levels to support future growth temporarily weighing on working capital, the cash position net of borrowings was up by €10 million to nearly €171 million at December 31, 2017.

2.3 • Cash flow statement highlights

The consolidated cash flow statement highlights the following items:

– stable cash flows in relation to the prior year;
– in an environment of increasingly longer industrial processes, the reduction in working capital requirements reflects mainly the aim to maintain inventories at a sufficient level with the purpose of meeting the company's future needs;
– a decrease in cash investments with maturities exceeding three months resulting from capital redemption contracts in the amount of approximately €50 million that were reclassified under current cash balances;
– financing activities taking into account the payment of a dividend for fiscal 2016 of €19.4 million and the annual repayment on the Rochas loan in the amount of €20 million.

Current cash balances invested in vehicles with maturities of less than three months totaled €162.8 million at December 31, 2017.

On that basis, with an increase in inventory levels of more than €23 million in the year, total cash (including current financial assets with maturities exceeding three months) registered a limited decline, ending the year at €221 million compared to €231 million at December 31, 2016.

3 • Risk Factors

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

The map of risks first produced in 2004 and regularly updated since, has made it possible to classify risks into four categories: operating risks, risks related to international operations, environmental and employee-related risks and risks related to the financial environment.

3.1 • Operating risks

3.1.1 • License agreements

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

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

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

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

3.1.2 • Market conditions

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

3.1.3 • Sourcing and production

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

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

3.1.4 • Insurance

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

This coverage includes:

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

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

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

All these risks are covered through outside insurance providers.

3.2 • International business risks

3.2.1 • Currency risks

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (42.8% of sales) and to a lesser extent the Pound sterling (6.6% of sales) and the Japanese yen (1.4% of sales).

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

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

3.2.2 • Country risks

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

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

Given our collections policies, receivables monitoring and the quality of our distributors' financial health, no country risk reserve allocations were made in the financial statements for the year ended December 31, 2017.

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

3.3 • Employee-related risks

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

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

3.4 • Trade and financial risks

3.4.1 • Customer risks

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

3.4.2 • Risks of default

The risk of the company not meeting its financial commitments is low in light of a cash position net of debt of approximately €170 million representing more than 30% of total assets at December 31, 2017.

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

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

3.4.3 • Liquidity risk and covenants

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

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

3.4.4 • Equity risks

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

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

3.4.5 • Valuation risks

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

3.4.6 • Risk associated with inadequate internal controls

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

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

3.4.7 • Information technology risks

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

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

3.4.8 • Litigation and other risks

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

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

4 • Internal control and risk management procedures

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

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

The purpose of risk management procedures is to therefore:

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

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

4.1 • The risk management system

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

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

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

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

4.2 • Internal control system

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

4.2.1 • Organization of the Company

The Company is organized around two divisions:

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

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

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

4.2.2 • Tools of the internal control system

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

• Code of Good Conduct

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

• Information System Charter

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

• Whistleblowing procedure

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

• List of insiders

In accordance with article 223-30 of the AMF Regulation, employees having regular access to insider information, and also all Directors, are recorded on a list of company insiders and undertake accordingly to comply with the limits imposed by article 622-1 of the AMF General Regulation governing the acquisition or disposal of securities of the company directly or indirectly. A list has also been drawn up of persons outside the company having regular access to inside information within the framework of their professional relations with the issuer.

4.2.3 • Key participants in internal control system

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

4.2.4 • Internal control procedures

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

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

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

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

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

4.2.5.1 • Production of accounting data

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

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

4.2.5.2 • Account closings and the production of consolidated financial statements

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

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

4.2.5.3 • Financial calendar

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

4.3 • Oversight of the internal control and risk management procedures

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

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

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

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

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

In 2017, 130 controls were carried out focusing on 47 risk areas. In 2016, the scope for this evaluation was the same as the prior year.

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

4.4 • Relations with Statutory Auditors

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

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

4.5 • Forecasted trends for 2018

The company assures permanent oversight of all organizational changes to anticipate, adapt and optimize internal control procedures in real time and to facilitate the appropriation of these procedures by operational teams. Its internal control procedures are also designed to respond to both regulatory requirements and future issues facing the company.

The company's priorities for 2018 include notably implementing a new treasury management system (Kyriba) and opening a new warehouse facility in Singapore.

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

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

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

To this purpose, it has adopted an action plan to optimize transportation flows by reducing the number of kilometers traveled and by optimizing truck loads. This information is presented in detail in our "Corporate social responsibility" report in Part 4 of the 2017 registration document.

6 • Corporate social responsibility

Information on corporate responsibility presenting Group's commitments and employee-related, social and environmental areas is provided in Part 4 of this registration document.

7 • Dividends

Since 1998, the company has adopted a policy of distributing dividends that today represents 60% of consolidated earnings, destined to reward shareholders while at the same time associating them with the Group's expansion. In early May 2017, a dividend of €0.55 per share was paid or a total of €19.4 million.

Dividends

Dividend for fiscal year: Paid in:	**2013** 2014	**2014** 2015	**2015** 2016	**2016** 2017
Dividend per share	€0.49	€0.44	€0.50	€0.55
Dividend adjusted for bonus share issues	€0.31	€0.33	€0.41	€0.50
Annual change for the adjusted dividend	-	7.80%	25.00%	21.00%

8 • Purchases by the company of its own shares

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

8.1 • Purpose of the new share repurchase authorization

The shareholders meeting of April 27, 2018 is called to renew through its eighteenth resolution the authorization granted to the Board of Directors to purchase and sell shares of the company for the following purposes:

– market making in the secondary market or ensuring the liquidity of the Interparfums share with an investment services provider through a liquidity agreement complying with the conduct of business rules of the French association of financial market professionals (AMAFI) recognized by the AMF;
– retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
– ensuring sufficient shares are available to cover bonus share plans (or equivalent plans) to the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or all other forms of share grants to employees and/or corporate officers of the Group;
– ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
– canceling shares, as applicable, acquired in accordance with the authorization granted by the eighth extraordinary resolution of the shareholders' General Meeting of April 28, 2017.

8.2 • Maximum percentage of capital – Maximum purchase price

Excerpt of the nineteenth resolution to be submitted for approval to the shareholders meeting of April 27, 2018:

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

The maximum purchase price is €50 per share; In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €97,649,158.

8.3 • Duration of the share buyback program

In compliance with the provisions of the nineteenth resolution to be submitted to the shareholders meeting of April 27, 2018, the authorization to implement this share buyback program is granted for 18 months from the date of this meeting or no later than October 27, 2019.

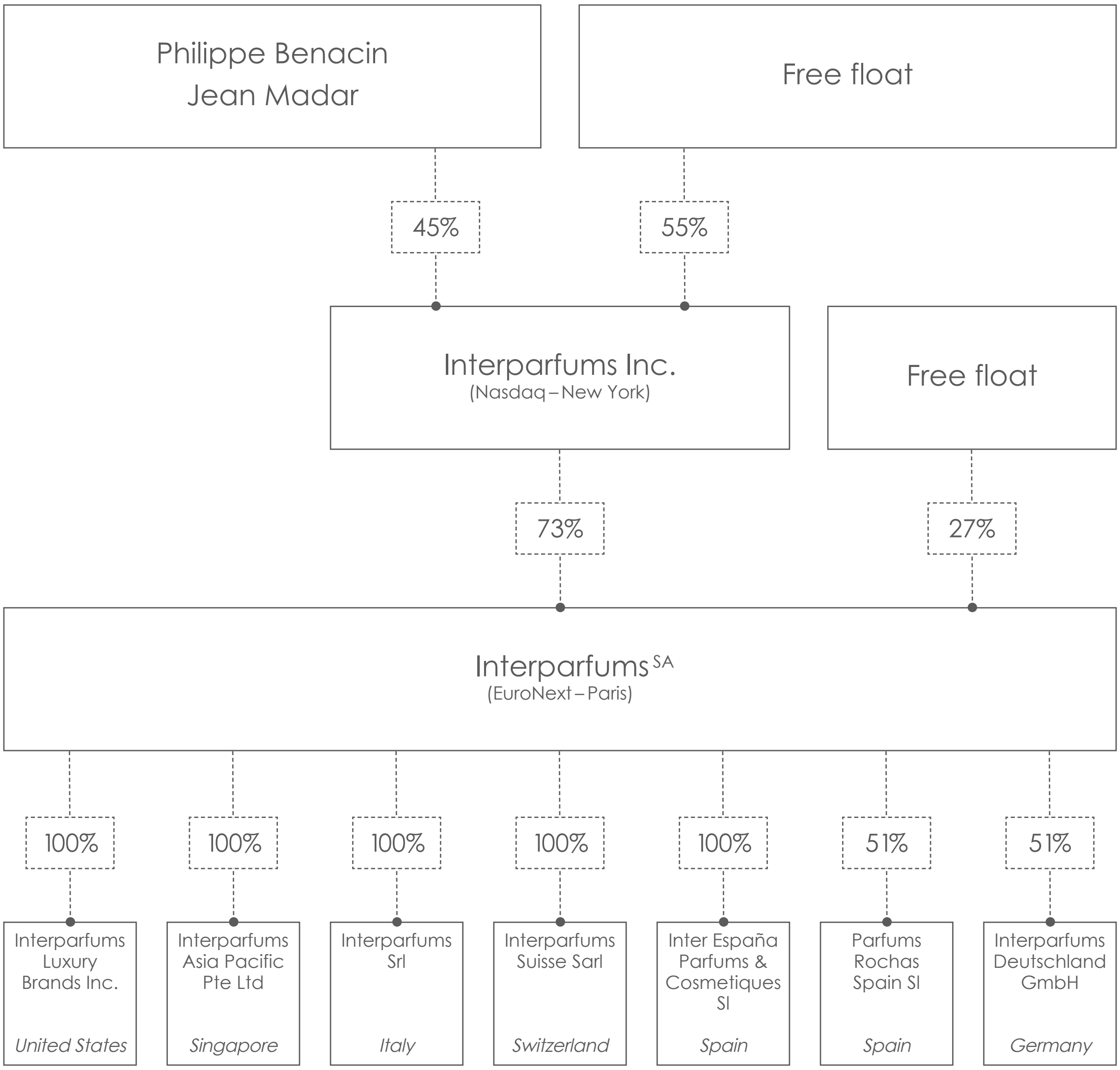
If one of the characteristics of the description of this program is modified during the period of its duration, the public shall be notified of this modification in accordance with the provisions set forth in article L.212-13 of the AMF General Regulation.

8.4 • Summary of the previous share buyback program

Transactions for 2017 under the share buyback program are described in note 3.8.3 "Treasury shares" to the consolidated financial statements.

9 • Group organization

The shareholder base of Interparfums Inc. at December 31, 2017 was as follows:



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

10 • Real estate properties

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

11 • Market share and competition

Market share

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

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

Competition

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

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

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

12 • Post-closing events

None.

13 • 2018 outlook

With sales up more than 15%, 2017 was an excellent year that considerably exceeded expectations, particularly for the Coach, Jimmy Choo and Rochas brands, and once again confirming the quality of our portfolio.

Several flankers will be rolled out in 2018 designed to bolster performances of each of our brands. And to maintain the company's growth momentum in the years ahead, we will also be focusing on preparations for major upcoming strategic launches in 2019 and 2020, notably for the Montblanc, Jimmy Choo, Coach, Lanvin and Rochas brands. Good performances at the start of the year, have already laid the groundwork for achieving the company's target for annual sales of €430 million.

Supported by a marketing and advertising investment budget of more than €100 million for 2018, efforts focused building our brands over the long term will be maintained. In this context, we are expecting an annual operating margin for 2018 of between 13% and 13.5%.

2

Consolidated financial statements

Consolidated income statement

€ thousands *except per share data which is in units*	Notes	2016	2017
Revenue	4.1	**365,649**	**422,047**
Cost of sales	4.2	(128,694)	(146,138)
Gross margin		**236,955**	**275,909**
% of sales		*64.8%*	*65.4%*
Selling expenses	4.3	(172,821)	(201,534)
Administrative expenses	4.4	(13,562)	(14,350)
Current operating income		**50,572**	**60,025**
% of sales		*13.8%*	*14.2%*
Other operating expenses	4.5	(6,309)	-
Other operating income	4.5	5,400	-
Operating profit		**49,663**	**60,025**
% of sales		*13.6%*	*14.2%*
Financial income		2,555	1,435
Interest and similar expenses		(1,965)	(1,341)
Net finance costs		**590**	**94**
Other financial income		6,654	6,754
Other financial expense		(6,560)	(8,421)
Net financial income (expense)	4.6	**684**	**(1,573)**
Income before income tax		**50,347**	**58,452**
% of sales		*13.8%*	*13.8%*
Income tax	4.7	(17,490)	(17,841)
Effective tax rate		34.7%	30.5%
Net income before non-controlling interests		**32,857**	**40,611**
% of sales		*9.0%*	*9.6%*
Attributable to non-controlling shareholders		**419**	**655**
Net income		**32,438**	**39,956**
% of sales		*8.9%*	*9.5%*
Net earnings per share [1]	4.8	0.93	1.07
Diluted earnings per share [1]	4.8	0.93	1.07

(1) Restated for bonus share grants.

Consolidated statement of comprehensive income and expense

€ thousands	2016	2017
Consolidated net profit for the period	**32,857**	**40,611**
Available-for-sale assets	-	-
Currency hedges	(30)	96
Deferred tax arising from items able to be recycled	10	(33)
Items able to be recycled in profit or loss	**(20)**	**63**
Actuarial gains and losses	(630)	(324)
Deferred taxes on items unable to be recycled	217	112
Items unable to be recycled in profit or loss	**(413)**	**(212)**
Other comprehensive income total	**(433)**	**(149)**
Comprehensive income for the period	**32,424**	**40,462**
Attributable to non-controlling shareholders	419	655
Attributable to equity holders of the parent	**32,005**	**39,807**

Consolidated balance sheet

Assets

€ thousands	Notes	2016	2017
Non-current assets			
Net trademarks and other intangible assets	3.1	162,748	159,177
Net property, plant, equipment	3.2	7,025	6,454
Long-term investments		2,951	2,839
Other non-current financial assets	3.3	5,166	4,066
Deferred tax assets	3.11	7,174	7,545
Total non-current assets		**185,064**	**180,081**
Current assets			
Inventory and work in progress	3.4	66,328	89,486
Trade receivables and related accounts	3.5	76,618	75,700
Other receivables	3.6	14,631	8,999
Corporate income tax		1,558	2,214
Current financial assets	3.7	89,367	58,283
Cash and cash equivalents	3.7	141,238	162,825
Total current assets		**389,740**	**397,507**
Total assets		**574,804**	**577,588**

Shareholders' equity & liabilities

€ thousands	Notes	2016	2017
Shareholders' equity			
Share capital		106,526	117,179
Additional paid-in capital		874	-
Retained earnings		263,720	264,669
Net income for the year		32,438	39,955
Equity attributable to parent company shareholders		**403,558**	**421,803**
Non-controlling interests		847	1,425
Total shareholders' equity	3.8	**404,405**	**423,228**
Non-current liabilities			
Provisions for non-current commitments	3.9	7,012	8,118
Non-current borrowings	3.10	50,341	30,190
Deferred tax liabilities	3.11	2,565	2,553
Total non-current liabilities		**59,918**	**40,861**
Current liabilities			
Trade payables and related accounts	3.12	61,838	64,830
Current borrowings	3.10	20,391	20,322
Provisions for contingencies and expenses	3.9	873	923
Income tax		2,069	639
Other liabilities	3.12	25,310	26,785
Total current liabilities		**110,481**	**113,499**
Total shareholders' equity and liabilities		**574,804**	**577,588**

Statement of changes in consolidated shareholders' equity

€ thousands	Number of shares	Share capital	Paid-in capital	Other compre-hensive income	Retained earnings and income	Total equity Group share	Non-controlling interests	Total
As of December 31, 2015 (1)	**32,085,733**	**96,515**	**459**	**(872)**	**290,949**	**387,051**	**429**	**387,480**
Bonus share issue	3,219,038	9,657	(646)	-	(9,011)	-	-	-
Shares issued on exercise of stock options	118,014	354	1,061	-	-	1,415	-	1,415
2016 net income	-	-	-	-	32,438	32,438	418	32,856
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	(413)	-	(413)	-	(413)
2015 dividend paid in 2016	-	-	-	-	(16,051)	(16,051)	-	(16,051)
Treasury shares	(74,783)	-	-	-	(1,394)	(1,394)	-	(1,394)
Remeasurement of financial instruments at fair value	-	-	-	(20)	-	(20)	-	(20)
Currency translation adjustments	-	-	-	-	532	532	-	532
As of December 31, 2016 (1)	**35,348,002**	**106,526**	**874**	**(1,305)**	**297,463**	**403,558**	**847**	**404,405**
Bonus share issue	3,550,878	10,653	(874)	-	(9,779)	-	-	-
2017 net income	-	-	-	-	39,956	39,956	654	40,610
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	(212)	-	(212)	-	(212)
Remeasurement of financial instruments at fair value	-	-	-	63	-	63	-	63
2016 dividend paid in 2017	-	-	-	-	(19,442)	(19,442)	(76)	(19,518)
Treasury shares	(20,617)	-	-	-	803	803	-	803
Currency translation adjustments	-	-	-	-	(2,923)	(2,923)	-	(2,923)
As of December 31, 2017 (1)	**38,878,263**	**117,179**	**-**	**(1,454)**	**306,078**	**421,803**	**1,425**	**423,228**

(1) Excluding treasury shares.

Statement of cash flows

€ thousands	**2016**	**2017**
Cash flows from operating activities		
Net income before non-controlling interests	32,857	40,611
Depreciation, amortization and other	17,039	4,204
Net finance costs	(590)	(94)
Tax charge of the period	17,490	17,841
Operating cash flows	**66,796**	**62,562**
Interest expense payments	(2,023)	(1,604)
Tax payments	(22,162)	(17,617)
Cash flow after interest expense and tax	**42,611**	**43,341**
Change in inventory and work in progress	2,950	(23,059)
Change in trade receivables and related accounts	(6,425)	1,020
Change in other receivables	(6,324)	5,541
Change in trade payables and related accounts	7,807	2,922
Change in other current liabilities	4,768	1,746
Change in working capital needs	**2,776**	**(11,830)**
Net cash flows provided by (used in) operating activities	**45,387**	**31,511**
Cash flows from investing activities		
Net acquisitions of intangible assets	(1,179)	(1,076)
Net acquisitions of property, plants and equipment	(3,054)	(2,227)
Net acquisitions of marketable securities (>3 months)	(13,513)	31,657
Changes in investments and other non-current assets	(326)	1,212
Net cash flows provided by (used in) investing activities	**(18,072)**	**29,566**
Cash flow from financing activities		
Issuance of borrowings and new financial debt	-	-
Debt repayments	(20,004)	(20,000)
Dividends paid to shareholders	(16,051)	(19,442)
Capital increases	1,415	-
Treasury shares	(1,332)	(48)
Net cash flows provided by (used in) financing activities	**(35,972)**	**(39,490)**
Change in net cash	**(8,657)**	**21,587**
Cash and cash equivalents, beginning of year	149,895	141,238
Cash and cash equivalents, end of year	**141,238**	**162,825**

The reconciliation of net cash breaks down as follows:

€ thousands	**2016**	**2017**
Cash and cash equivalents	141,238	162,825
Current financial assets	89,367	58,283
Net cash and current financial assets	**230,605**	**221,108**

Notes to the consolidated financial statements

Annual highlights

January

Launch of the collection *Boucheron*

The new collection of six fragrances continues the Boucheron heritage and the worldwide hunt for gemstones by adding dimension rich in emotion, light and perfume.

March

Launch of *Mademoiselle Rochas* line

Reflecting Parisian chic, *Mademoiselle Rochas*, has that delicious, irresistible "je ne sais quoi" that casts a spell with its floral fruity trail.

Launch of the women's line, *Jimmy Choo L'Eau*

The Jimmy Choo Woman's duality is matched by *L'Eau*'s strong, free-spirited yet resolutely feminine scent. The fragrance combines a symphony of floral, fresh and musky notes.

Balmain license

In connection with the termination of the Balmain license agreement announced in early March, components and finished products inventory at March 31, 2017 was sold to Balmain.

Launch of the women's line, *Montblanc Lady Emblem L'Eau*

A floral fruity musky fragrance conceived for an elegant and gentle woman, given with an innate grace. An unique and timeless beauty, just as the Montblanc diamond.

Launch of the men's line, *Montblanc Emblem Absolu*

La Maison expands the universe of the iconic Emblème fragrance collection with a sensory experience of contrasts and warmth for irresistible magnetism.

April

A new member is appointed to the Board of Directors

Véronique Gabaï-Pinski, currently Chairman of the US ready-to-wear company Vera Wang, with more than 25 years of experience in the field of luxury and cosmetics, was appointed Director of Interparfums.

Launch of the men's line, *Jimmy Choo Man Ice*

Refreshing and elegant, *Jimmy Choo Man Ice* opens a new chapter for the Jimmy Choo men's fragrance franchise.

May

Dividend

A dividend of €0.55 per share for fiscal 2016, voted by the General Meeting of April 2017 and representing a 21% increase from 2015, was paid in early May.

Paul Smith license

The Paul Smith fragrance license agreement was extended for an additional four years until December 31, 2021.

June

Bonus share issue

The company proceeded with its 18th bonus share issue on the basis of one new share for every ten shares held.

July

Launch of the men's fragrance line, *Montblanc Legend Night*

In this third olfactory chapter… Enter the universe of gentlemen's clubs and discover this new incredibly sensual and masculine fragrance. For a man of mystery.

August

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

The first duo of *Parfums Matières* reinvents two star ingredients of selective perfume: Peach Blossom and Vetiver Wood. The essence of style where the fragrance is transformed into substance.

September

Launch of the men's line, *Coach For Men*

An Eau de Toilette takes you on a journey of endless possibilities, evoking a sense of freedom that comes from the energy and spontaneity of New York City.

Launch of the men's line, *Boucheron Quatre Absolu de Nuit*

Unleashing a breath of freedom, the new fragrance duo plays with the codes of city lights to capture an intrepid spirit.

Fashion Week – Womenswear

The Paris fashion show for the 2018 spring-summer season was held at the end of September/early October Rochas unveiled its latest creations to the press and buyers.

October

Launch of the men's line, S.T. Dupont *Be Exceptional*

This elegant woody aromatic oriental is a modern combination of a fresh breeze and a warm sensuality.

November

Eligibility for the Deferred Settlement Service (SRD)

The Company announces that the Interparfums share will be included in the Deferred Settlement Service (SRD) of Euronext Paris starting January 1, 2018.

December

Jimmy Choo license

Jimmy Choo and Interparfums announced their decision amend their license agreement extending their partnership through to December 31, 2031.

Best Investor Relations 2017 Award

The company was awarded the second prize for the Best Investor Relations in the "Mid Cap" category.

1 • Accounting principles

1.1 • Compliance statement

In accordance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards, the 2017 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 whose application was mandatory starting in 2005;
- options retained and exemptions used by the Group for the preparation of IFRS consolidated financial statements.

The consolidated financial statements at December 31, 2017 were adopted by the Board of Directors on March 13, 2018. They will become definitive after having been approved by the ordinary general Meeting of April 27, 2018.

1.2 • Changes in accounting standards

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the financial statements for the period ending December 31, 2017.

The following standards, amendments and interpretations, not yet entered into effect, have been studied in advance to evaluate their impacts on future consolidated financial statements:

- IFRS 9 "instruments financiers" – entering into effect in January 2018: to date, the company does not anticipate any material impact in the consolidated financial statements in the future;
- IFRS 15 "Revenue recognition" – entering into effect in January 2018: to date, the company does not anticipate any material impact in the consolidated financial statements in the future;
- IFRS 16 "Leases" – entering into effect in 2019: the company has initiated a study. At this stage, the Company has identified lease agreements to be recognized in the balance sheet under assets, and namely for the premises of the Paris headquarters, the New York and Singapore offices and the Rouen warehousing facility. No other contract has been identified as falling within the scope of this standard. According to initial calculations based on existing leases and their maturities at the end of the reporting period, a restatement of fixed assets and borrowings for a maximum amount of approximately €15 million to €20 million may be expected. This first estimate may be subject to revisions according to new information for fiscal 2018 unavailable to the Company to date, without however significantly calling into question the current forecasts.

1.3 • Basis of consolidation

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

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

All Group subsidiaries are fully consolidated.

1.4 • Translation method

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

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Foreign currency denominated payables and receivables are translated at the exchange rate prevailing on December 31, 2017. Translation losses and gains arising from the conversion of accounts denominated in foreign currencies on December 31, 2017 are recorded in the income statement. Hedged transactions are translated at the negotiated exchange rate.

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

	Closing exchange rate		Average exchange rate	
Currency	2016	2017	2016	2017
US dollar (USD)	1.0541	1.1993	1.1069	1.1297
Singapore dollar (SGD)	1.5234	1.6024	1.5275	1.5588
Swiss franc (CHF)	1.0739	1.1702	1.0902	1.1117

1.5 • Use of estimates

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

1.6 • Revenue

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

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

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

1.7 • Trademarks and other intangible assets

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

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

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

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

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

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

The discount rate before tax applied for remeasurement is the weighted average cost of capital (WACC) of 6.22% at December 31, 2017 compared to 6.20% at December 31, 2016. This ratio is determined on the basis of the long-term interest rate of 0.7% corresponding to the average rate for 10-year OAT French fungible treasury bonds of the last quarter, the rate expected by an investor in this sector and the specific risk premium for this sector. The perpetuity growth rate used is 1.03% at December 31, 2017 and 0.2% at December 31, 2016.

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

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

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

1.8 • Property, plant and equipment

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

The majority of tangible fixed assets are used in France.

1.9 • Inventory and work-in-progress

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

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

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

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

1.10 • Other non-current financial assets

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

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

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

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

1.11 • Receivables

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

1.12 • Deferred tax

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

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

1.13 • Current financial assets

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

1.14 • Cash and cash equivalents

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

1.15 • Treasury shares

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

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

1.16 • Provisions for contingencies and expenses

• Retirement severance benefits

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

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

• Provisions for other contingencies and expenses

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

1.17 • Financial instruments

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

• Currency hedges

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

In addition hedges have been put into place in 2016 to cover budgeted sales in 2017 in US dollars. In accordance with IAS 39, these hedges were accounted for as cash flow hedges. Hedge accounting is applicable if the hedge is formally defined and documented on inception of the hedging relationship and it is demonstrated that the hedging relationship will be highly effective over the life of the hedging instrument. At year-end, hedging instruments corresponding to these criteria are recognized in the balance sheet at fair value. The ineffective portion of changes in fair value of these hedging instruments is recorded in profit or loss and the effective portion in equity. In 2017, revenue was restated to eliminate the impact of these hedges.

On the basis of the same accounting treatment, hedges were put into place in 2017 to cover future sales in 2018 in Pound sterling.

• Interest rate hedges

A swap to hedge interest-rate risk in connection with the Rochas loan subject to interest based on 3-month Euribor was arranged in 2015. In compliance with IAS 39, the difference in the market value of this instrument and the notional amount is recorded in the income statement.

1.18 • Borrowings

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

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

1.19 • Other liabilities

Other financial debt and operating liabilities are measured at fair value on initial recognition. This amount generally corresponds to the amount of the invoice in the case of short-term payables.

1.20 • Performance share awards

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

1.21 • Registration of trademarks

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

1.22 • Earnings per share

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

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

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

2 • Principles of presentation

2.1 • Presentation of the income statement

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

2.2 • Presentation of the balance sheet

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

2.3 • Segment information

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

2.3.1 • Business lines

Up until December 31, 2014, the company operated solely in the segment of “Perfumes” where the indicators for financial performances for each brand of this segment were comparable. In consequence, the Group’s income statement and balance sheet henceforth reflected the operations of the “Perfumes” activity in its entirety.

Since the acquisition of the Rochas brand on May 29, 2015, the company now operates in two distinct segments: “Perfumes” henceforth including Rochas’ fragrance business and “Fashion” corresponding to activity generated by Rochas’ fashion business.

However because the “Fashion” business accounts for less than 0.6% of revenue, it is not presented separately in the income statement.

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

2.3.2 • Geographical segments

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

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

3 • Notes to the balance sheet

3.1 • Trademarks and other intangible assets

3.1.1 • Nature of intangible assets

€ thousands	**2016**	**+**	**–**	**2017**
Gross value				
Indefinite life intangible assets				
Lanvin trademark	36,323	-	-	36,323
Rochas Fragrances brand	86,739	-	-	86,739
Rochas Fashion brand	19,086	-	-	19,086
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	1,219	-	-	1,219
Van Cleef & Arpels upfront license fee	18,250	-	-	18,250
Montblanc upfront license fee	1,000	-	-	1,000
Boucheron upfront license fee	15,000	-	-	15,000
Karl Lagerfeld upfront license fee	12,877	-	-	12,877
Other intangible assets				
Rights on molds for bottles and related items	10,599	887	(430)	11,056
Registration of trademarks	580	40	-	620
Software	3,237	149	(178)	3,208
Total gross amount	**204,910**	**1,076**	**(608)**	**205,378**
Amortization and impairment				
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(15,210)	(1,520)	-	(16,730)
Montblanc upfront license fee	(615)	(67)	-	(682)
Boucheron upfront license fee	(6,000)	(1,000)	-	(7,000)
Karl Lagerfeld upfront license fee	(7,795)	(635)	-	(8,430)
Other intangible assets				
Rights on molds for bottles and related items	(8,281)	(1,056)	351	(8,986)
Registration of trademarks	(500)	-	-	(500)
Software	(2,542)	(160)	48	(2,654)
Total amortization and impairment	**(42,162)**	**(4,438)**	**399**	**(46,201)**
Net total	**162,748**	**(3,362)**	**(209)**	**159,177**

Own brands

• Lanvin trademark

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

• Rochas trademark

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

Licensed brands

• S.T. Dupont upfront license fee Dupont

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

• Van Cleef & Arpels upfront license fee

An upfront license fee of €18 million paid on January 1, 2007 is amortized over the 12-year term of the Van Cleef & Arpels license agreement.

• Montblanc upfront license fee

The upfront license fee of €1 million paid on June 30, 2010 is amortized over the 10.5 year term of the Montblanc license agreement.

• Boucheron upfront license fee

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

• Karl Lagerfeld upfront license fee

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

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

• Rights on molds for bottles and related items

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

3.1.2 • Impairment tests

• Own brands

A valuation was performed of the Lanvin and Rochas brands on December 31, 2017 by discounting future cash flows to infinity. No provision was recorded.

• Upfront license fees

All upfront license fees were measured on December 31, 2017 using the discounted cash flow method over the term of the licenses.

No provision was recorded for impairment in 2017.

The measurement of the Karl Lagerfeld upfront license fee on December 31, 2016 resulted in a provision for impairment of €5,113,000 presented under other operating expenses in the income statement in light of its nature as a non-recurring item (see note 4.5).

For all discounts, the weighted average cost of capital (WACC) of 6.22% is applied.

• Analysis of sensitivity

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

3.2 • Property, plant and equipment

€ thousands	2016	+	–	2017
Fixtures, improvements, fittings	7,364	512	(289)	7,587
Office and computer equipment and furniture	2,099	688	(35)	2,752
Molds for bottles and caps	10,287	854	(489)	10,652
Other [1]	1,104	173	(89)	1,188
Total gross amount	**20,854**	**2,227**	**(902)**	**22,179**
Accumulated depreciation and impairment [1]	(13,829)	(2,521)	625	(15,725)
Net total	**7,025**	**(294)**	**(277)**	**6,454**

(1) Including fixed assets held under finance leases (vehicles) for a gross amount of €639,000 and an accumulated depreciation of €381,000.

3.3 • 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 €9,589,000. This advance was discounted over the license agreement term and reduced accordingly to €4,066,000 at December 31, 2017.

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

3.4 • Inventory and work-in-progress

€ thousands	2016	2017
Raw materials and components	27,391	30,876
Finished goods	43,227	62,149
Total gross amount	**70,618**	**93,025**
Allowances for raw materials	(1,825)	(374)
Impairment of finished goods	(2,465)	(3,165)
Accumulated provisions for impairment	**(4,290)**	**(3,539)**
Net total	**66,328**	**89,486**

3.5 • Trade receivables and related accounts

€ thousands	2016	2017
Gross amount	78,217	76,915
Impairment	(1,599)	(1,215)
Net total	**76,618**	**75,700**

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

€ thousands	2016	2017
Not due	63,154	65,084
0-90 days	13,346	11,291
91-180 days	447	8
181-360 days	108	105
More than 360 days	1,162	427
Total gross amount	**78,217**	**76,915**

3.6 • Other receivables

€ thousands	2016	2017
Prepaid expenses	3,592	3,328
Accrued income	5,400	-
Interparfums Holding current accounts	2,957	2,971
Value-added tax	1,544	1,877
Hedging instruments	15	140
License royalties	459	347
Other	664	336
Total	**14,631**	**8,999**

Accrued income for 2016 corresponded to the exit fee for the Balmain license agreement for which payment was received in March 2017.

3.7 • Current financial assets, cash and cash equivalents

€ thousands	2016	2017
Current financial assets	89,367	58,283
Cash and cash equivalents	141,238	162,825
Current financial assets, cash and cash equivalents	**230,605**	**221,108**

3.7.1 • Current financial assets

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

€ thousands	2016	2017
Certificates of deposit	4,000	-
Capital redemption contracts	37,460	-
Term deposit accounts	47,693	58,079
Other current financial assets	214	204
Current financial assets	**89,367**	**58,283**

The decrease in cash investments in vehicles with maturities exceeding three months is the result of capital retention contracts reclassified under cash and cash equivalents in 2017 as they are henceforth free of all commitments.

3.7.2 • Cash and cash equivalents

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

€ thousands	2016	2017
Certificates of deposit (less than 3 months)	5,311	-
Interest-bearing accounts	7,383	12,394
UCITS	5,612	-
Term deposit accounts	70,536	45,004
Capital redemption contracts	-	50,306
Current interest-bearing accounts	11,995	5,436
Bank balances	40,401	49,685
Cash and cash equivalents	**141,238**	**162,825**

In 2017, the capital redemption contracts were reclassified under cash and cash equivalents as henceforth free of all commitments.

3.8 • Shareholders' equity

3.8.1 • Share capital

As of December 31, 2017, Interparfums' capital was comprised of 39,059,662 shares fully paid-up with a par value of €3, 72.71%-held by Interparfums Holding.

Capital increases in 2017 are the result of the bonus share issue of June 13, 2017 in the amount of 3,550,878 shares on the basis of one new share for every ten shares held.

3.8.2 • Restricted stock awards

Interparfums SA awarded performance shares to all employees and managers with at least six months of seniority as of the date of the plan. The maximum number of shares to be awarded is 133,000 shares for senior executives and managers and 15,100 shares for all other employees.

The restricted share units will be remitted to employees after a vesting period of three years. After this period, the beneficiaries will freely dispose of their shares, without being subject to a lock-up period.

Effective delivery of the securities is contingent on the following terms and conditions:

Beneficiaries	**Vesting conditions**
Senior executives and managers	– condition of presence on September 6, 2019; and – conditions of performance based on: - consolidated revenue for fiscal 2018 for 50% of the restricted stock units awarded, - consolidated operating profit for 50% of the restricted stock units awarded.
Other beneficiaries	– condition of presence on September 6, 2019.

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

An employee turnover rate and a rate of probability for achieving the performance criteria were also used for the calculation, bringing the total expense to be spread over the life of the plan (three years) to €3 million or €1,022,000 at December 31, 2017.

To ensure the availability of shares for remittance to employees on maturity, the company purchased an initial tranche of 119,182 shares on the market on December 31, 2017 (after taking into account the bonus share issue of June 2017) for a total amount of €2.6 million. These shares are presented as a deduction from shareholders' equity.

At December 31, 2017, the estimated number of shares to be remitted was 150,191.

3.8.3 • Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 28, 2017, 62,217 Interparfums shares with a nominal value of €3 per share were held by the company as of December 31, 2017 or 0.16% of the share capital.

Changes in the period break down as follows:

€ thousands	Average price	Number of shares	Book value
At December 31, 2016	**24.30**	**52,434**	**1,274**
Acquisition	31.96	404,196	12,918
Bonus share issue of June 13, 2017		4,824	-
Sales	30.36	(399,237)	(12,122)
At December 31, 2017	**33.27**	**62,217**	**2,070**

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 €40 per share, excluding execution costs;
- the total number of shares acquired may not exceed 5% of the company's capital stock.

3.8.4 • Non-controlling interests

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

€ thousands	2016	2017
Reserves attributable to non-controlling interests	428	770
Earnings attributable to non-controlling interests	419	655
Non-controlling interests	**847**	**1,425**

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

3.8.5 • Information on equity

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

Since 1998, the company has adopted a policy of distributing dividends that today represents 60% of consolidated earnings, destined to reward shareholders while at the same time associating them with the Group's expansion. In early May 2017, a dividend of €0.55 per share was paid or a total of €19.4 million.

Given its financial structure, the Group has the ability to secure financing for important projects from banks in the form of medium-term loans. At the end of May 2015, a 5 year €100 million loan was obtained to finance the acquisition of the Rochas brand. At December 31, 2017, the nominal amount still outstanding on this loan amounted to €50 million.

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

3.9 • Provisions for contingencies and expenses

€ thousands	2016	Allowances	Actuarial gains/losses	Provisions used the period	Reversal of unused provisions	2017
Provisions for retirement severance payments	6,940	527	324	-	-	7,791
Provision for expenses	72	255	-	-	-	327
Total provisions for expenses > 1 year	**7,012**	**782**	**324**	**-**	**-**	**8,118**
Accruals for taxes	572	1	-	-	-	573
Other provisions for contingencies < 1 year	301	100	-	-	(51)	350
Total provisions for contingencies > 1 year	**873**	**101**	**-**	**-**	**(51)**	**923**
Total provisions for contingencies and expenses	**7,885**	**883**	**324**	**-**	**(51)**	**9,041**

3.9.1 • Provisions for retirement severance payments

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

For 2017, the following assumptions were applied:

- a negotiated termination at age 65;
- a rate of 50% for employer payroll contributions for all employees;
- a 3% average rate for annual salary increases;
- an employee turnover rate depending on the age of employees;
- the TH 00-02 mortality table for men and the TF 00-02 mortality table for women; and
- a discount rate for the 10 year IBOXX corporate bond index of 1.4%.

On the basis of these assumptions, the annual expense of €527,000 recorded under current income breaks down as follows:

- service costs: €448,000;
- financial expense: €79,000.

Actuarial gains and losses in 2017 amounting to €324,000 recorded under reserves resulted primarily from changes in assumptions.

A 0.5% increase in the discount rate would result in a €19,000 reduction in the present value of rights at December 31, 2017 versus a 0.5% decrease resulting in a €20,000 increase.

3.9.2 • Other provisions or disputes

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

The provision for tax represents the outstanding balance from the tax audit for the fiscal years of 2012 to 2014.

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

3.10 • Borrowings and financial liabilities

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

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

This debt is recognized at fair value to which is allocated the €775,000 in transaction costs directly attributable to the acquisition, in compliance with IAS 39.

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

3.10.1 • Changes in finance costs

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

			Non-cash items			
€ thousands	**2016**	**Cash flow**	**Net acquisitions**	**Changes in fair value**	**Amortization**	**2017**
Borrowings	70,000	(20,000)	-	-	-	50,000
Loan acquisition costs	(377)	-	-	-	180	(197)
Interest rate swap	861	-	-	(420)	-	441
Total Rochas loan	**70,484**	**(20,000)**	**-**	**(420)**	**180**	**50,244**
Lease financing	248	-	20	-	-	268
Total borrowings and other financial debt	**70,732**	**(20,000)**	**20**	**(420)**	**180**	**50,512**

3.10.2 • Borrowings by the maturities

€ thousands	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**
Variable-rate bank debt	49,803	19,877	29,926	-
Interest rate swap	441	309	132	-
Automobile leases	268	136	132	-
Total at December 31, 2017	**50,512**	**20,322**	**30,190**	**-**

3.10.3 • Additional disclosures

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

At December 31, 2017, on the basis of a notional amount of €50 million, a gain of €420,000 in connection with this swap was recognized in the income statement whereby the Group did not apply hedge accounting in accordance with IAS 39. The market value of the swap at December 31, 2017 represented a negative amount for the company of €441,000.

3.10.4 • Covenants

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

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

At December 31, 2017, all these covenants were met. The current level of these ratios is considerably below the contractual limits. As a result, the Group has considerable financial flexibility in respect to these commitments.

3.11 • Deferred tax

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

€ thousands	2016	Changes through reserves	Changes through income	2017
Deferred tax assets				
Timing differences between financial and tax accounting	3,233	-	500	3,733
Provisions for retirement liabilities	179	112	(112)	179
Loss carryforwards	779	-	(345)	434
Swap instrument	296	-	(296)	-
Currency hedges	59	-	(59)	-
Intra-group inventory margin	2,694	-	(113)	2,581
Advertising and promotional costs	583	-	363	946
Other	130	-	(24)	106
Total deferred tax assets before amortization	**7,953**	**112**	**(86)**	**7,979**
Depreciation of deferred tax assets	(779)		345	(434)
Net deferred tax assets	**7,174**	**112**	**259**	**7,545**
Deferred tax liabilities				
Acquisition costs	569	-	(7)	562
Bonus shares	-	(87)	87	-
Levies imposed by governments	185	-	8	193
Borrowing costs associated with the Rochas brand acquisition	131	-	(62)	69
Capitalization of costs associated with the Rochas brand acquisition	1,677	-	-	1,677
Gains (losses) on treasury shares	-	258	(258)	-
Forward hedging instruments	-	34	(25)	9
Derivatives	3	-	40	43
Total deferred tax liabilities	**2,565**	**205**	**(217)**	**2,553**
Total net deferred tax	**4,609**	**(93)**	**476**	**4,992**

3.12 • Trade payables and other current liabilities

3.12.1 • Trade payables and related accounts

€ thousands	2016	2017
Trade payables for components	18,107	18,803
Other trade payables	43,731	46,027
Total	**61,838**	**64,830**

3.12.2 • - Other payables

€ thousands	2016	2017
Accrued credit notes	3,203	3,003
Tax and employee-related liabilities	12,909	15,947
Accrued royalties	7,493	6,957
Hedging instruments	584	18
Other liabilities	1,121	860
Total	**25,310**	**26,785**

3.13 • Financial instruments

Financial instruments according to IAS 39 classifications for measurement break down as follows:

€ thousands At December 31, 2017	Notes	Carrying value	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans & receivables or payables	Derivatives
Long-term investments		2,839	2,839	-	-	2,839	-
Other non-current financial assets	3.3	4,066	4,066	-	-	4,066	-
Trade receivables and related accounts	3.5	75,700	75,700	-	-	75,700	-
Other receivables	3.6	8,999	8,999	-	-	8,859	140
Current financial assets	3.7	58,283	58,283	-	-	58,283	-
Cash and cash equivalents	3.7	162,825	162,825	-	-	162,825	-
Assets		**312,712**	**312,712** (1)	**-**	**-**	**312,572**	**140**
Borrowings and financial liabilities	3.10	50,512	50,112	441	-	50,071	-
Trade payables and related accounts	3.12	64,830	64,830	-	-	64,830	-
Other liabilities	3.12	26,785	26,785	-	-	26,767	18
Liabilities		**142,127**	**141,727**	**441**	**-**	**141,668**	**18**

€ thousands At December 31, 2016	Notes	Carrying value	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans & receivables or payables	Derivatives
Long-term investments		2,951	2,951	-	-	2,951	-
Other non-current financial assets	3.3	5,166	5,166	-	-	5,166	-
Trade receivables and related accounts	3.5	76,618	76,618	-	-	76,618	-
Other receivables	3.6	14,631	14,631	-	-	14,616	15
Current financial assets	3.7	89,367	89,367	-	-	89,367	-
Cash and cash equivalents	3.7	141,238	141,238	-	-	141,238	-
Assets		**329,971**	**329,971**	**-**	**-**	**329,956**	**15**
Borrowings and financial liabilities	3.10	70,732	70,069 (1)	861	-	69,871	-
Trade payables and related accounts	3.12	61,838	61,838	-	-	61,838	-
Other liabilities	3.12	25,310	25,310	-	-	24,726	584
Liabilities		**157,880**	**157,217**	**861**	**-**	**156,435**	**584**

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

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

3.14 • Risk management

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

3.14.1 • Interest rate risks

The Group's interest rate exposure is related principally to debt. The objective of the Group's policy is to ensure a stable level of financial expense through the use of hedges in the form of interest rate swaps (fixed rate swaps). These financial instruments are not eligible for hedge accounting under IAS 39. The Group nevertheless considers that these transactions are not speculative in nature and are necessary to effectively manage its interest rate exposure.

3.14.2 • Liquidity risks

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

€ thousands	< 1 year	1 to 5 years	> 5 years	Total
Other non-current financial assets	500	2,000	1,566	4,066
Current financial assets	-	58,079	204	58,283
Cash and cash equivalents	162,825	-	-	162,825
Total financial assets	**163,325**	**60,079**	**1,770**	**225,174**
Borrowings and financial liabilities	(20,013)	(30,058)	-	(50,071)
Total financial liabilities	**(20,013)**	**(30,058)**	**-**	**(50,071)**
Net position before hedging	**143,312**	**30,021**	**1,770**	**175,103**
Hedging of assets and liabilities (swaps)	(309)	(132)	-	(441)
Net position after hedging	**143,003**	**29,889**	**1,770**	**174,662**

3.14.3 • Foreign exchange risks

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

€ thousands	USD	GBP	JPY	CAD
Assets	14,626	3,375	764	303
Liabilities	(2,964)	(161)	-	(50)
Net position before hedging at the closing price	**11,662**	**3,214**	**764**	**253**
Net position hedged	(4,920)	-	(133)	-
Net position after hedging	**6,742**	**3,214**	**631**	**253**

In addition, because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (42.8% of sales) and to a lesser extent the Pound sterling (5.7% of sales) and the Japanese yen (1.4% of sales).

• Foreign exchange risk management policy

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

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

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

At December 31, 2017, the Group had hedged 46% of its receivables and 59% of its payables in US dollars and 17% for trade receivables booked in Japanese yen.

At December 31, 2017, for the budget for sales in pounds sterling for 2018, 50% was hedged, with additional forward currency sales made for the balance.

• Sensitivity to foreign exchange risk

A 10% fluctuation in the exchange rate of the US dollar and the Pound sterling in relation to the euro represents a pertinent risk factor that may reasonably occur within a given year. An immediate upswing in the exchange rate (US dollar and Pound sterling) of 10% would result in a maximum positive currency effect of €20.7 million on sales and €16.3 million on operating income. A 10% decrease of these same exchange rates would have an inverse negative effect.

3.14.4 • Counterparty risk

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

4 • Notes to the income statement

4.1 • Consolidated sales by brand

€ thousands	2016	2017
Montblanc	110,016	112,191
Jimmy Choo	81,721	96,065
Lanvin	56,028	57,618
Boucheron (6 months of activity in 2016)	20,906	50,936
Rochas	29,212	38,450
Boucheron	16,027	18,412
Van Cleef & Arpels	19,106	17,179
Karl Lagerfeld	6,465	8,824
Paul Smith	9,233	6,741
S.T. Dupont	5,364	4,808
Repetto	5,041	3,801
Balmain	3,785	2,245
Other	669	2,296
Perfume sales	**363,573**	**419,566**
Rochas fashion license revenues	2,076	2,481
Total revenue	**365,649**	**422,047**

4.2 • Cost of sales

€ thousands	2016	2017
Raw materials, trade goods and packaging	(120,173)	(163,897)
Changes in inventory and allowances for impairment	370	29,315
POS advertising	(2,255)	(3,497)
Staff costs	(4,021)	(5,001)
Property rental expenses	(2,119)	(2,064)
Transportation costs	(287)	(761)
Other expenses related to the cost of sales	(209)	(233)
Total cost of sales	**(128,694)**	**(146,138)**

4.3 • Selling expenses

€ thousands	2016	2017
Advertising	(80,341)	(102,254)
Royalties	(26,954)	(27,550)
Staff costs	(26,731)	(30,367)
Service fees/subsidiaries	(8,966)	(10,400)
Subcontracting	(7,205)	(7,898)
Transportation costs	(3,672)	(4,387)
Travel and entertainment expenses	(5,900)	(5,325)
Allowances and reversals	(4,559)	(3,965)
Tax and related expenses	(3,186)	(3,137)
Commissions	(1,289)	(1,501)
Property rental expenses	(1,632)	(1,865)
Other selling expenses	(2,386)	(2,885)
Total selling expenses	**(172,821)**	**(201,534)**

4.4 • Administrative expenses

€ thousands	2016	2017
Purchases and external costs	(5,288)	(5,258)
Staff costs	(5,691)	(6,579)
Property rental expenses	(680)	(490)
Allowances and reversals	(625)	(885)
Travel expenses	(746)	(509)
Other administrative expenses	(532)	(629)
Total administrative expenses	**(13,562)**	**(14,350)**

4.5 • Other operating income and expenses

For fiscal 2016, other operating income represents the Balmain license agreement exit fee. Operating expenses relate to the 2016 impairment charge for the Karl Lagerfeld trademark. No other items impacted these line items in 2017.

4.6 • Net financial income (expense)

€ thousands	2016	2017
Financial income	2,555	1,435
Interest and similar expenses	(1,965)	(1,341)
Net finance costs	**590**	**94**
Currency losses	(5,830)	(8,418)
Currency gains	5,917	6,754
Net currency gains (losses)	**87**	**(1,664)**
Other financial income and expenses	7	(3)
Net financial income/(expense)	**684**	**(1,573)**

The change in net currency gains must be interpreted by including the correction of sales for a profit of nearly €1.7 million linked to hedging contracts obtained at the end of 2016 for 2017 sales and accounted for as cash flow hedges. After restating to eliminate this item, net currency gains did not show a significant change.

4.7 • Income taxes

4.7.1 • Analysis of income taxes

€ thousands	2016	2017
Current income tax – France	(13,702)	(13,070)
Current income tax – Foreign operations	(3,675)	(6,374)
Total current income tax	**(17,377)**	**(19,444)**
Non-current income tax	**(1,626)**	**1,127**
Deferred tax – France	1,422	265
Deferred tax – Foreign operations	91	211
Total deferred taxes	**1,513**	**476**
Total income taxes	**(17,490)**	**(17,841)**

The non-current tax corresponded to a tax expense relating to a tax audit of the French company in 2012 and the resulting tax adjustment for the periods of 2013 to 2015.

The 2017 non-current tax represents tax income linked to the request for a refund at year end of the 3% French surtax on dividend distributions for the fiscal years 2015 to 2017.

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 34.43% applicable in France for fiscal 2017 and 2016 to pre-tax income reflects the following.

€ thousands	**2016**	**2017**
Tax base	**50,347**	**58,452**
Theoretical tax calculated at the parent company rate	(17,334)	(20,125)
Effect of tax rate differences	896	779
Recognition of tax income not previously classified as tax assets	226	345
Deferred tax not recognized on losses of the period	(749)	-
Tax adjustment	(1,525)	1,523
Permanent non-deductible differences	996	(363)
Income tax	**(17,490)**	**(17,841)**

4.8 • Earnings per share

€ thousands except number of shares and earnings per share in euros	**2016**	**2017**
Consolidated net income	32,438	39,956
Average number of shares	35,017,433	37,280,817
Basic earnings per share (1)	**0.93**	**1.07**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	-	-
Potential fully diluted average number of shares outstanding	35,017,433	37,280,817
Diluted earnings per share (1)	**0.93**	**1.07**

(1) Adjusted for bonus shares granted in 2016 and 2017.

5 • Segment reporting

5.1 • Business lines

Up until December 31, 2014, the company operated solely in the segment of "Perfumes" where the indicators for financial performances for each brand of this segment were comparable. In consequence, the Group's income statement and balance sheet henceforth reflected the operations of the "Perfumes" activity in its entirety.

Since the acquisition of the Rochas brand on May 29, 2015, the company now operates in two distinct segments: "Perfumes" henceforth including Rochas' fragrance business and "Fashion" corresponding to activity generated by Rochas' fashion business.

However, a separate presentation is not provided for income statement aggregates because the "Fashion" business represents less than 0.6% of Group sales. Assets and liabilities relating to the Rochas brand at December 31, 2017 were as follows:

€ thousands	**Perfumes**	**Fashion**	**Total**
Intangible assets – Rochas brand	86,739	19,086	105,825
Medium-term loan	41,183	9,061	50,244

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

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

5.2 • Geographical segments

Sales by geographical sector break down as follows:

€ thousands	2016	2017
North America	98,157	118,454
South America	24,535	31,280
Asia	53,272	59,751
Eastern Europe	33,715	39,216
Western Europe	83,783	89,220
France	33,196	37,553
Middle East	32,355	39,679
Africa	4,560	4,413
Perfume sales	**363,573**	**419,566**
Rochas fashion license revenues	2,076	2,481
Total	**365,649**	**422,047**

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	2016	2017
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	147,633	304,832
Headquarters rental payments	Rental payments due over the remainder of the lease terms (3, 6 or 9 years).	13,885	13,981
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses regardless of sales volume for the period.	4,697	3,355
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.	4,485	5,174
Total commitments given in connection with operating activities		**170,700**	**327,342**

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

Commitments with respect to forward currency sales at December 31, 2017 amounted to US$8,000,000 and ¥18,000,000.

Commitments with respect to forward currency purchases for US dollar hedges at December 31, 2017 amounted to €1,766,000.

Commitments with respect to forward currency sales at December 31, 2017 budgeted in the 2018 amounted to £8,000,000.

6.1.3 • Commitments given by maturity at December 31, 2017

€ thousands	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	304,832	21,904	96,514	186,414
Headquarters rental payments	13,981	2,363	8,427	3,191
Guaranteed minima for warehousing and logistics	3,355	1,342	1,342	671
Firm component orders	5,174	5,174	-	-
Total commitments given	**327,342**	**30,783**	**106,283**	**190,276**

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

6.1.4 • Commitments received

Commitments in connection with forward currency purchases at December 31, 2017 amounted to €6,771,000 for US dollar hedges and €136,000 for Pound sterling hedges representing total commitments of €6,907,000.

Commitments with respect to forward currency sales at December 31, 2017 amounted to US$1,766,000.

Commitments with respect to forward currency purchases at December 31, 2017 budgeted in 2018 amounted to €8,971,000 for Pound sterling hedges.

6.2 • License agreements

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

In May 2017, the company extended its partnership with Paul Smith in advance for an additional four years, i.e. until December 31, 2021.

In December 2017, Interparfums and Jimmy Choo decided to amend their license agreement extending their partnership for an additional 13 years through December 31, 2031.

6.3 • Own brands

• Lanvin

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

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

• Rochas

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

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

This brand was acquired for a price of US$108 million, excluding inventory and financed by a €100 million loan repayable over five years, subject to standard covenants.

6.4 • Employee-related data

6.4.1 • Workforce by category

Number of employees at	12/31/2016	12/31/2017
Managers	177	181
Supervisory staff	8	6
Employees	72	79
Total	**257**	**266**

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

6.4.2 • Workforce by department

Number of employees at	12/31/2016	12/31/2017
Executive Management	2	2
Production & Operations	38	40
Marketing	53	55
Export	61	68
France	40	41
Finance & Corporate Affairs	52	56
Rochas fashion	11	4
Total	**257**	**266**

6.4.3 • Wages and benefits

€ thousands	2016	2017
Staff costs	24,268	27,507
Social security charges	9,430	10,249
Profit-sharing	2,349	2,914
Restricted stock awards	396	1,277
Total wages and benefits	**36,443**	**41,947**

In addition €542,000 in supplemental retirement benefits for Executive Management were paid in 2017.

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	2016	2017
Wages and social charges	5,923	6,534
Share based payment expenses	110	349

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

€ thousands	2016	2017
Gross wages	1,703	1,873
Benefits in-kind	18	18
Supplemental retirement contribution	51	44
	1,772	**1,935**

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

6.5.2 • Board Meeting

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

€ thousands	**2016**	**2017**
Attendance fees received (1)	78	80

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

6.5.3 • Relations with the parent company

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

6.6 • Statutory Auditors' fees

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

€ thousands			**Mazars**				**SFECO & Fiducia Audit**	
	2016	**%**	**2017**	**%**	**2016**	**%**	**2017**	**%**
Statutory auditing and certification of accounts, review of separate and consolidated accounts								
For the Issuer	280	63%	325	66%	90	96%	95	100%
For fully consolidated subsidiaries	155	35%	160	33%	-	-	-	-
Services other than for the certification of accounts								
For the Issuer	7	2%	6	1%	4	-	-	0%
For fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Total	**442**	**100%**	**491**	**100%**	**94**	**100%**	**95**	**100%**

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

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

6.7 • Post-closing events

None.

3

Corporate governance

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

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

1.1 • Rules of governance

1.1.1 • Adoption of the Middlenext Code

Since 2010, the company has referred to the Middlenext Corporate Governance Code of December 2009. This code was revised in September 2016 and the company complies with its 19 recommendations. This decision was made by the Board of Directors in relation with the shareholder structure, of which 72% of the share capital at December 31, 2017 was held by the parent company, Interparfums Holding.

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

1.1.2 • Charter of the Board of Directors

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

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

The main provisions of this Charter are as follows:

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

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

The Charter was last updated pursuant to the Board's decision, meeting on March 13, 2018.

1.2 • Organization of Executive Management and the Board of Directors

1.2.1 • Executive Management

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

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

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

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

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

1.2.1.2 • Management Committee members

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

As at February 28, 2018, the members of this committee were as follows:

Philippe Benacin, Chairman and Chief Executive Officer.

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

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

Angèle Ory-Guénard, Vice President, Export Sales.

Jérôme Thermoz, Vice President, French Distribution.

Axel Marot, Vice President, Production & Logistics.

Pierre Desaulles, Vice President, Marketing.

Delphine Pommier, Vice President, Marketing.

Renaud Boisson, Managing Director of Interparfums Asia Pacific.

Stanislas Archambault, Managing Director of Interparfums Luxury Brands.

In 2017, the meetings of this committee addressed the following items of business: Strategy by brand, external growth, 2017 and 2018 budgets, supply chain, 2017-2020 marketing plans, French market trends – challenges, outlook, competition, structure and organization in 2017, license agreement renewals, 2018, 2019 and 2020 launches, H1 and FY 2017 results, update on export customers, market launch responses, 2017 and 2018 sales budgets.

1.2.2 • Composition of the Board of Directors

On December 31, 2017, the Board of Directors had ten members, four of which are considered independent.

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

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

1.2.3 • The exercise of multiple offices and terms

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

At December 31, 2017, the number of offices held by each of the Directors was in compliance with the applicable laws.

The term of the office is set between three and five years. As an exception, and in order to permit the implementation and maintain the staggering of Directors' terms of office, the General Meeting may appoint one or more Directors for terms of three (3) years in accordance with Middlenext: recommendation 9 that renewals of terms of office be staggered. In addition, the company considers that, in light of its size and the composition of its Board, these different terms contribute to the experience of Directors in terms of knowledge of the company, its market and its activities in their decision-making, without diminishing the quality of oversight.

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

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

1.2.4 • List of offices and functions exercised by each corporate officer in 2017

Philippe Benacin
Chairman-Chief Executive Officer

Date of 1st appointment: January 03, 1989.
Date of last renewal: April 25, 2014.

Philippe Benacin, 59, a graduate of the ESSEC Business School and co-founder of the company with his partner Jean Madar, has served as Chairman-CEO of Interparfums SA since its creation in 1989.

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

Current offices:

– Chairman of the Board of Directors of Interparfums Holding;
– President and Vice Chairman of the Board of Interparfums Inc. (United States);
– Managing Partner and President of Interparfums Suisse;
– Director of Interparfums Asia Pacific (Singapore);
– Chairman of the Board of Directors of Parfums Rochas Spain;
– Sole Director of Interparfums Luxury Brands (United States);
– Director of Inter España Parfums et Cosmetiques Sl (Spain);
– Director of Interparfums Srl (Italy);
– Member of the Supervisory Board of Vivendi.

Offices having expired in the last five years: none.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Jean Madar
Director

Date of 1st appointment: December 23, 1993.
Date of last renewal: April 25, 2014.

Jean Madar, 57, a graduate of the ESSEC Business School, is the co-founder of the company with his partner Philippe Benacin. Jean Madar sets the strategic priorities for the New York-based Group Interparfums Inc. and development of the brands of the portfolio: Anna Sui, Dunhill, Oscar de la Renta, Shanghai Tang, Bebe, Abercrombie & Fitch, Hollister, Agent provocateur.

Current offices:

- Chief Executive Officer and Director of Interparfums Holding;
- Chief Executive Officer and Vice Chairman of the Board of Interparfums Inc. (United States).

Offices having expired in the last five years: none.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Philippe Santi
Director and Executive Vice President

Date of 1st appointment: April 23, 2004.
Date of last renewal: April 25, 2014.

Philippe Santi, 56, graduate of the École Supérieure de Commerce of Reims and a public accountant has served as the Chief Financial and Administrative Officer of Interparfums SA since 1995 and as Executive Vice President since 2004.

Current office:

- Director of Interparfums Inc. (United States).

Offices having expired in the last five years: none.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Frédéric Garcia-Pelayo
Director and Executive Vice President

Date of 1st appointment: April 24, 2009.
Date of last renewal: April 25, 2014.

Frédéric Garcia-Pelayo, 59, EPSCI international exchange program graduate of the ESSEC Business School, has been Chief International Officer of Interparfums since 1994 and Executive Vice President since 2004.

Current offices:

- Chairman of the Board of Directors of Interparfums Srl (Italy);
- Director of Inter España Parfums & Cosmetiques Sl (Spain).

Offices having expired in the last five years: none.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Maurice Alhadève
Independent Director

Date of 1st appointment: April 23, 2004
Date of last renewal: April 25, 2014

Maurice Alhadève, age 75, a graduate of Sciences Po Paris and Northwestern University (Chicago) was the Chief Executive Officer of the Luxury division of "Française de soins et Parfums" (Unilever Group), and then, a manager for several companies specialized in the creation of fragrance concentrates: International Flavors and Fragrance (IFF), Créations Aromatiques and Haarmann & Reimer. He was head of the ISIPCA, the school for fragrances, cosmetics and flavors, located in Versailles, France. He is today the cofounder and President of the École Supérieure du Parfum de Paris, providing specialized programs in the fields of creation and management for the perfume industry.

Other offices and directorships: none.
Offices having expired in the last five years: none.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Patrick Choël
Director

Date of 1st appointment: December 1, 2004.
Date of last renewal: April 25, 2014.

Patrick Choël, 74, a graduate of Sciences Po Paris, was Chairman of the Fragrance and Cosmetics division of LVMH from 1995 to 2004.

Current offices:
- Director of Interparfums Inc. (United States);
- Director of Parfums Christian Dior;
- Director of Guerlain.

Offices having expired in the last five years:
- Director of Modelabs;
- Director of SGD;
- Director of ILEOS.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Chantal Roos
Independent Director

Date of 1st appointment: April 24, 2009.
Date of last renewal: April 25, 2014.

Chantal Roos, 74, served as Vice-President for International Marketing then Executive Vice President within the Yves Saint Laurent Parfums Group, then Chair of Beauté Prestige Internationale. She joined the Gucci group in 2000 as President of the Yves Saint Laurent Beauté division, becoming subsequently in 2007, Strategic Adviser to the Chairman and Chief Executive Officer. In 2008, she launched her own company specialized in the creation and development of fragrance and cosmetic brands.

Current offices:
- Managing Partner of CREA;
- Managing Partner of ROOS&ROOS.

Offices having expired in the last five years:
- Chairman and Chief Executive Officer of Yves Saint Laurent Beauté.

Term of office expiring at the close of the Annual General Meeting of April 2018.

Dominique Cyrot
Independent Director

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

Dominique Cyrot, 66, has a master's degree in management from University Paris IX Dauphine.

Her professional career included positions with the French insurer AGF from 1973 to 2011, which has become today ALLIANZ GI.

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

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

Current offices:

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

Offices having expired in the last five years:

- Director of SAFETIC (office expired in February 2012);
- Director of SECHE Environnement (office expired in April 2015).

Term of office expiring at the close of the Annual General Meeting of April 2020.

Marie-Ange Verdickt
Independent Director

Date of 1st appointment: April 24, 2015.

Marie-Ange Verdickt, 55, has a business degree from École Supérieure de Commerce de Bordeaux (1984), and is a member of the French Society of Financial Analysts (SFAF) She began her career as an auditor with Deloitte, then management controller for the computer group, Wang. In 1990 she joined Euronext as a financial analyst and was subsequently appointed as head of Euronext's office of financial analysis. In 1998, she joined the asset management company, Financière de l'Échiquier, as a manager of equity funds specialized in French and European Mid Caps. She also contributed to developing socially responsible investment practices.

Current offices:

- Member of the Supervisory Board of Wavestone (ex-Solucom);
- Member of the Supervisory Board of CapHorn Invest;
- Director of ABC Arbitrage;
- Member of the Supervisory Board of Bonduelle.

Offices having expired in the last five years:

- Financière de l'Échiquier (expired in June 2012).

Term of office expiring at the close of the Annual General Meeting of April 2018.

Véronique Gabaï-Pinsky
Director

Date of 1st appointment: April 28, 2017.

Véronique Gabaï-Pinsky, 52, a business school graduate of ESSEC, is currently the Chair of the US company, Vera Wang, operating in the luxury ready-to-wear sector.

Véronique Gabaï-Pinsky began her career with L'Oréal where she was Vice President for Marketing for the Giorgio Armani fragrances, and contributed to the success of l'*Aqua di Gio for men*. She then joined Guerlain as Vice President for Marketing and Communication where she successfully spearheaded projects including in particular repositioning iconic *Shalimar* and the launch of *Aqua Allegoria*.

Véronique Gabaï-Pinsky then spent 12 years with Estée Lauder as Global Brand President for Aramis and Designer Fragrances where she actively spearheaded growth projects for the group's fragrance business, before joining Vera Wang where she is currently serving as President.

Current offices:

- Chair of the Vera Wang Group;
- Director of Interparfums Inc.

Offices having expired in the last five years: none

Term of office expiring at the close of the Annual General Meeting of April 2021.

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

1.2.5 • Gender balance

At December 31, 2017, four of the Board's ten Directors were women, representing a percentage of more than 40%, in compliance with article L.225-18-1 of the French Commercial Code.

1.2.6 • Independence of Directors

With respect to the criteria set forth in the Middlenext Code recommendation 3, a Director is characterized as independent by the absence of any financial, contractual or family relationship likely to affect his/her independence of judgment. The Middlenext Code recommends that the Board has at least 2 independent members.

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

- criteria of independence No. 1: They must not have been during the last five years an employee or executive officer of the company or a company in its group;
- criteria of independence No. 2: They must not have nor had any material business relationship with the company or its group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);

– criteria of independence No. 3: They must not be a reference shareholder of the company or hold a significant percentage of voting rights;
– criteria of independence No. 4: They must not have a close relationship or close family ties with a corporate officer or a reference shareholder;
– criteria of independence No. 5: They must not have been an auditor of the company within the previous three years.

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

As at December 31, 2017, the independent Directors did not have any relations of any nature with the company that could compromise their independence.

1.2.7 • Director ethics

In compliance with Middlenext Code recommendation 1 each Director is informed of the responsibilities resulting from their appointment and encouraged to comply with the rules of ethics relating to the obligations of their office which are described in detail in the Charter: notably those provided for by law on holding several offices (the Middlenext Code recommends that when the Director holds a position as a "manager", he or she should not accept more than two other offices as Directors in listed companies), informing the Board in the event of a conflict of interest arising after their appointment, participate actively and diligently in all Board meetings and attend shareholders' meetings, ensuring that they have obtained all necessary information on the subjects to be addressed in meetings before rendering any decisions and observe strict professional secrecy.

1.3 • Preparation and organization of the Board's work

1.3.1 • Board meetings

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

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

In 2017, the Board of Directors met six times with an attendance rate of 79% for meetings lasting on average three hours and addressing the following items of business:

– review of the separate parent company and consolidated financial statements for the fiscal year ended December 31, 2016 and the notice of the Annual General Meeting;
– review of the 2017 interim financial statements;
– review of the fiscal year 2017 budget and outlook and the forward-planning documents;
– compensation of corporate officers;
– analysis of financial information disclosed by the company to shareholders and the market;
– analysis of the major strategic, economic and financial priorities of the company;
– review and authorization of external growth projects;
– discussions on the company's policies on workplace and wage equality and CSR;
– review of the issue of succession planning for the manager;
– review of the audit reform, and in particular on the extension of the Audit Committee's missions and ensuring the independence of the auditors.

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

On the date of this registration document, the Board of Directors met twice since the beginning of 2018 to consider, on the one hand, the compensation of the corporate officers, on the other hand, the review and closing of the annual and consolidated financial statements for the year ended December 31, 2017 and the notice for the Annual General Meeting of 2018.

1.3.2 • Committees

Having duly noted Middlenext Code recommendation 6, in this context, the company has not deemed it necessary to date to form special committees, notably a nominating or compensation committee, in part because of its size and organization, and in part because of the extensive in-depth experience Directors have in the world of business and the international markets of competitors.

Their input is thus solicited on a collective basis for all significant items relating to the company's management.

With respect to the Audit Committee, article L.823-20 of the French Commercial Code provides for an exemption to create an independent Audit Committee for companies with a corporate body that fulfills the functions of this committee that may be the Board of Directors, on condition that use of this option is made public along with the composition of its membership.

To maintain its flexibility and decision-making processes and the consultation of financial information and internal controls, the company's Board of Directors, decided to apply this option, and on that basis assumes itself the tasks normally exercised by an independent Audit Committee. In light of their responsibilities in this area, this will enable the Directors to be more responsive and efficient, in monitoring the production of financial information and the effectiveness of internal control systems. There are four Directors meeting as an Audit Committee in plenary session:

– Marie-Ange Verdickt, independent Director, serves as Chair of the Board when meeting in the capacity of Audit Committee;
– Dominique Cyrot, independent Director;
– Maurice Alhadève, independent Director;
– Patrick Choël, non-independent Director.

Through their complementary experience, they contribute to the work of monitoring the preparation of financial information and the review of financial statements audited by the Statutory Auditors and report on their work to the Board of Directors.
The Board of Directors duly noted the provisions of the audit reform and new missions to be assumed by the Audit Committee.

When the Board meets in the capacity of Audit Committee, the members of Executive Management withdraw from the meeting.

The Board meeting in the capacity of Audit Committee is notably tasked with the following missions:

– it supervises procedures related to the preparation of financial information and, if need be, formulates recommendations in order to ensure its integrity;
– it monitors the effectiveness of internal control and risk management systems as well as, as applicable, Internal Audit, regarding procedures for the preparation and processing of accounting and financial information, without however compromising its independence;
– it issues a recommendation for the appointment of Statutory Auditors submitted to the General Meeting. This recommendation sent to the Board is prepared according to regulations. It issues as well a recommendation to the Board when the reappointment of the auditor's term is considered under the conditions defined by regulation;
– it monitors the performance by the auditors of their missions and takes into account the observations and conclusions of the French auditors supervisory body (*Haut Conseil du Commissariat aux Comptes*) pursuant to audits performed in accordance with regulations;
– it ensures the compliance by Statutory Auditors of the conditions of independence according to the procedures provided for by regulations;
– it approves the provision of services other than account certification in compliance with applicable regulations;
– it reports regularly to the Board of Directors on the committee's mission. It also reports on the results of the audit, on how this mission has ensured integrity of the financial information and the role played by the committee in this process. It informs the Board of any difficulties encountered.

Within the framework of its functions as an Audit Committee, in 2017 the Board of Directors met twice and reviewed the following points relating to the audit of the annual and interim consolidated financial statements:

– the assessment of the accounting policies, the consistency of their application and compliance with IFRS;
– the implementation of audit programs and financial information defined in relation to the risks identified after evaluating the accounting and internal control systems and notably asset impairments (accounts receivable, inventory) and provisions (legal and tax risks), actuarial assumptions used for calculating the provision for retirement severance benefits, impacts relating to foreign exchange;
– the validation of financial information.

1.3.3 • Evaluation of the Board's work

In accordance with Middlenext Code recommendation 11, each year, Board members perform their self-evaluation on Board practices and the preparation of their work through a questionnaire sent to each Director on notably:

- the missions assigned to the Board;
- the workings and composition of the Board;
- the meetings and quality of the discussions;
- Directors' access to information;
- the functions of the Board of Directors.

Based on the feedback received, the Board reviewed its membership and evaluated, in total independence and freedom of judgment, the organizational and operating effectiveness. These questionnaires highlighted an assessment of Board practices that was favorable, and in accordance with the spirit of Middlenext recommendations and a satisfactory analysis of the environment in which the Directors exercise in practice their functions and responsibilities.

1.4 • Powers and missions of the Board of Directors

The Board of Directors determines strategic, economic, social and financial priorities of the company and ensures that they are implemented. Subject to the powers granted to shareholders' meetings and within the limits of the company's Charter, the Board considers any matter relating to the proper management of the company.

It issues decisions concerning the holding of multiple appointments or the separation of the appointments of Chief Executive Officer (*Directeur Général*) and Chairman of the Board, appoints corporate officers, imposes possible limits on the authorities of the Chief Executive Officer (see paragraph 1.2.1.1), approves the draft report on Corporate Governance, performs controls and verifications it considers appropriate, in respect to management control and the fair presentation of accounts, reviews and approves the financial statements, and ensures the quality of financial information provided to shareholders and the market.

1.4.1 • Transmission of information to Directors

Directors are provided with all relevant documents and information to effectively perform their duties. Before each Board meeting, Directors receive:

- a meeting agenda established by the Chairman in coordination with Executive Management and, when applicable, Directors proposing items to be discussed;
- an information file concerning issues to be addressed under the agenda requiring particular analysis for the purpose of an informed discussion, during which Directors may ask relevant questions to ensure their adequate understanding of the matters addressed;
- and, when useful, press releases that have been published by the company as well as significant press articles and reports of financial analysts.

In compliance with Middlenext Code recommendation 4, outside of Board meetings, and when justified by events of the Company, Directors are regularly provided with all important information about the company that could have an impact on its commitments and financial position. They may request any explanation or the issuance of additional information, and in general, formulate any requests for access to information they may consider useful.

Directors designated to meet as an Audit Committee in a plenary session of the Board of Directors organize preparatory work for the Board meetings and may on occasion meet to address questions relating to their missions and operating procedures.

1.4.2 • Representations concerning Directors

1.4.2.1 • Absence of condemnations

To the best of the Company's knowledge, in the last five years none of the members of the Board of Directors and Executive Management of the company have been:

- convicted for fraud or subject to prosecution or penalties or of any official public sanction for infractions rendered by statutory or regulatory authorities;
- a party in a bankruptcy, receivership or liquidation proceeding as a Director or officer;
- disqualified from serving as a Director or officer or from participating in the management of the operations of an issuer.

1.4.2.2 • Absence of potential conflicts of interest

To the best of the Company's knowledge, there exist no potential conflicts of interest between the duties towards the company and the personal interests and/or other duties of one of the members of the Board and the Executive Management.

In compliance with the Board Charter, it is noted that in exercising their office, each Director must make decisions in accordance with the corporate interest of the company.

Each Director is obligated to inform the Board of any situation involving a conflict of interest, even a potential conflict of interest, and must abstain from voting in the proceedings relating thereto, and if necessary, resign.

Directors are asked each year to update information about their functions, and executive, administrative and management offices currently held or that have been held in the last five years. In addition, they are requested to return a sworn statement attesting to the absence of any conflict of interest and convictions.

1.4.2.3 • Absence of service contracts with members of the Board and corporate governance bodies

To the best of the Company's knowledge, none of the members of the Board and corporate governance bodies are bound by service agreements with the company or one of its subsidiaries providing for the grant of benefits under its terms.

1.5 • Summary of delegations of financial authority granted by the General Meeting to the Board of Directors (Art. L.225 129-1 and L.225-129-2 of the French Commercial Code)

Summary of delegations of financial authority requested from the General Meeting of April 27, 2018

Nature of delegations of authority and authorizations	Issue limits	Expiration date
Delegation of authority to issue shares or securities giving access to the capital of the company, maintaining shareholders' preemptive subscription rights (20th resolution) – *Renewal of the delegation of authority given by the 2016 AGM (9th resolution)*	Within the limit of €30,000,000 (shares) €100,000,000 (debt securities)	06/26/2020
Delegation of authority to issue shares or securities giving access to the capital of the company, canceling shareholders' preemptive subscription rights through a public offering (21th resolution) – *Renewal of the delegation of authority given by the 2016 AGM (10th resolution)*	Within the limit of €9,000,000 (1) (shares) €50,000,000 (debt securities)	06/26/2020
Delegation of authority to issue shares or securities giving access to the capital of the company, canceling shareholders' preemptive subscription rights through an offering covered by article L.411-2 of the French Monetary and Financial Code (22th resolution) – *Renewal of the delegation of authority given by the 2016 AGM) (11th resolution)*	Within the limit of €9,000,000 (1) (shares) €15,000,000 (debt securities)	06/26/2020
Increase in the number of shares to be issued in the case of excess demand and a capital increase maintaining the shareholders' preemptive subscription rights (24th resolution) – *Renewal of the delegation of authority given by the 2016 AGM) (13th resolution)*	Within the limit of 15% of the initial issue	06/26/2020
Delegation of authority to issue shares or securities giving access to the share capital in payment for in-kind contributions of equity securities (25th resolution) – *Renewal of the delegation of authority given by the 2016 AGM) (14th resolution)*	Within the limit of 10% of the share capital on the date of the General Meeting (1)	06/26/2020
Delegation of authority to issue shares reserved for employees of the Group participating in a company savings plan (26th resolution)	Within the limit of 2% of the share capital on issue date (1)	06/26/2020

(1) Included within the total ceiling of 10% of the amount of share capital on the issue date.

Summary of delegations of financial authorities in force

Nature of delegations of authority and authorizations	Issue limits	Delegations of authority used	Expiration date
Delegations of authority granted by the 2017 AGM			
Delegation of authority to increase the capital by capitalizing reserves, earnings or premiums (9th resolution)	Within the limit of €40,000,000	Delegation of authority used by the Board of Directors' meeting of May 2, 2017, creating 3,550,878 new shares in the amount of €10,652,634	06/27/2019
Delegations of authority granted by the 2016 AGM			
Delegation of authority to issue shares or securities, maintaining shareholders' preemptive subscription rights (9th resolution)	Within the limit of €30,000,000 (shares) €100,000,000 (debt securities)	None	06/21/2018
Delegation of authority to issue shares or securities, canceling shareholders' preemptive subscription rights through a public offering (10th resolution)	Within the limit of €9,000,000 (1) (shares) €50,000,000 (debt securities) (2)	None	06/21/2018
Delegation of authority to issue shares or securities giving access to the capital of the company, canceling shareholders' preemptive subscription rights through an offering covered by article L.411-2 of the French Monetary and Financial Code (11th resolution)	Within the limit of €9,000,000 (1) (shares) €15,000,000 (debt securities) (2)	None	06/21/2018
Increase in the number of shares to be issued in the case of a capital increase maintaining or canceling shareholders preemptive subscription rights (13th resolution)	Within the limit of 15% of the initial issue	None	06/21/2018
Authorization to issue shares or securities giving access to the capital as consideration in payment for in-kind contributions of equity securities (14th resolution)	Within the limit of 10% of the share capital on the date of the General Meeting (1)	None	06/21/2018
Authorization to grant restricted shares of the Company without consideration (bonus shares) to employees and/or selected company officers (15th resolution)	Within the limit of 3% of the share capital	Authorization used by the Board of Directors' meeting of September 6, 2016 for 148,100 shares with a vesting date of September 6, 2019 contingent on meeting the conditions of presence and performance defined by the performance share plan	06/21/2019
Authorization to grant stock options to employees or selected corporate officers (16th resolution)	Within the limit of 1% of the share capital	Unused	06/21/2019

(1) Included within the total ceiling of 10% of the amount of share capital on the General Meeting date.
(2) Included in the total ceiling of €100,000,000.

1.6 • Participation in shareholders meetings

Under the terms of article 19 of the company's bylaws all shareholders have a right to participate in General Meetings, personally or through a proxy, regardless of the number of shares they hold. The right to attend the shareholders meetings is contingent on registration of the shares in the name of the shareholder or the registered intermediary acting on the shareholder' behalf, on the second business day prior to the meeting at midnight (CET).

2 • Compensation of corporate governance bodies and management and capital holdings

2.1 • Principles and criteria for setting compensation of corporate officers for fiscal 2018 (article L.225-37-2 of the French general code)

This Section presents the principles and criteria for determining compensation subject to vote by the General Meeting (ex-ante vote). It is specified that these principles and criteria are applicable to the functions concerned and will remain valid, as applicable, in the event of a change in the Executive Management or the Board's chair.

The General Meeting will thus be asked to approve, on the basis of this report, the executive officer compensation policy.

However, it is specified that only the compensation of Mr. Philippe Benacin for his office as Chair-Chief Executive Officer (*Président Directeur-Général*) is concerned by this compensation policy. The compensation of the two Executive Vice Presidents (*Directeurs Généraux Délégués*) are linked exclusively to their employment contract and as such excluded from this policy.

Payment of components of variable compensation payable for fiscal 2018 to the Chairman-CEO is contingent on approval by the ordinary general Meeting of the shareholders of the company to be held in 2019.

2.1.1 • Principles and rules for setting compensation

The Board of Directors defines the policy for the compensation of the Chairman-Chief Executive Officer in accordance with the principles set forth in the Middlenext Code, and in particular the goal of achieving the proper balance between the company's overall interest, market practices and the managers' performances. The principles guiding the Board of Directors are based on an assessment of the real contribution of the corporate officers to operating performances and a balance between financial and qualitative criteria on which the variable component is based.

In addition, the Board of Directors considers in an exhaustive manner all components of the compensation, whether fixed, variable, performance share awards and benefits in kind.

2.1.2 • Compensation policy for the Chairman-Chief Executive Officer

• Fixed part of annual compensation

This is determined each year in relation to changes and responsibilities or events affecting the company, the environment for the business and the market of reference and must be proportionate to the situation of the company and will be paid through monthly payments.

• Variable part of annual compensation

This is based on clearly defined, quantifiable and operational objectives and contingent on the achievement of financial objectives on the one hand, and qualitative objectives on the other. It may account for up to 60% of total compensation.

For 2018, the Board of Directors on January 16, 2018 defined new qualitative criteria and a new breakdown between quantitative and qualitative objectives, with the first accounting for 60% and the second 40% of the total. These financial criteria are based on a target for consolidated sales and consolidated operating profit for 2018, with each of the criteria given equal weight in determining variable compensation. The qualitative criteria were defined in a precise manner and are based on four components relating to the resources implemented for the growth strategy of the company and its subsidiaries, and the management of the Rochas fashion business. These criteria are not described in detail in this presentation for reasons of confidentiality.

For each of these quantitative and qualitative objectives, a minimum threshold of meeting 80% of the objectives set is required to justify payment of the variable compensation.

Went the rate of achievement reaches 125% of the objectives set, the amount of variable remuneration due will be then increased by 25%.

• Benefits in-kind

The Chairman-CEO benefits from the use of a company car representing a benefit in kind.

No other benefits in kind are granted to him.

- Restricted stock units (bonus shares) and stock options and/or stock purchase options

The shareholders General Meeting of April 22, 2016 authorized the Board of Directors to award restricted stock units and/or stock options and/or stock purchase options of the company to members of personnel and/or selected corporate officers. In this framework, the Chair-CEO may be awarded in 2018 restricted stock units and/or stock options and/or stock purchase options subject to conditions of performance and holding periods linked to his term as officer of the company.

- Attendance fees

The Chair-Chief Executive Officer does not receive attendance fees, which he had expressly waived.

No other compensation such as multi-year variable compensation or exceptional compensation is provided for.

These principles and criteria will apply to any other executive officer receiving compensation in connection with his or her office.

2.2 • Compensation of corporate officers submitted to ex-post say on pay approval by shareholders

2.2.1 • Proposal for the approval of compensation and benefits of any nature for fiscal 2017 paid or allocated to Mr. Philippe Benacin, Chairman-Chief Executive Officer (14th resolution submitted to the 2018 AGM)

We hereby request you to rule on the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the prior period to Mr. Philippe Benacin on the basis of his office as Chairman-Chief Executive Officer in application of the principles and criteria for compensation approved by the sixth ordinary resolution of the General Meeting of April 28, 2017:

- Summary of compensation and options/shares granted to each Chairman-Chief Executive Officer

	Fiscal 2016	Fiscal 2017
M. Philippe Benacin – Chairman-CEO		
Compensation due for the year	€500,800	€560,800
Valuation of options granted in the period (Interparfums Inc. plan)	$141,170	$247,250
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	€67,380	-

- Summary of the Chairman-Chief Executive Officer's compensation

	Fiscal 2016		Fiscal 2017	
	Compensation due for the year	**Compensation paid in the year**	**Compensation due for the year**	**Compensation paid in the year**
Mr. Philippe Benacin – Chairman and Chief Executive Officer				
Fixed compensation	€420,000	€420,000	€420,000	€420,000
Variable compensation	€70,000	€87,000	€130,000	€70,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (vehicle)	€10,800	€10,800	€10,800	€10,800
Total	**€500,800**	**€517,800**	**€560,800**	**€500,800**

No other compensation or benefits of any nature was received by the Chairman-Chief Executive Officer in 2017 from controlled companies and the controlling company.

2.2.2 • Proposal for the approval of compensation and benefits of any nature for fiscal 2017 paid or allocated to Messrs. Philippe Santi and Frédéric Garcia-Pelayo, Executive Vice Presidents under their employment contract, (15th and 16th resolutions submitted to the 2018 AGM)

As a preliminary point, for fiscal 2017 no compensation and benefits of any nature for fiscal 2017 was paid or allocated to Philippe Santi and Frédéric Garcia-Pelayo on the basis of their respective offices as Executive Vice Presidents. No amount is accordingly submitted to the vote of the next General Meeting within the framework of the provisions of article L.225-100 subsection II of the French Commercial Code.

However, in the interest of good governance, the Board of Directors has decided to submit an advisory vote by the shareholders on the compensation and benefits of any nature for fiscal 2017 paid or allocated to Messrs. Philippe Santi and Frédéric Garcia-Pelayo, Executive Vice Presidents under their employment contract. The components of this compensation are summarized below.

• Summary of compensation and options/shares granted to each Executive Vice President

	Fiscal 2016	Fiscal 2017
Philippe Santi – Director – Executive Vice President		
Compensation due for the year	€613,200	€678,000
Valuation of options granted in the period (Interparfums Inc. plan)	$44,580	$59,340
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	€157,220	-
Frédéric Garcia-Pelayo – Director – Executive Vice President		
Compensation due for the year	€620,040	€685,320
Valuation of options granted in the period (Interparfums Inc. plan)	$44,580	$59,340
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	€157,220	-

• Summary of the compensation of each Executive Vice President

	Fiscal 2016		Fiscal 2017	
	Compensation due for the year	Compensation paid in the year	Compensation due for the year	Compensation paid in the year
Philippe Santi **Director – Executive Vice President**				
Fixed compensation	€307,200	€307,200	€360,000	€360,000
Variable compensation	€306,000	€291,000	€318,000	€306,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in-kind	-	-	-	-
Total	**€613,200**	**€598,200**	**€678,000**	**€666,000**
Frédéric Garcia-Pelayo **Director – Executive Vice President**				
Fixed compensation	€307,200	€307,200	€360,000	€360,000
Variable compensation	€306,000	€291,000	€318,000	€306,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (vehicle)	€6,840	€6,840	€7,320	€7,320
Total	**€620,040**	**€605,040**	**€685,320**	**€673,320**

No other compensation or benefits of any nature was received by the Executive Vice Presidents in 2017 from controlled companies and the controlling company.

2.2.3 • Employment contracts, specific retirement benefits, severance benefits and non-compete clauses of corporate officers

	Employment contract	Supplemental retirement plan	Compensation or benefits that may be due on termination or following a change of position	Compensation resulting from a non-compete clause
Philippe Benacin **Chairman and** **Chief Executive Officer** Date of last reappointment: 04/25/2014 End of term: AGM 2018	No	Yes	No	No
Philippe Santi **Director –** **Executive Vice President** Date of last reappointment: 04/25/2014 End of term: AGM 2018	Yes	Yes	No	No
Frédéric Garcia-Pelayo **Director –** **Executive Vice President** Date of last reappointment: 04/25/2014 End of term: AGM 2018	Yes	Yes	No	No

Senior executives benefit from a supplemental retirement plan in the form of a defined contribution annuity fund.

The benefits of this defined benefit plan were subsequently extended to management employees of the company. This contribution to a private defined contribution pension fund is paid in part by the beneficiaries and in part by the employer for an amount equal four times French Social Security ceiling. The annual contribution to this fund per executive officer beneficiary is €16,991. The supplemental retirement plan is part of the overall compensation policy adopted by the company for senior executives and managers.

No executives benefit from forms of remuneration, indemnities or benefits owed or which could be owed resulting from the assumption, termination or change of functions of corporate officer of the company or subsequent to these events.

2.3 • Compensation of non-executive Directors *(administrateurs non mandataires sociaux)* for fiscal 2017 (article L.225-37-3 of the French Commercial Code)

2.3.1 • Compensation of Mr. Jean Madar – Director

Compensation is paid to Jean Madar by the parent company of the Group, Interparfums Inc. (United States) as the Chief Executive Officer of this company. Jean Madar receives no compensation of any nature from Interparfums SA.

• Summary of compensation and options/shares granted to Mr. Jean Madar – Director

	Fiscal 2016	Fiscal 2017
Jean Madar – Director		
Compensation due for the year (Interparfums Inc.)	$630,000	$630,000
Valuation of options granted in the period (Interparfums Inc. plan)	$141,170	$247,250
Measurement of multi-year compensation plans	N/A	N/A
Valuation of performance shares granted in the period	€67,380	-

• Summary of compensation

	Fiscal 2016		Fiscal 2017	
	Compensation due for the year	Compensation paid in the year	Compensation due for the year	Compensation paid in the year
Jean Madar – Director				
Fixed compensation	$630,000	$630,000	$630,000	$630,000
Variable compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in-kind	-	-	-	-
Total	**$630,000**	**$630,000**	**$630,000**	**$630,000**

2.3.2 • Attendance' fees paid to non-executive Directors

Attendance' fees are allocated exclusively to outside non-executive officers of the Board of Directors, namely, Chantal Roos, Dominique Cyrot, Marie-Ange Verdickt, Véronique Gabaï-Pinsky, Patrick Choël and Maurice Alhadève. The total amount granted by the General Meeting is freely allocated by the Board of Directors to each member on the basis of their rate of attendance.

For fiscal 2017, the General Meeting of April 28, 2017 decided to allocate a total amount of €180,000. The total amount of attendance fees was €79,500 taking into account in addition the preparatory work and ad hoc meetings held by these Directors designated for the purpose of the Board of Directors' meeting as an Audit Committee in its plenary session. The other Directors expressly waived their rights to receive attendance fees.

No other form of compensation is paid to non-executive Directors.

	Board of Directors	
Directors	**Directors' fees paid in 2016**	**Directors' fees paid in 2017**
Maurice Alhadève	€18,000	€21,000
Patrick Choël	€15,000	€10,500
Dominique Cyrot	€18,000	€15,000
Chantal Roos	€12,000	€12,000
Marie-Ange Verdickt	€15,000	€15,000
Véronique Gabaï-Pinsky	NA	€6,000

2.4 • Special report of the Board of Directors on stock options or stock purchase options

In compliance with article L.225-184 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined shareholders' Meeting of April 27, 2018 of transactions carried out in fiscal 2017 by virtue of the provisions under articles L.225-177 to L.225-186 of said code.

Rules for the grant of options to subscribe for shares to officers are based on the level of responsibilities and the company's performance. The quantity of options to subscribe for shares granted to officers may vary from one year to another according to the performance of the company over this period.

The Board of Directors has decided that these officers must retain 10% of the shares resulting from the exercise of stock options for the duration of their terms of office in accordance with the provision of article L.225-185 of the French Commercial Code.

Options granted on inception by Interparfums SA under plans in force to each corporate officer in connection with operational responsibilities exercised in the company.

No stock option plan was in effect at Interparfums SA at December 31, 2017.

• Options granted on inception by Interparfums Inc. under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

	Plan 2012	Plan 2013-1	Plan 2013-2	Plan 2014	Plan 2015-1	Plan 2015-2	Plan 2016	Plan 2017
Grant date	12/31/2012	01/31/2013	12/31/2013	12/31/2014	01/28/2015	12/31/2015	12/30/2016	12/29/2017
Subscription price	$19.33	$22.20	$35.75	$27.80	$25.82	$23.61	$32.83	$43.80
Valuation of options granted (1)	$5.54	$6.24	$9.20	$7.42	$6.77	$5.99	$7.43	$9.89
Options granted at inception								
Philippe Benacin	19,000	-	19,000	19,000	-	19,000	19,000	25,000
Jean Madar	19,000	-	19,000	19,000	-	19,000	19,000	25,000
Philippe Santi	3,000	2,000	5,000	5,000	1,000	6,000	6,000	6,000
Frédéric Garcia-Pelayo	3,000	2,000	5,000	5,000	1,000	6,000	6,000	6,000
Options outstanding at December 31, 2017								
Philippe Benacin	19,000	-	19,000	19,000	-	19,000	19,000	25,000
Jean Madar	19,000	-	19,000	19,000	-	19,000	19,000	25,000
Philippe Santi	1,200	800	5,000	5,000	1,000	6,000	6,000	6,000
Frédéric Garcia-Pelayo	1,800	2,000	5,000	5,000	1,000	6,000	6,000	6,000

(1) Valuation applied in the consolidated financial statements of Interparfums Inc. according to the Black-Scholes model.

• Valuation of options granted

	In fiscal 2016			In fiscal 2017		
	Options granted	**Black-Scholes valuation**	**Value of options**	**Options granted**	**Black-Scholes valuation**	**Value of options**
Interparfums Inc.						
Philippe Benacin	19,000	$7.43	$141,170	25,000	$9.89	$247,250
Jean Madar	19,000	$7.43	$141,170	25,000	$9.89	$247,250
Philippe Santi	6,000	$7.43	$44,580	6,000	$9.89	$59,340
Frédéric Garcia-Pelayo	6,000	$7.43	$44,580	6,000	$9.89	$59,340
Total			**$371,500**			**$613,180**

In 2016 and 2017, no Interparfums SA options have been granted.

- Options exercised by each corporate officer of the company in 2017 received in connection with operational responsibilities exercised in the company

	Number of shares exercised	Subscription price	Expiration date
Interparfums Inc. options exercised in the period by officers			
Philippe Benacin			
Plan of December 30, 2011	19,000	$15.59	12/29/2017
Jean Madar			
Plan of December 30, 2011	19,000	$15.59	12/29/2017
Philippe Santi			
Plan of December 30, 2011	600	$15.59	12/29/2017
Plan of January 31, 2013	800	$22.20	01/30/2019
Frédéric Garcia-Pelayo			
Plan of December 30, 2011	1,200	$15.59	12/29/2017

- Stock options granted to the top 10 employed beneficiaries of the company who are not officers and options exercised by the 10 employees of the company having exercised the greatest number in 2017

No stock option plan was in effect at December 31, 2017.

2.5 • Special report of the Board of Directors on restricted stock awards

In compliance with article L.225-197-4 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined shareholders' Meeting of April 27, 2018 of transactions carried out in fiscal 2016 by virtue of the provisions under articles L.225-197-1 to L.225-197-3 of said code.

Over 2016, performance shares were awarded to all employees and executive officers of the French company having more than six months of seniority on the grant date.

No performance share plans were issued in 2017.

- Performance shares awarded on inception by Interparfums SA under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

	Plan 2016
Grant date	09/06/2016
Vesting date	09/06/2019
Share price on the grant date	€23.98 (1)
Number of shares awarded on inception	
Philippe Benacin	3,000
Jean Madar	3,000
Philippe Santi	7,000
Frédéric Garcia-Pelayo	7,000

(1) The valuation of shares granted in the consolidated financial statements amounted to €22.46.

- Performance shares awarded at inception by Interparfums SA to employees who are not executive officers of the company

	Plan 2016
Grant date	09/06/2016
Vesting date	09/06/2019
Share price on the grant date	€23.98 (1)
Number of shares awarded on inception	
Senior executives and managers (other than executive officers)	113,000
Other employees	15,100
Of which awards to the ten employees having received the highest number	38,000

(1) The valuation of shares granted in the consolidated financial statements amounted to €22.46.

- Change in the number of performance shares in 2017

	Plan 2016		
	Senior executives and managers (1)	**Other employees**	**Total**
Existing at January 1, 2017	113,000	14,400	127,400
Adjusted for the bonus share issue of one new share for every ten shares held on June 13, 2017.	11,000	1,310	12,310
Canceled in 2017	(3,000)	(1,300)	(4,300)
Existing at December 31, 2017	**121,000**	**14,410**	**135,410**

(1) Excluding officers.

Shares previously purchased by the company on the market are vested by their beneficiaries after a vesting period of three years.

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

Actual transmission of the securities is contingent on the presence of the employee on September 6, 2019 and/or the criteria of performance described below:

Beneficiaries	Vesting conditions
Senior executives and managers	– condition of presence on September 6, 2019; and – conditions of performance based on: - consolidated revenue for fiscal 2018 for 50% of the restricted stock units awarded, - consolidated operating profit for 50% of the restricted stock units awarded.
Other beneficiaries	– condition of presence on September 6, 2019.

3 • Information that could be relevant in the event of a public offer (article L.225-37-5 of the French Commercial Code)

To the best of the company's knowledge, the items listed below are not expected to have an impact in the event of a public offering:

In light of the significant ownership interest of the founders through the parent company Interparfums Holding, the company has not identified any other significant item that might be relevant in the event of a public offer.

3.1 • Structure of the share capital of the company at December 31, 2017

	Shares held	% of capital	Theoretical voting rights	% of theoretical votes
Interparfums Holding SA	28,263,668	72.4%	56,527,332	83.9%
Other shareholders	10,614,595	27.2%	10,684,505	15.9%
Treasury shares	181,399	0.5%	181,399	0.3%
Total	**39,059,662**	**100.0%**	**67,393,236**	**100.0%**

To the Company's knowledge, there are no other shareholders that possess directly, indirectly or together, 5% or more of the capital or voting rights.

No shareholders' agreements exist at the level of Interparfums Holding.

In accordance with the provisions of article L.225-123 of the French Commercial Code and article 11 of the company's bylaws, a double voting right is granted to all fully paid up shares registered in the name of the same shareholder for at least three years.

3.2 • Conditions for implementing a share buyback program

The conditions for implementing the share buyback program are described in section 8 of Part 1 "Consolidated management report" of this registration document).

4

Corporate social responsibility

This report is part of a comprehensive approach to taking into account the Group's corporate, environmental and social responsibility and transparency with respect to these issues.

1 • Introduction

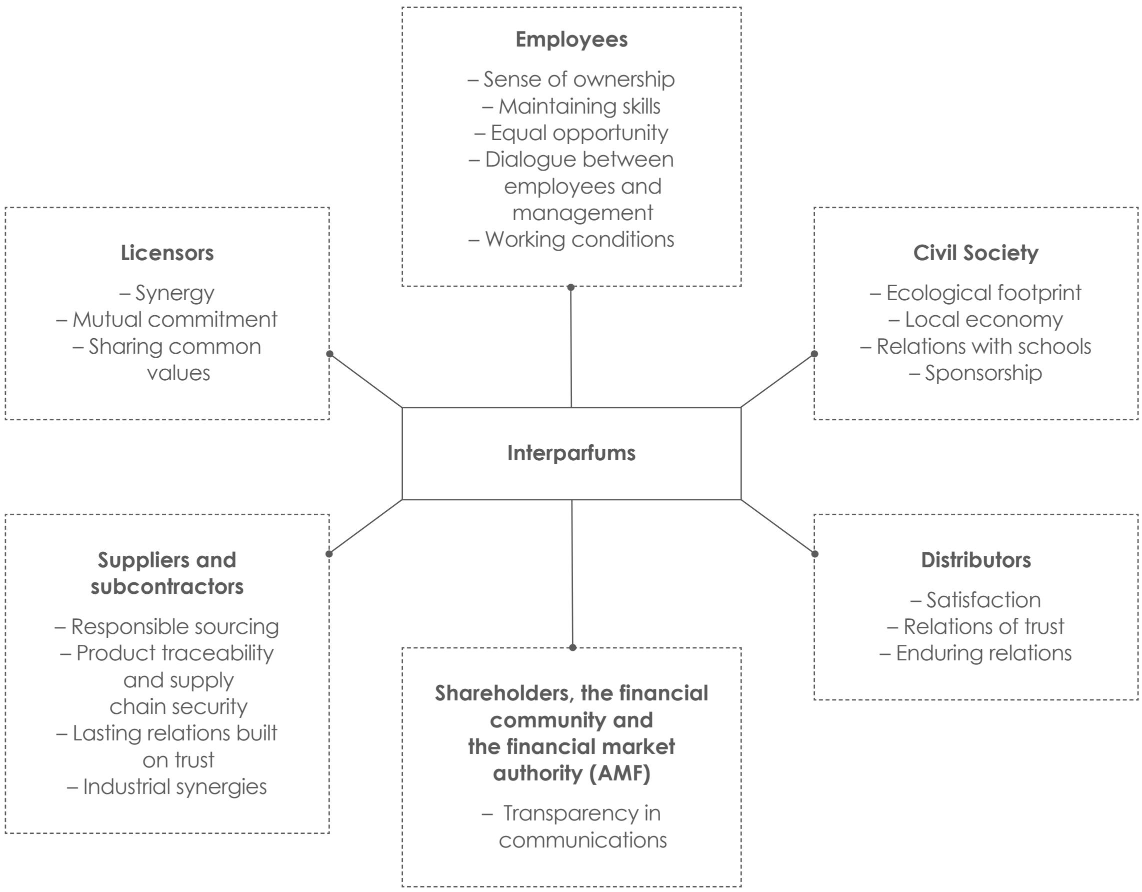
1.1 • Oversight

The Group has developed from one year to the next its corporate social responsibility (CSR) policy implemented by its operational and support departments.

The Finance and Legal department spearheads the implementation, ongoing application and continuous improvement by involving all employees.

1.2 • Identification of stakeholders

The Group is a responsible industry stakeholder and service provider of high quality. It is essential to identify the Group's stakeholders and their expectations in a constantly changing environment.



1.3 • Our responsibilities

The Group has identified its key issues organized around three lines of action: its responsibilities toward operational stakeholders, staff and the company.

1.3.1 • Our responsibilities to our operational stakeholders

By engaging in and developing its activities, Interparfums highlights the following areas, drivers of stakeholder satisfaction and service quality:

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

1.3.2 • Our responsibilities to employees

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

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

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

1.3.3 • Our responsibility is to society

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

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

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

- developing the local economy;
- relations with schools and educational establishments;
- financing not-for-profit initiatives.

2 • Unique know-how

2.1 • Creator of perfumes

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

Interparfums' approach is based the utmost respect for the brands who place their trust in Interparfums, creativity in the service of their image, the professionalism and high standards of its imaginative and design processes for products and their packaging, distribution and promotion.

The Group possesses expertise built up over more than thirty years combined with a strategy based on long-term collaboration with all its partners and mastery of processes of creation, production, and logistics.

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

Every brand has its own codes and unique identity. Respecting this identity has always been a priority of Interparfums teams.

All which makes up a brand, which creates its desirability and defines its uniqueness, represents the point of departure for the marketing teams. All which forms the brand's universe provides direction for defining the artistic focus, setting the course to be followed.

The jus of course, but also the glass, the metallic and plastic components of each box, fabric materials, cardboard and paper forming the box… Each fragrance is the product of an infinite number of parameters requiring the utmost care and attention to detail and absolute perfection, to remain faithful to the prestige and excellence of its brands.

For more than thirty years the Group's Supply Chain and Operations teams have put their expertise to the service of creations, to coordinate the activities of the many partners and other stakeholders intervening in the fragrance lifecycle.

Every launch is an occasion to create a new universe, a new story told through different vectors of communication: Advertising visuals, press relations, point-of-sale advertising material… all of which must respect the image of the brand and provide its product lines with visibility.

2.2 • Enduring partnerships with stakeholders

2.2.1 • Sharing information and relations of trust with subcontractors and suppliers

The Group has maintained relations of quality and trust with most of its suppliers, subcontractors and other vendors for periods of more than ten years. These partners are indispensable for the Group to ensure its sourcing requirements for raw materials, packing and packaging activities and promotional items. Reflecting its requirements for quality and performance, the selection process and conduct of relations with partners is a critical issue for the Group.

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

In 2014, the company focused on implementing a working group tasked with developing guidelines on purchasing and Good Manufacturing Practices (GMP) and on the integration of a supplier portal which has been operational since 2015. The positive results of these action plans, noted with enthusiasm by suppliers, encouraged the company to take further steps, going beyond the basic process of formalization.

With this objective, the company has not considered it useful to require its partners to adopt responsible purchasing charters in light of the commitments already imposed on two thirds of its suppliers and most important subcontractors already possessing ethical charters and/or environmental and social charters and who already perform audits on a regular basis. In this context, developing an Interparfums Charter prepared along the same lines and the same social and environmental principles that already applies to the partners would have been unnecessary.

For that reason, the company has preferred to focus on concrete actions reflecting purchasing policy objectives that integrate lasting and strengthening relations with stakeholders. This is achieved by ongoing efforts to improve efficacy, quality of services and communications between the parties. These engagements address priorities that are truly shared by the company and partners to develop and reinforce their relations over time.

The supplier specifications and portal form the basis of the company's engagements for promoting close and constructive collaboration with its suppliers and partners. These engagements are essential in an environment of growing economic instability that can weaken the financial solidity of certain partners within an increasingly complex regulatory framework and generating hazards linked to production stoppages for selected components.

To this purpose, the Group has deployed since 2014 a web-based system for exchanging information reserved for suppliers. Through this system, it is possible to exchange supply plans, issue orders and confirm their receipt. Most suppliers are equipped with this communication tool. In this way, each participant is able to concentrate on its value-added tasks while improving its productivity. This portal sends a strong signal of Interparfums' goal of sharing with its suppliers and subcontractors its commitments for building long-term relations of quality and the promotion of sustainable growth for both parties. The ability of the suppliers to participate in this collaboration also constitutes a criterion for their selection by the Group.

This communication platform is destined to evolve over time to address the needs of both the Group and its partners.

Accordingly, the framework that the company has established for its actions carried out jointly with suppliers and subcontractors includes commitments for optimizing performance and smooth and transparent communications by using this supplier portal. This portal makes it possible to identify the needs of the company and suppliers, and taking appropriate measures to address these needs. The company supports its suppliers in their efforts to improve services if their contributions do not effectively meet expectations. In this context, supplier performance indicators, and in particular OTIF (On Time In Full) supplier performance metrics based on information collected from the portal were adopted by the company in 2016 and rolled out in 2017. These indicators will provide a source of information about the ability of suppliers to adapt to current needs and evolve to respond to the company's future needs.

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

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

Beyond the formalization of its communications tools and measures, this approach establishes collaboration based on a real commitment to highlight the core business of each of our suppliers by sharing information, communications tools and skills. In this spirit, in 2017 the company launched a business review program with the participation of its suppliers. The purpose of this review is to produce a report on activity of the prior year and determine actions and the needs of each of the parties for the following year.

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

For this purpose, the company has developed methodologies and action plans for identifying these situations and taking appropriate measures.

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

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

2.2.2 • By applying standards for Good Manufacturing Practices (GMP)

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

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

The Group has identified the following benefits from this standard:

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

In this context, a new quality audit campaign in accordance with ISO 22716 of all packaging plants was initiated in 2015 and was completed in the 2016 first half. The ultimate purpose of this audit is to ensure that packaging service providers maintain a good level of traceability for their activities. All plant activities were reviewed: receiving raw materials and packaging materials, manufacturing, packaging and quality controls. Generally speaking, these reports demonstrated that the Group's subcontractors comply with ISO 22716 Good Manufacturing Practices and in particular traceability requirements for all perfume production operations. Quality plans initiated in 2015 continued in 2016 and 2017 and corrective measures have been monitored and verified by the Group.

The primary missions of the Quality department are to:

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

Quality action plans implemented by the manufacturing sites led the Group to identify areas for improvement and work. The Group has developed specifications determining the conditions for verifying components when received by subcontractors. These specifications were applied in the course of 2015 and 2016 and extended in 2017 to existing references.

2.2.3 • By consumer health and safety measures

The Group has an obligation for assuring consumer safety by implementing procedures for the verification of the use of quality control processes and compliance with applicable constraints.

As the Group assures the introduction of products on the market, it is responsible for assessing the safety of the cosmetic products it distributes. To this purpose, the Group conducts tests that include ensuring the innocuous nature for the skin and eyes. In accordance with the EU Cosmetics Products Regulation 1223/2009, these products are not subject to any tests on animals. Tests for skin irritation are thus conducted on healthy voluntary adult subjects and ocular safety tests are performed through cell cultures.

The Group has also taken measures with respect to the European Community Regulation on chemicals and their safe use concerning the Registration, Evaluation, Authorization and Restriction of Chemical substances (EC Directive 1907/2006 of December 18, 2006) or REACH with all its suppliers. Accordingly, all technical and organizational measures pursuant to the adoption of REACH have been implemented by the Group.

The Group itself is not subject to this registration requirement as a downstream user of such substances. However, it has nevertheless sought to maintain an active role by ensuring that the registration process proceeds effectively and that there exists a continuous supply for sourcing chemical substances contained in its products.

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

Information relating to REACH including notably risk management measures transmitted through security data files are taken into account by the Group or its suppliers as they are issued.

For information, the deadlines for the implementation of REACH are spread over the period from June 1, 2008 to June 1, 2018.

2.3 • Internal communications and working conditions

All information relating to its responsible approach is included by the Group in its communication processes.

With a family-style management culture that is close to its employees, everyone is free to share their ideas in a manner that respects the company's values.

Management attaches great importance to ensuring that each employee fully understands and supports the Group's strategy.

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

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

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

In 2017, the Group adopted a Charter relating to the right to disconnect from digital devices, presented to employee representatives and members of the Health, Safety and Working Conditions Committee (CHSCT) that was accepted by each employee.

The company monitors and analyzes the following employment related indicators:

2.3.1 • Absenteeism

The absenteeism rate, a key indicator for measuring employee engagement and motivation, is very low: 3.34% in 2017 (4.78% in 2016). This rate of absenteeism reflects primarily absences for maternity leave (1.63%). (French reporting boundary only).

2.3.2 • Health and safety

As required by law, elections are held every two years to select members of the Health, Safety and Working Conditions Committee (CHSCT). The committee formed on that basis is comprised of two non-management employees.

The purpose of the meetings of this committee destined to be held once every quarter is to contribute to protecting the physical and psychological health, the safety and improved working conditions of employees of Interparfums, including temporary workers, and ensure that legal and regulatory provisions on occupational health and safety are respected.

No occupational accidents were recorded in 2017. No occupation illness was reported.

As Interparfums does not possess manufacturing sites, the risk of occupational accidents is minimized. Furthermore, the Group does not generate hazardous situations.

Working conditions are excellent with most employees working at the head office in Paris. These offices are calm and bright. The company pays particular attention to the issue of good posture in the workplace and the prevention of muscle-skeletal and related risks. In this context, employees may upon simple request benefit from adaptations to their workstation (ergonomic chair and mousepads, LCD displays with variable brightness levels, etc.).

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

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

Awareness-training and practical training on safety and first aid are provided on a regular basis. Accordingly, in 2017, the company has a workplace first-aid/safety team of 7 members spread over at each floor of the headquarters building as well as the warehousing facility. Similarly, training was given to 23 employees to assist during evacuation procedures and 17 employees on the use of fire extinguishers in the event of an outbreak of fire and the evacuation of the premises.

In addition, two employees received an electrical safety clearance certification for non-electricians (H0B0).

Finally, one employee, after a three-day training course, was appointed as the employee with responsibility for issues relating to the prevention of occupational hazards.

All employees receiving these certifications are subject to reviews of their knowledge in accordance with legislation.

Furthermore, for the prevention of psycho-social risks, a platform providing counseling and psychological support has been available to employees since 2013 through a special toll-free number in partnership with a specialized organization (IAPR *Institut d'Acccompagnement Permanent Psychologique et de Ressources*).

2.3.3 • Workplace dialogue

Information relating to labor relations published in this section concerns exclusively employees present in France.

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

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

In addition, an action plan promoting the employment of seniors has been in place by the Group since 2009. An action plan on workplace gender equality was adopted in 2011 and reinforced in 2014 after new measures were adopted in France (Decree 2012-1408 of 12/18/2012).

2.3.4 • Equal opportunity and non-discrimination

The Human Resources department pays particular attention to ensuring equal opportunity and non-discrimination for each recruitment. Only skills, experience, qualifications and the personality of the candidates are taken into account in the selection process for new employees.

This diversity in terms of profiles, culture, age and gender constitutes a decisive strength of our teams, the company's most important asset.

In 2017 women accounted for 71% of Interparfums' workforce (with 54% of management positions occupied by women) compared to 53% in 2016.

The Group does not currently employ any disabled workers. Since 1998 it has used the services of sheltered workshops for disabled workers (*Centres d'Aide par le Travail* – CAT) for gift set packaging. In 2017, work assigned to such facilities represented a budget of €718,269.

3 • With our teams

3.1 • Human capital: skills and motivation

Maintaining the diverse range and high level of competencies of its employees is a key success factor of the Group.

3.1.1 • Adapting professional competencies

The quality of work performed by the teams is developed throughout the career of employees in order to maintain their skills at a high level for all activities and functions.

All Interparfums employees are offered training to develop technical, managerial or personal skills.

In 2017, Interparfums devoted €159,000 to support continuing vocational training and provided 1,305 hours of training for 60 employees or 30% of the workforce.

Subjects covered by training programs in 2017 concerned mainly language skills, business function-specific training, safety and personal development.

3.1.2 • Remuneration and payroll trends

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

As required by French law, a statutory employee profit-sharing agreement was implemented on December 20, 2001. In April 2015, this agreement was amended following the signature by employee representatives to provide by derogation more advantageous terms to employees, representing an important component of compensation and motivation for all staff. In effect, the high level of the Group's equity for the last two years had prevented further profit-sharing payments to employees under existing statutory provisions. Only employees of the French company benefit from this agreement.

The amount paid for employee profit sharing for 2017 was €2.9 million (compared to €2.3 million in 2016).

In addition, each employee receives an employer contribution to a group pension saving scheme (PERCO).

In addition, in September 2016, the company implemented a performance share plan available to all staff as an employee motivation measure. Under certain conditions, the shares will be fully vested in September 2019.

Quantitative data on compensation is provided below:

€ thousands	**2016**	**2017**
Staff costs	24,268	27,507
Social security charges	9,430	10,249
Profit-sharing	2,349	2,914
Performance share awards	396	1,277
Total wages and benefits	**36,443**	**41,947**

3.2 • A flexible organizational model: organization and management of the workforce

The strength of the Group's organizational model is based on teams with a human scale and the homogeneous breakdown in terms of ages and occupational categories ensuring the benefits of a wide mix of experiences.

3.2.1 • Organization

The breakdown of the workforce is as follows:

• Headcount by function/division

Number of employees at	**12/31/2016**	**12/31/2017**
Executive Management	2	2
Production & Logistics	38	40
Marketing	53	55
Export	61	68
France	40	41
Finance & Corporate Affairs	52	56
Rochas fashion	11	4
Total	**257**	**266**

The increase in the number of employees in the year stems mainly from the growth in business.

• Headcount by geographic region

Number of employees at	**12/31/2016**	**12/31/2017**
France	193	199
Europe excluding France	-	1
North America	53	54
Asia	11	12
Total	**257**	**266**

• Headcount by age

Number of employees at	**12/31/2016**	**12/31/2017**
Less than 25 years	8	11
Between 25 and 35 years	89	93
Between 36 and 45 years	82	86
Between 46 and 55 years	56	50
> 55 years	22	26
Total	**257**	**266**

The average age for the Group employees is 39.

By gender, women accounted for 71% of the workforce at Interparfums in 2017 and men 29% (compared to 70% for women and 30% for men in 2016).

3.2.2 • Breakdown of staff

• Headcount by occupational category

Number of employees at	**12/31/2016**	**12/31/2017**
Managers	177	181
Supervisory staff	8	6
Employees	72	77
Internships	-	2
Total	**257**	**266**

• Change in headcount

Headcount at 12/31/2016	**257**
Recruitment	40
Dismissals	(12)
Resignations	(4)
Expiration of contracts	(15)
Headcount at 12/31/2017	**266**

4 • As an environmentally responsible corporate citizen

4.1 • Location of production

The Group's headquarters is in the center of Paris.

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

The search for new more efficient logistics solutions adapted to the Group's needs resulted in the construction of a HQE certified warehouse operating since the summer of 2011. This certification concerns notably improved insulation, a lighting system with presence-detectors, Ecolabel finishing materials, centralized technical management for energy controls, rainwater recovery, high-performance waste separation collection installations, etc.

With respect to promoting and complying with the ILO core conventions, all personnel of Interparfums are employed within a framework based on consensual relations where the working conditions are the result of negotiations between management and employees. All Group staff are employed in countries with favorable labor legislation (France, United States, Singapore and Italy). The Group does not operate in countries subject to risks with respect to noncompliance with international labor conventions.

Interparfums respects the convention for the abolishment of child labor since all employees are of legal age at minimum at the time of their recruitment.

4.2 • Production and the environment

The Group has developed a business model built around creative and commercial services covering the concept, development and distribution of products. On this basis, it has decided not to engage in industrial activities with the entire production process outsourced to manufacturing partners with optimal expertise and accountable leadership in their respective areas. These include producers of juice, glass, caps and cardboard boxes and packaging companies. With no production activities of its own, Interparfums does not own laboratories or manufacturing sites.

Despite this, the Group considers respecting and preserving the environment an important issue. This concern is reflected by its choice of partners and continuing efforts to reduce its environmental footprint, notably in terms of energy consumption and CO_2 emissions. The Group has identified the key issues resulting from the main phases of its activities ranging from the sourcing of raw materials to managing logistics for transportation between production sites or to customers, and including product packaging activities of subcontractors.

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

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

The Group's industrial partners represent relays that reflect its own commitment to respecting the environment. The Group takes environmental issues into account at each of these phases, and in particular regarding the choice of materials used for components, waste management and reducing the carbon footprint. The focus of studies and concrete lines of actions are presented below.

4.2.1 • Consideration of environmental issues

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

Concerning the HQE certified warehouse, the company has implemented an energy management system for the entire site designed to ensure the proper functioning of tools and satisfactory use of materials. The company also regularly upgrades the system by strengthening existing measures or by adopting other more appropriate techniques based on the most efficient results in terms of reducing energy consumption.

Finally, at the end of 2015 the company conducted an energy and water consumption audit to assess possibilities for improving energy efficiencies in the area of lighting, heating and air-conditioning for the entire warehousing site. The Company has taken into account opportunities outlined in the audit report, and in particular providing for a modulation in ventilation rates, programming reductions in heating/ventilation over weekends and replacing the lighting of the storage areas.

In this way, the company has reviewed its system for controlling the operating needs of the site, in particular by adapting energy consumption to the actual presence of employees on-site. With this objective, measures are planned to automatically turn off lights in the warehouse when employees are taking outside breaks and maintain the warehouse temperature at 10°. These energy savings initiatives include measures providing for managing the hours for reloading the electric forklifts during non-peak hours during the night, requiring low consumption for a maximum of 280,000 kW instead of 600,000 kW during the day. Monthly reports on electricity consumption are prepared, allowing the company to analyze the causes for overconsumption, when applicable, in order to take corrective actions as applicable. For 2017, the measurement of energy consumption highlighted stable levels for electricity and gas over the last three years, with a rate of consumption comparable to 2015 and 2016, whereas water consumption declined marginally. Finally, in the spirit of contributing to protecting the environment, the company has installed parking places at the logistic site for bicycles and electric recharging stations for cars.

In addition, to further reduce the impacts of its activities, the Group selects partners using cutting-edge design techniques with a commitment to reduce the impact of manufacturing processes on the environment.

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

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

No provisions and guarantees have been recorded for environmental risks in the Group's financial statements.

No training and employee information initiatives have been carried out relating directly to environmental protection.

4.2.2 • Pollution and waste management – Waste prevention, recycling and elimination measures – circular economy

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

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

Furthermore, cardboard packaging materials for testers have now been replaced by recycled cardboard.

Since 2014, in connection with initiatives taken with subcontractors providing for waste separation and recycling procedures, the Group has implemented a system for retrieving collection bins with suppliers of perfume sets.

Despite this, results are not yet in line with objectives as the packaging materials thus recovered have been of mediocre quality. The Group continued to pursue in 2017 initiatives in this area by exploring other areas of study. In addition, the company has adopted procedures for recovering waste from subcontractors originating from surplus production or components of discontinued products. The recovered waste is then sorted prior to collection for the purpose of destruction.

Furthermore, international and European regulations impose environmental requirements with respect to the design and manufacture of packaging, and in particular limits on volumes and weight. Reducing packaging is clearly associated with the priorities with respect to transport as it contributes to reducing the cost and consequently the level of CO_2 emissions.

With this objective, the Group initiated a study in 2012 that was finalized in the first half of 2014 on optimizing and rationalizing bulk and secondary packaging (product boxes and perfume sets). The company achieved its objectives for the following:

- optimization of palettes;
- reducing cardboard packaging materials;
- reducing the volumes transported by decreasing the amount of empty space for optimized transport. The company henceforth requires a minimum number of palettes per truck.

The initial positive results for the selected solution that proved satisfactory in 2015 and 2016 were confirmed in 2017. This positive result is reflected by a very significant decrease in the quantity of cardboard boxes purchased, the number of packaged boxes and the number of truck rotations.

Finally, the Group actively contributes to the treatment and recycling of the packages, cardboard boxes and glass left once end customers have finished using its products. On this basis, through its participation in the "*Éco Emballages*" packaging recycling program, the Group contributes to waste management and recycling/recovery.

The Group has also adopted an action plan for repurchasing damaged pallets that are reconditioned for reuse and reintegration back into the operating cycle.

4.2.3 • Greenhouse gas emissions

The Group subcontracts 100% of its transport activities. The multi-modal transport method for its products, reducing transport distances and optimizing loads all contribute to improved environmental outcomes. Conscious of the environmental impact of logistics systems, and to limit the environmental footprint associated with transporting products, the Group initiated an action plan to optimize transportation flows by reducing the number of kilometers and optimizing truck loads.

In this way, certain promotional materials manufactured in Asia are shipped directly to Asian an American distributors without being imported and stored in France.

Finally, by establishing a warehouse strategically located at the crossroads for its subcontractors, the Group has reduced distances for shipments of finished products.

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

In the area of transport, the Group's priority is in favor of road transport for France and Europe and maritime transport for Asia and the Americas. Use of air transport is very limited and reserved only for urgent situations where no other solutions are available.

The Group systematically seeks to identify sourcing and subcontracting solutions in order to facilitate reducing CO_2 emissions. Similarly, to reduce the transfer of components which contributes to multiple shipments, the Group prefers the use of service providers that cover several areas or integrate different production phases (for example glass design and plastic processing). In 2017, as part of its strategy for optimizing sourcing, 75% of Interparfums suppliers were located in France and 13% in neighboring countries.

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

4.3.1 • Educational establishments

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

Interparfums also regularly welcomes interns within the Group.

4.3.2 • Sponsorship

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

- Arc Foundation: a foundation devoted exclusively to cancer research.
- Tout le monde contre le cancer: A not-for-profit devoted to improving conditions for patients and their families, particularly children.
- PAH, Les Pharmaciens Humanitaires: An NGO devoted to improving access to incoming quality pharmaceutical products for the purpose of guaranteeing healthcare best adapted to vulnerable populations. The company participates in financing technical pharmaceutical support for the hospital facility Kpalimé, Togo (*Hospital Centre Hospitalier Préfectoral*).
- Mission Santé Asie: An NGO providing medical aid to disadvantaged populations in Asia, and in particular Cambodia.
- Fondation Paralysie Cérébrale: a foundation devoted to promoting research on cerebral palsy and improve the quality of healthcare.
- Entendre Le Monde: An NGO that provides surgical assistance and ENT medical care in developing countries.
- AEM – Les Amis des Enfants du Monde: an NGO conducting initiatives in the fields of education, nutrition health and development for children in Rwanda.
- EliseCare: an NGO providing medical care to populations in conflict areas.

In 2017, funding of sponsorship initiatives amounted to €173,000.

5 • Methodology note

5.1 • Background

The 2017 CSR report provides a detailed presentation of Group corporate social responsibility priorities and practices. It describes the challenges faced by the Group in this area, the strategic approaches adopted in response and progress achieved in meeting its objectives. This report is drawn up in accordance with CSR reporting requirements applicable in France (L.225-102-1 and R.225-105-1 of the French Commercial Code). It provides a tool for measuring employment-related and societal impacts, governance and environmental performances.

This report was reviewed for compliance by the independent third-party, BDO France – Léger et associés.

5.2 • Reporting boundary

The reporting boundary for employment, societal and environmental indicators is comprised of the subsidiaries controlled by Interparfums Group. These subsidiaries are consolidated according to the full consolidation method.

The reporting boundary for employment indicators for fiscal 2017 coincides with the Group' structure for consolidation (cf. note 1.4 to the consolidated financial statements).

The indicators listed below concern only the workforce located in France (75% of the Group's workforce) due to the absence of information reported by certain entities of the Group: occupational accidents, absenteeism, training and the organization of dialogue between employees and management, equal opportunity employment.

5.3 • Selection criteria for indicators

Analysis of employment-related, environmental and social impacts relating to Group activities made it possible to define relevant indicators in accordance with requirements resulting from the Grenelle II environmental law (article 225). Certain information not falling within the scope of the Group's activity or its environmental and societal priorities due to its operating method and structure was not considered pertinent and on that basis excluded from the reporting boundary:

- the management of noise pollution and other forms of pollution specific to an activity;
- water consumption and supply in relation to local constraints;
- land use;
- adapting to the consequences of climate change;
- measures taken to preserve or develop biodiversity;
- impacts on neighboring or local populations;
- food wastage.

5.4 • Definition of indicators

- Headcount: includes employees on fixed-term and permanent contracts, professional training contracts and full and part-time interns present on December 31. Temporary personnel is not included in this data.
- Training: the percentage of persons trained in relation to the total French workforce at December 31.
- Workforce by social professional category: as the same classification for management versus non-management employees does not exist in certain countries, the breakdown in subsidiaries is made according to the level of the employees' responsibilities.

5

Shareholder information

1 • Statutory information

1.1 • The company

1.1.1 • General information

Company name: Interparfums.

Registered office: 4, rond-point des Champs-Élysées 75008 Paris.

Telephone: +33 (0)1 53 77 00 00.

Date of incorporation: April 5, 1989.

Company term: the Company is incorporated for a period of ninety-nine years (99) effective from its date of entry in the Trade and Companies Register (*Registre du Commerce et des Sociétés*), barring early liquidation or extension.

Legal form: a French corporation (*société anonyme*) with a Board of Directors.

Corporate Charter (article 2 of the bylaws): the company's business purpose in France and all other countries includes:

– as its principal activity, the purchase, sale, manufacture, import and export of all products related to perfumes and cosmetology;
– as a secondary activity, the purchase, sale, manufacture, import and export of all products relating to fashion;
– the use of license agreements;
– providing all services related to the above-mentioned activities;
– the company's participation by all means, directly or indirectly, in all transactions that may relate to its business purpose through the creation of new companies, the contribution, subscription or purchase of company shares or rights, mergers or other, through the creation, acquisition, rental or lease management of all rights to conduct business or establishments, and through the acquisition, operation or disposal of all procedures and patents related to these activities;
– and, generally, all commercial, industrial, financial, civil, securities and real estate transactions that relate directly or indirectly to the company's business purpose or to any similar and related activities.

Fiscal year: the fiscal year is a twelve-month period starting on 1 January and ending 31 December.

Siret: No. 350 219 382 00032.

Trade register: No. (RCS) 1989 B 04913.

Place of registration: Registrar of the Commercial Court of Paris.

Activity code: 46.45 Z Wholesale perfume and beauty products.

1.1.2 • Legal form of the shares and identification of shareholders (article 9 of the bylaws)

At the option of their owners, shares in France are registered in a standard personal account (*compte nominatif pur*), an administered personal account (*compte nominatif administré*) or to the bearer identifiable at an authorized intermediary.

The Company may request at any time, from the entity providing clearing services for its securities, in accordance with applicable laws and regulations, and in return for payment at its expense, disclosure of information regarding the identity of holders of securities issued by it, which give immediate or future rights to vote in shareholders meetings, their identity, their address as well as the number of shares held by each and, where appropriate, any restrictions attaching to such securities.

1.2 • Main legal provisions and bylaws

1.2.1 • Shareholders' meetings (article 19 of the bylaws)

Any shareholder may attend meetings in person or by proxy, regardless of the number of shares owned, subject to proof of identity, on condition that the shares are paid up in full and have been registered in the securities account in the name of the shareholder or the intermediary, in accordance with subsection 7, article L.228-1 of the French Commercial Code no later than the second business day preceding the date of the shareholders meeting at midnight Paris time, either in the registered securities account maintained by the company or the bearer share account maintained by the authorized intermediary.

All shareholders may be represented at meetings in accordance with the provisions provided for by law. A shareholder may be represented by another shareholder or by his or her spouse or civil law partner. The shareholder may be represented by any other individual or legal entity of his or her choice. The designation or revocation of a proxy holder may be notified by electronic means.

1.2.2 • Special shareholder disclosure obligations (article 20 of the bylaws)

In accordance with the provisions of article L.233-7 of the French Commercial Code, all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the Company, must inform the Company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading. This notification must also be sent to the AMF no later than the fourth trading day before the close of trading following the day this threshold was crossed.

Under article L.233-7 subsection VII of the French Commercial Code, shareholders subject to the above disclosure obligations must also state their intentions with regard to share ownership for the next twelve months whenever the thresholds of one tenth or one fifth of the capital or voting rights have been crossed.

1.2.3 • Appropriation and distribution of earnings (article 24 of the bylaws)

If the financial statements approved by the shareholders' Meeting show a distributable profit as defined by law, the shareholders' Meeting decides whether to make appropriations to one or more retained earnings or reserve accounts under its control, to carry it forward or to distribute it. The shareholders' Meeting may grant shareholders the choice of receiving a dividend in cash or in shares for all or part of the dividend or interim dividends to be distributed, subject to the applicable legal provisions.

Following the approval of the financial statements by the General Meeting of the shareholders, any losses that may occur are carried forward to be offset against future earnings until these losses have been fully used.

1.2.4 • Documents on display

The bylaws, accounts, reports and other information destined for shareholders can be consulted at the company's headquarters by appointment.

1.2.5 • Legal jurisdiction

In the event of litigation, the courts having jurisdiction are those of the registered office in cases where the company is a defendant. They are designated according to the nature of the litigation, barring any contrary provisions of the new Civil Procedure Code.

2 • Capital stock

2.1 • Five-year history of capital stock transactions

Year	Transaction type	Number of shares	Shares created	Total shares	Share capital *in €*
2013	Exercise of 2009 stock options	31,087	31,087	22,031,388	66.094.164
	Bonus share issue	2,200,030	2,200,030	24,231,418	72,694,254
2014	Exercise of 2009 stock options	63,239	63,239	24,294,657	72,883,971
	Exercise of 2010 stock options	480	480	24,295,137	72,885,411
	Bonus share issue	4,858,331	4,858,331	29,153,468	87,460,404
2015	Exercise of 2009 stock options	35,325	35,325	29,188,793	87,566,379
	Exercise of 2010 stock options	63,670	63,670	29,252,463	87,757,389
	Bonus share issue	2,919,269	2,919,269	32,171,732	96,515,196
2016	Exercise of 2010 stock options	118,014	118,014	32,289,746	96,869,238
	Bonus share issue	3,219,038	3,219,038	35,508,784	106,526,352
2017	Bonus share issue	3.550.878	3.550.878	39,059,662	117,178,986

As of December 31, 2017, Interparfums' capital was composed of 39,059,662 shares with a par value of €3.

2.2 • Authorized capital

The shareholders' Meeting of April 28, 2017 also authorized the Board of Directors to increase the capital by an amount not exceeding €40 million through the capitalization of earnings, additional paid-in capital and reserves.

The Board of Directors made use of this authorization pursuant to its decision of May 2, 2017 to increase the capital stock by €10,652,634 through the creation of 3,550,878 new bonus shares granted to shareholders on the basis of one new share for every ten shares held.

The shareholders' Meeting of April 22, 2016 authorized the Board of Directors to increase the capital stock by issuing ordinary shares with shareholders' preemptive rights for a maximum nominal amount of €100 million and without shareholders' preemptive rights for a maximum nominal amount of €9 million. These authorizations are valid for a period of 26 months. The Board of Directors has not made use of these authorizations.

2.3 • Ownership of Interparfums capital stock and voting rights

2.3.1 • Situation at February 28, 2018

	Shares held	% of capital	Theoretical voting rights	% of theoretical votes	Voting rights exercisable at the AGM	% of voting rights at the AGM
Interparfums Holding SA	28,263,668	72.4%	56,527,332	83.9%	56,527,332	84.3%
French investors	3,286,340	8.4%	3,297,326	4.9%	3,297,326	4.9%
Foreign investors	4,510,203	11.5%	4,510,203	6.7%	4,510,203	6.7%
Individuals	2,643,485	6.8%	2,706,896	4.0%	2,706,896	4.0%
Employee shareholders	170,265	0.4%	170,265	0.3%	-	-
Treasury shares	185,701	0.5%	185,701	0.3%	-	-
Total	**39,059,662**	**100.0%**	**67,397,723**	**100.0%**	**67,041,757**	**100.0%**

Based on a survey of shareholder ownership, there were 8,700 shareholders at February 28, 2018. Excluding Interparfums Holding, the Interparfums' shareholder base breaks down as follows:

– 250 French institutional investors and mutual funds owning 8.4% of the capital stock compared with 220 in 2017 owning 10.9%);
– 130 foreign investors located mainly in the U.K., Switzerland, the U.S., Belgium and Luxembourg, who own 11.5% of the capital stock compared with 120 in 2017 with 10.0%;
– 8,320 individual shareholders owning 7.2% of the capital stock (compared with 7,350 in 2017 owning 6.6%).

To the Company's knowledge, there are no other shareholders that possess directly, indirectly or together, 5% or more of the capital or voting rights.

Four independent Directors serve on the Board of Directors providing a mechanism for preventing an abusive exercise of control of the company.

2.3.2 • Changes in Interparfums SA's shareholder base

At February 28	2016	2017	2018
Interparfums Holding	72.6%	72.4%	72.4%
French investors	10.1%	10.9%	8.4%
Foreign investors	10.2%	10.0%	11.5%
Individuals	6.9%	6.6%	6.8%
Employee shareholders	-	-	0.4%
Treasury shares	0.2%	0.1%	0.5%
Total	**100.0%**	**100.0%**	**100.0%**

2.4 • Breakdown of Interparfums Holding's capital stock as of December 31, 2017

Interparfums Holding, whose sole equity holding is Interparfums, is itself wholly owned by Interparfums Inc., listed on NASDAQ in the United States with approximately 10,400 shareholders. As of December 31, 2017 it had the following ownership structure:

– Philippe Benacin and Jean Madar: 44.81%;
– Free float: 55.19%.

2.5 • Dividend

Since 1998, the company has adopted a policy of distributing dividends that today represents 60% of consolidated earnings, destined to reward shareholders while at the same time associating them with the Group's expansion. In early May 2017, a dividend of €0.55 per share was paid or a total of €19.4 million.

2.6 • Shareholders' agreements

No shareholders' agreements exist at the level of Interparfums Holding.

2.7 • Double voting right

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

2.8 • Special shareholder disclosure obligations

Thresholds are defined by article 20 of the bylaws whereby in accordance with the provisions of article L.233-7 of the French Commercial Code (*Code de commerce*) all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must inform the Company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading. This notification must also be sent to the AMF no later than the fourth trading day before the close of trading following the day this threshold was crossed.

In 2017, no incidents of the crossing of such share ownership or voting right thresholds were reported to the company.

2.9 • Key stock market data

In number of shares and euros	2013	2014	2015	2016	2017
Shares outstanding as of 31 December	24.231.418	29.153.468	32.171.732	35.508.784	39,059,662
Market capitalization as of December 31	€760 million	€654 million	€730 million	€973 million	€1.350 billion
High (1)	32.25	34.50	33.33	27.40	38.45
Low (1)	21.10	17.82	20.73	19.60	26.02
Average (1)	25.85	27.00	26.07	23.68	30.82
Year-end (1)	31.35	22.45	22.70	27.40	34.55
Average daily volume (1)	18,101	17,058	14,840	11,124	15,442
Earnings per share (1)	1.50	0.87	0.95	0.98	1.07
Dividend per share (1)	0.49	0.44	0.50	0.55	0.50
Average number of shares outstanding (2)	23.182.575	26.739.881	30.649.926	33,192,284	37,280,813

(1) Historical data (not restated for bonus share issues undertaken each year).
(2) Excluding treasury shares.

2.10 • Share price

Until the publication of the 2016 results in March, the Interparfums share traded between €26 and €28 (share price not adjusted for the bonus share grant of June). In the second half of March, boosted by the group's favorable outlook and investor appetite, the share exceeded the €30 mark followed by strong growth in the spring to reach a record high of €35.60 on June 16 or a market capitalization exceeding US$1.3 billion. As from this date and up to mid-November, the share price consolidated its gains to trade within the €32-€35 range.

The publication on November 14, 2017 of cautious 2018 targets reflecting a decision to intentionally focus on flankers, temporarily weighed on the share price. Despite this, the share ended the period at a high level of €34.55, a 38.7% increase for the full year.

Daily trading volume is up to nearly 30,000 shares (for all platforms combined).

In January 2018, the Interparfums share was included in the Deferred Settlement Service (SRD) of Euronext Paris and joined the compartment A (companies with market capitalizations of more than €1 billion.

2.11 • Share price and trading activity trends since 2015

In euros	High	Low	Trading volume *number of shares*	Trading volume *€ millions*
2015				
January	26.80	22.80	425,101	10,751
February	28.45	26.30	314,603	8,608
March	32.10	27.54	503,848	15,283
April	33.33	29.85	435,852	13,714
May	31.55	28.17	231,430	6,850
June	30.04	24.45	326,546	9,038
July	27.84	24.01	413,627	10,714
August	26.15	22.30	178,703	4,280
September	24.06	22.04	204,175	4,686
October	25.50	23.21	212,796	5,102
November	24.09	22.03	312,979	7,267
December	23.90	21.20	239,332	5,348
2016				
January	22.51	19.60	221,041	4,680
February	23.60	19.81	245,393	5,400
March	23.80	22.23	208,408	4,839
April	24.40	22.85	179,685	4,221
May	23.50	21.98	131,518	2,971
June	23.90	20.18	347,195	7,937
July	24.16	21.79	206,329	4,752
August	24.49	23.25	136,533	3,251
September	25.40	23.93	546,572	13,513
October	26.35	24.90	211,956	5,243
November	26.06	24.75	224,930	5,660
December	27.40	25.15	199,200	5,239
2017				
January	28.10	26.02	257,345	7,031
February	28.90	27.90	307,340	8,742
March	32.07	27.85	359,815	10,575
April	31.80	29.00	398,268	12,037
May	36.44	32.12	288,907	9,778
June	38.45	36.75	383,506	13,503
July	35.05	32.00	326,826	10,918
August	33.60	31.01	285,563	9,313
September	33.98	32.30	334,465	11,191
October	35.20	32.00	341,067	11,459
November	34.15	30.30	384,835	12,416
December	35.05	33.60	269,753	9,284
2018				
January	38.15	34.30	413,910	11,308
February	37.45	34.05	358,703	10,242

Historical data (not restated for bonus share issues).

A capital increase through a bonus share issue on the basis of one new share for ten existing shares in June 2015 resulted in the automatic division of the share price from this date by 1.10.

A capital increase through a bonus share issue on the basis of one new share for ten existing shares in June 2016 resulted in the automatic division of the share price from this date by 1.10.

A capital increase through a bonus share issue on the basis of one new share for ten existing shares was carried out in June 2017.This resulted in the automatic division of the share price from this date by 1.10.

3.1 • Board of Directors' report – Presentation of resolutions to the Annual General Meeting

Approval of the annual and consolidated financial statements (1st and 2nd resolutions)

We hereby request that you approve these annual and consolidated financial statements for the period ended December 31, 2017 showing a profit of €27,151,350 in the annual financial statements and a profit attributable to equity holders of the parent in the consolidated financial statements of €39,956,000. Information on revenue and earnings performances for the period are presented in the 2017 registration document. We also ask you to approve €20,999 in non-deductible expenses.

Appropriation of net income and distribution of dividends (3rd resolution)

It is requested that you approve the appropriation of the profit for the fiscal 2017 of €27,151,350 and set the amount for the ordinary dividend per share at €0.67. On this basis, the payout rate of consolidated net income attributable to equity holders of the parent for the year would be 65.5%.

If your General Meeting approves this proposal, the ex-dividend date will be May 9, 2018 and the payment date May 11, 2018.

The breakdown of amounts of dividends paid for the last three financial periods are presented in this resolution. For individuals with their tax residence in France, the dividend is subject to either, a flat tax (*prélèvement forfaitaire unique*) applied to the gross dividend of 12.8% (article 200 A of the French General Tax Code), or, taxation according to the progressive income taxed scale, after notably applying the 40% reduction (article 200 A, 13, and158 of the French General Tax Code). This latter option must be expressly selected by the taxpayer which applies to all investment income and is irrevocable. In the second case, the dividend is in addition subject to social charges of 17.2%.

Regulated agreements under articles L.225-38 *et seq.* of the French Commercial Code (4th resolution)

Your Board of Directors informs you that no new agreements covered by articles L.225-38 of the French Commercial Code were concluded in 2017 and, hereby request that you accordingly simply note the absence of new agreements.

Renewal of the offices of Philippe Benacin, Jean Madar, Philippe Santi, Frédéric Garcia-Pelayo, Maurice Alhadève, Patrick Choël, Chantal Roos and Marie-Ange Verdickt as Directors (5th to 12th resolutions)

In application of article 12 of the bylaws as amended by the General Meeting of April 28, 2017 implementing Code Middlenext recommendation 9 for staggering the renewal of offices, the Board of Directors proposes that the offices of Directors be renewed as follows:

- Philippe Benacin for a term of 5 years;
- Jean Madar for a term of 5 years;
- Philippe Santi for a term of 5 years;
- Frédéric Garcia-Pelayo for a term of 5 years;
- Chantal Roos for a term of 5 years;
- Marie-Ange Verdickt for a term of 5 years;
- Maurice Alhadève for a term of 3 years;
- Patrick Choël for a term of 3 years.

All useful information about the candidates is provided in section 1.2.4 and about their independence in section 1.2.6 of the report on corporate governance.

Attendance fees (13th resolution)

We propose that you increase for the period in progress the total annual amount allotted for attendance fees from €180,000 to €200,000, notably to take into account the presence since the General Meeting of 2017 of a new non-Executive Director.

This total amount will be maintained until such time as a new decision is issued.

We remind you that the distribution of attendance fees solely to non-executive Directors is based on the rate of attendance of each of these Directors on the Board.

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Benacin, Chairman-Chief Executive Officer (14th resolution)

In compliance with French Law 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernization of the economy (the "Sapin II" law) and in application of article L.255-100 of the French Commercial Code we hereby request you to rule on the fixed, variable or exceptional components of total compensation and benefits of any nature granted to Mr. Philippe Benacin on the basis of his office as Chairman-Chief Executive Officer for the period ended (ex-post vote).

This compensation is described in detail in section 2.2.1 of the report on corporate governance.

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Philippe Santi and Frédéric Garcia-Pelayo, Executive Vice Presidents (15th and 16th resolutions)

We remind you that no compensation and benefits of any nature for fiscal 2017 was paid or allocated to Messrs. Philippe Santi and Frédéric Garcia-Pelayo on the basis of their respective offices as Executive Vice Presidents. No amount is accordingly submitted to the vote of the next General Meeting within the framework of the provisions of article L.225-100 subsection II of the French Commercial Code.

However, in the interest of good governance, the Board of Directors has decided to submit an advisory vote by the shareholders on the compensation and benefits of any nature for fiscal 2017 paid or allocated to Messrs. Philippe Santi and Frédéric Garcia-Pelayo, Executive Vice Presidents under their employment contract.

This compensation is described in detail in section 2.2.2 of the report on corporate governance.

Approval of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits granted to the Chairman-Chief Executive Officer and/or any other executive officer (17th resolution)

As a preliminary point, it is specified that only the compensation of Mr. Philippe Benacin for his office as Chair-Chief Executive Officer (*Président Directeur-Général*) is concerned by this compensation policy. The compensation of the two Executive Vice Presidents (*Directeurs Généraux Délégués*) are linked exclusively to their employment contract and are thus excluded from this policy.

On the basis of the information given in the report on corporate governance in section 2.1.2, the shareholders are asked to approve the principles and criteria for defining the compensation policy for executive officers (ex-ante vote).

These principles and criteria are applicable to the functions concerned and will remain valid, as applicable, in the event of a change in the Executive Management or the Board's chair.

Payment of components of variable compensation payable for fiscal 2018 to the Chairman-CEO is contingent on approval by the ordinary general Meeting of the shareholders of the company to be held in 2019.

Authorization to the company for trading in own shares (18th resolution)

We hereby ask you to renew the authorization given to your Board of Directors, which it may in turn delegate, to maintain the share buyback program of the company for a new period of 18 months, according to the terms and conditions and with the objectives submitted to your approval, which include in particular:

– a maximum purchase price of €50 per share;
– a limitation of acquiring not more than 5% of the number of shares comprising the capital stock.

By way of indication, based on a capital stock of 39,059,662 shares at December 31, 2017 and a purchase price of €50 per share, the maximum amount of funds that may be allocated to financing this program would be limited to €97,649,155 million.

With respect to the previous program, it is specified that during the period from January 1, 2017 to December 31, 2017, the company acquired 404,196 shares at an average price of €31.96 and sold 399,237 shares at an average price of €30.36 within the framework of the liquidity agreement. No shares acquired through this program were canceled.

At December 31, 2017, the shares held in treasury by the company represented 0.16% of the capital stock. These treasury shares do not carry voting rights or entitlement to dividend payments which will be allocated in consequence to "retained earnings".

Cancellation of shares by reduction of capital for shares acquired by the company (19th resolution)

As the authorization previously granted by the General Meeting of April 22, 2016 expires on April 21, 2018, your Board of Directors, that has not made use of this authorization, requests that you grant a new authorization allowing it to decide to cancel all or part of shares acquired through the share buyback program and reduce the share capital in accordance with the terms and conditions set forth in this resolution, and namely within the limit of 10% of the capital stock. This cancellation will enable the Company to offset possible dilutions resulting from various capital increases.

The difference between the carrying value of the canceled shares and their par value will be allocated to reserves or additional paid-in capital.

This nineteenth resolution is necessary to permit the cancellation of shares provided for in connection with objectives referred to in the share repurchase program submitted to your vote in the eighteenth resolution.

This authorization would be granted for a term of 24 months from the date of this General Meeting.

Delegations of financial authorities (20th to 27th resolutions)

Your General Meeting regularly grants delegations of authority to the Board of Directors for the purpose of deciding, at any time, to proceed with capital increases, covering a large range of securities giving access to the capital or debt securities, maintaining or canceling the preemptive subscription rights of existing shareholders. By offering your Board this flexibility, it will be able to choose the most appropriate financial instrument according to the characteristics of the market at the time the transaction is being considered.

If your Board is required to consider a capital increase, preference would be given to the option of carrying out a capital increase that maintains shareholders' preemptive rights. However, in the Company's interest, according to the conditions for carrying out the transaction, your Board will be able to consider the option of canceling the preemptive subscription rights for the purpose of optimizing certain complex financial instruments that might be more appropriate for the operation being considered.

The delegations of authority with respect to capital increases were given by your General Meeting on April 22, 2016 for a period of 26 months and expiring on June 21, 2018. It is accordingly requested that you renew these delegations of authority, while noting that your Board of Directors did not make use of delegations of this nature granted in 2016. The new delegations of authority will supersede and cancels prior authorizations having the same purpose.

In the 20th resolution, the delegation of authority relates to the ordinary shares and securities maintaining the shareholders' preemptive rights. The total nominal amount of ordinary shares that may be issued by virtue of this authority may not exceed €30 million. The total nominal amount of debt securities of the company that may be issued by virtue of this authority may not exceed €100 million. These ceilings are independent.

In the 21st and 22nd resolutions you are asked to vote on the delegations of authority concerning the issuance of equity securities and/or other securities giving access to the share capital, suspending shareholders' preemptive rights, the first through a public offering and the second through private placements, within a maximum aggregate ceiling of 10% of the share capital.

The delegation of authority requested in the 21st resolution covers the issuance of ordinary shares and/or ordinary shares conferring an entitlement to other ordinary shares or debt securities and/or securities giving access to the capital, canceling the shareholders' preemptive rights by a public offering, it being specified that the Board of Directors will have the possibility to grant shareholders a priority period, in accordance with the law.

The 22nd resolution covers a capital increase through a private placement carried out through an offering provided for by II of article L.411-2 of the French Monetary and Financial Code.

By the 23rd resolution, you are requested to authorize your Board of Directors for the issuance provided for under the previous resolutions (21st and 22nd) in the case of the cancellation of shareholders' preemptive rights, and within the limit of 10% of the share capital per year, to be exempted from the legal rule for fixing the issue price, and provide for a price which may not be lower, at the choice of the Board:

– either the weighted average price of the Interparfums' share on the day preceding the issue, minus, as applicable, a discount of up to 20%;
– or the average trading price for five consecutive days selected from within a period of the last 30 trading days preceding the price fixing, minus a possible discount of up to 20%.

By the 24th resolution, your Board of Directors may increase the number of shares to be issued in the case of excess demand in connection with the capital increases provided for under the 20th, 21st and 22nd resolutions.

The 25th resolution provides for a delegation of authority for the purpose of the payment of in-kind contributions granted to the Company within the limit of 10% of the capital on the date of the Meeting and included under the aggregate authorized ceiling.

Because the General Meeting is to vote on delegations of powers potentially involving future capital increases of the share capital, this General Meeting must accordingly vote on a draft resolution relating to a capital increase reserved for participants in a company stock ownership plan.

In this 26th resolution, you are hereby requested to delegate your authority for a period of 26 months to the Board of Directors for the purpose of issuing shares for the benefit of employees participating in such a plan within the limit of 2% of the share capital on the date of this Meeting.

The delegations of authority provided for under the 20th, 21st, 22nd, 25th and 26th resolutions will be granted for a period of 26 months from the date of this meeting.

The 27th resolution provides for an aggregate ceiling of 10% of the share capital on the date of the issue applying to delegations of authority to increase the capital canceling shareholders preemptive rights by a public offering (21st resolution) and by private placement (22nd resolution) as well as the delegation of authority for capital increases through in-kind contributions (25th resolution) and finally the delegation of authority to increase the capital for the benefit of members of a company savings plan (26th resolution).

Amendments to the bylaws (28th resolution)

The 28th resolution concerns the updating of articles 13, 16 and 23 of the bylaws and newly amended legal and regulatory provisions (Ordinance 2017/1162 of July 2, 2017 and Law No. 2016-1691 of December 9, 2016 introducing a requirement for "say on pay").

Powers for formalities (29th resolution)

You are asked to confer upon the Board of Directors all powers necessary to fulfill the legal formalities required and resulting from this shareholders' Meeting.

3.2 • Draft resolutions and Board of Directors' report to the combined ordinary and extraordinary shareholders' Meeting of April 27, 2018

Ordinary resolutions

First resolution

Approval of the annual financial statements for the period ended December 31, 2017, approval of non-deductible expenses

The shareholders, after having considered the reports of the Board of Directors and the Auditors for the period ended December 31, 2017, approve the financial statements as presented showing on this date net income of €27,151,350.

The shareholders furthermore approve the total amount of disallowed deductions under article 39-4 of the French General Tax Code of €20,999 as well as the corresponding tax.

Second resolution

Approval of the consolidated financial statements for the period ended December 31, 2017

The shareholders, after having considered the reports of the Board of Directors and the Auditors on the consolidated financial statements for the period ended December 31, 2017, approve these financial statements as presented showing on this date a net profit (attributable to equity holders of the parent) of €39,956,000.

Third resolution

Approval of the net income appropriation, setting the dividend

The shareholders, on the Board of Directors' proposal decide to appropriate net income for the fiscal period ended December 31, 2017 as follows:

Opening balance	
– Profit of the period	€27,151,350
– Retained earnings	€235,287,120
Appropriation	
– Legal reserve	€1,065,263
– Dividends	€26,169,973
– Retained earnings	€235,203,234

The shareholders note for the record a total gross dividend reverting to share of €0.67.

For individuals with their tax residence in France, the dividend is subject to either, a flat tax (prélèvement forfaitaire unique) applied to the gross dividend of 12.8% (article 200 A of the French General Tax Code), or, taxation according to the progressive income taxed scale, after notably applying the 40% reduction (article 200 A, 13, and158 of the French General Tax Code). This latter option must be expressly selected by the taxpayer which applies to all investment income and is irrevocable. The dividend is in addition subject to social charges of 17.2%.

The ex-dividend date will be May 9, 2018.

And the dividend payment date May 11, 2018.

In the event of a change in the number of shares conferring dividend rights in relation to the number of 39,059,662 shares comprising the share capital of December 31, 2017, the total amount of dividends will be adjusted in consequence and the amount allocated to "Retained earnings" will be determined on the basis of dividends actually paid.

In accordance with the provisions of article 243 bis of the French General Tax Code, shareholders shall duly note that dividends for the last three financial periods were as follows:

For the fiscal year	Distributions eligible for the tax basis reduction		Distributions not eligible for the tax basis reduction
	Dividends	Other distributions	
2014	€12,830,249 (1) or €0.44 per share	-	-
2015	€16,088,502 (1) or €0.50 per share	-	-
2016	€19,529,831 (1) or €0.55 per share	-	-

(1) Including the unpaid amount of dividends relating to treasury shares and allocated to retained earnings.

Fourth resolution

Statutory Auditors' special report on regulated agreements and commitments – Recognition of the absence of new agreements

The shareholders, after considering the auditors' special report indicating the absence of any new agreements of the type mentioned in articles L.225-38 *et seq.* of the French Commercial Code, duly note their conclusions.

Fifth resolution

Renewal of Philippe Benacin's term of office as Director

The shareholders decide to renew Philippe Benacin's appointment as Director for a term of five years expiring at the end of the Annual General Meeting that will be called in 2023 to approve the financial statements for fiscal year ended.

Sixth resolution

Renewal of Jean Madar's term of office as Director

The shareholders decide to renew Jean Madar's appointment as Director for a term of five years expiring at the end of the Annual General Meeting that will be called in 2023 to approve the financial statements for fiscal year ended.

Seventh resolution

Renewal of Philippe Santi's term of office as Director

The shareholders decide to renew Philippe Santi's appointment as Director for a term of five years expiring at the end of the Annual General Meeting that will be called in 2023 to approve the financial statements for fiscal year ended.

Eighth resolution

Renewal of Frédéric Garcia-Pelayo's term of office as Director

The shareholders decide to renew Frédéric Garcia-Pelayo's appointment as Director for a term of five years expiring at the end of the Annual General Meeting that will be called in 2023 to approve the financial statements for fiscal year ended.

Ninth resolution

Renewal of Maurice Alhadève's term of office as Director

The shareholders decide to renew Maurice Alhadève's appointment as Director for a term of three years expiring at the end of the Annual General Meeting that will be called in 2021 to approve the financial statements for fiscal year ended.

Tenth resolution

Renewal of Patrick Choël's term of office as Director

The shareholders decide to renew Patrick Choël's appointment as Director for a term of three years expiring at the end of the Annual General Meeting that will be called in 2021 to approve the financial statements for fiscal year ended.

Eleventh resolution

Renewal of Chantal Roos' term of office as Director

The shareholders decide to renew Chantal Roos' appointment as Director for a term of five years expiring at the end of the Annual General Meeting that will be called in 2023 to approve the financial statements for fiscal year ended.

Twelfth resolution

Renewal of Marie-Ange Verdickt's term of office as Director

The shareholders decide to renew Marie-Ange Verdickt's appointment as Director for a term of five years expiring at the end of the Annual General Meeting that will be called in 2023 to approve the financial statements for fiscal year ended.

Thirteenth resolution

Amount of attendance fees allocated to members of the Board of Directors

The shareholders decide to increase the total amount for attendance fees to be allocated to the Board of Directors from €180,000 to €200,000.

This decision will apply to the period in progress and remains in force until such time as a new decision is issued.

Fourteenth resolution

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Benacin, Chairman-Chief Executive Officer

The shareholders, ruling in accordance with article L.225-100 subsection II of the French Commercial Code, approve the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Benacin on the basis of his office as Chairman-Chief Executive Officer as presented in the section 2.2.1 in the report on corporate governance.

Fifteen resolution

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Philippe Santi, Executive Vice President

The shareholders, ruling in accordance with article L.225-100 subsection II of the French Commercial Code, note the absence of any compensation paid or granted for the period ended on the basis of his office to Mr. Philippe Santi, Executive Vice President.

However, it approves, as necessary, the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended under his employment contract to Mr. Philippe Santi as presented in the section 2.2.1 in the report on corporate governance.

Sixteenth resolution

Approval of the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended to Mr. Frédéric Garcia-Pelayo, Executive Vice President

The shareholders, ruling in accordance with article L.225-100 subsection II of the French Commercial Code, note the absence of any compensation paid or granted for the period ended on the basis of his office to Mr. Frédéric Garcia-Pelayo, Executive Vice President.

However, it approves, as necessary, the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted for the period ended under his employment contract to Mr. Frédéric Garcia-Pelayo, as presented in section 2.2.1 in the report on corporate governance.

Seventeenth resolution

Approval of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any nature granted to the Chairman-Chief Executive Officer and/or any other executive office

The shareholders, ruling in accordance with article L.225-37-2 of the French Commercial Code, approve the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits of any nature granted to the Chairman-Chief Executive Officer and/or any other executive office as presented in the report provided for in the last paragraph of article L.225-37 of the French article, and presented in section 2.1.2 of the report on corporate governance.

Eighteenth resolution

Authorization to be granted to the Board of Directors for dealing in its own shares within the framework of article L.225-209 of the French Commercial Code

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

This authorization cancels the authorization granted to the Board of Directors by the eighth ordinary resolution of the General Meeting of April 28, 2017.

Under this program, shares may be purchased for the following purposes:

– market making in the secondary market or ensuring the liquidity of the Interparfums share with an investment services provider through a liquidity agreement complying with the conduct of business rules of the French association of financial market professionals (AMAFI) allowed by regulations, it being specified that the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares acquired, after deducting the number of shares resold;
– retaining shares purchased for subsequent use in exchange or as payment for acquisitions;
– ensuring sufficient shares are available for stock option and/or restricted share award (bonus share) plans (or equivalent plans) for the benefit of employees and/or corporate officers of the Group as well as all share grants in connection with a company or group employee savings plan (or equivalent plan), employee profit-sharing schemes and/or all other forms of share grants to employees and/or corporate officers of the Group;
– ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;
– canceling shares purchased, subject to a grant of authorization by extraordinary resolution twenty of this shareholders' Meeting.

These shares may be purchased by any means, including through block purchases of shares, and at times deemed appropriate by the Board of Directors.

The company does not intend to make use of options or derivatives.

The maximum purchase price is € 50 per share.
In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants to shareholders, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €97,649,155.

The shareholders grant all powers to the Board of Directors to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

Extraordinary resolutions

Nineteenth resolution

Authorization to be granted to the Board of Directors to cancel shares purchased in connection with article L.225-209 of the French Commercial Code

The shareholders, after considering the Board of Directors' report and the Auditors' report:

1) Authorize the Board of Directors to cancel, at its sole discretion, through one or more installments, subject to a limit of 10% of the share capital calculated on the date of the cancellation decision, and deducting shares that may have been canceled during the 24 preceding months, shares the Company holds or may hold pursuant to share buybacks undertaken in accordance with article L.225-209 of the French Commercial Code, and reduce the share capital by the corresponding amount in compliance with applicable laws and regulations.

2) Set the period of validity of this delegation of authority at twenty-four months from the date of this meeting.

3) Grant the Board of Directors all powers to take measures required to complete such cancellations and the corresponding reductions in share capital, to amend the company's bylaws as a result and to carry out all formalities required.

Twentieth resolution

Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving access to, as applicable, ordinary shares entitlement to the allotment of debt securities (of the company or a group company), and/or securities giving access to ordinary shares (by the company or a group company), maintaining shareholders' preemptive rights

The shareholders, having considered the Board of Directors' report and the Auditors' special report, in accordance with the provisions of the French Commercial Code and particular, articles L.225-129-2, L.228-92 and L.225-132 *et seq.*:

1) Grant the Board of Directors authority to proceed with the issue through one or more installments, in amounts and at such times it chooses, in France and/or international markets, either in euros or in another currency, or in any other monetary unit established by reference to several currencies.

- ordinary shares;
- and/or ordinary shares granting entitlement to the allocation of other ordinary shares or debt securities;
- and/or securities giving access to ordinary shares to be issued.

In accordance with article L.228-93 of the French Commercial Code, securities to be issued may give access to ordinary shares to be issued by any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of its capital.

2) Set the duration for this authorization provided for under this resolution at twenty-six months from the date of this meeting.

3) Decide to set, as follows, the limits of the amounts for issues authorized if the Board of Directors makes use of this delegation of authority:

The total nominal amount of ordinary shares that may be issued by virtue of this authority may not exceed €30 million.

This amount may be increased, as necessary, by the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of rights or securities giving access to the company's capital.

The total nominal amount of debt securities of the company that may be issued by virtue of this authority may not exceed €100 million.

The limits set above are independent of all other limits set by other resolutions of this General Meeting.

4) If the Board of Directors makes use of this authority in the case of issues referred to above in point 1):

a) decide that the issue or issues of ordinary shares or securities giving access to the capital shall be reserved in priority for shareholders that may apply for shares on the basis of irrevocable entitlement (*à titre irréductible*);

b) decide that if applications for new shares on the basis of irrevocable entitlement, and as the case may be, for excess shares on a non-preferential basis (*à titre réductible*), should fail to account for the entire issue set forth in 1), the Board of Directors may have recourse to the following options:

- limit the amount of the issue to the amount of applications received, as applicable, within the limits provided for by regulation;
- freely allocate all or part of the securities not taken up;
- offer all or part of the securities not taken up to the public.

5) Decide that the Board of Directors will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues and set the issue price, as appropriate, record the completion of the resulting capital increases, amend the bylaws in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

6) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, of any prior authorization having the same purpose.

Twenty-first resolution

Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving access to, as applicable, ordinary shares or entitlement to the allotment of debt securities (of the company or a group company), and/or securities giving access to ordinary shares (by the company or a group company), canceling shareholders' preemptive rights by a public offering

The shareholders, having considered the Board of Directors' report and the auditors' special report, in accordance with the provisions of the French Commercial Code and particular, articles L.225-129-2, L.225-136, L.225-148 and L.228-92:

1) Grant the Board of Directors authority to proceed with the issue through one or more installments in amounts and at such times it chooses, in France and/or in other countries, through a public offering, either in euros or in another currency, or in any other monetary unit established by reference to several currencies:

- ordinary shares;
- and/or ordinary shares granting entitlement to the allocation of other ordinary shares or debt securities;
- and/or securities giving access to ordinary shares to be issued.

The securities may be issued for payment of securities tendered to the Company in connection with public exchange offers for securities in accordance with the provisions of article L.225-148 of the French Commercial Code.

In accordance with article L.228-93 of the French Commercial Code, securities to be issued may give access to ordinary shares to be issued by any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of its capital.

2) Set the duration for this authorization provided for under this resolution at twenty-six months from the date of this meeting.

3) The total nominal amount of ordinary shares that may be issued by virtue of this authority may not exceed €9 million.

This amount may be increased, as necessary, by the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of rights or securities giving access to the company's capital.

This amount is included within the maximum nominal amount of ordinary shares able to be issued set in the 27th resolution.

The total nominal amount of debt securities of the company that may be issued by virtue of this authority may not exceed €50 million, it being specified that this ceiling is independent from other ceilings.

4) Decide to cancel shareholders' preemptive right to subscribe for ordinary shares and securities giving access to the capital of the company and/or debt securities covered by this resolution, while leaving the Board of Directors the possibility to grant shareholders a priority period, in accordance with the law.

5) Decide that the amount reverting, or that should revert, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the case of the issue of new equity warrants, the issue price of these warrants, shall at least equal the minimum required by law and regulations applicable on the date the Board of Directors implements this delegation of authority.

6) Decide, in the case of issuance of shares destined to be used in payment of securities tendered to the Company in connection with public exchange offers for securities in accordance with the provisions of article L.225-148 of the French Commercial Code and within the limits set forth above, that the Board of Directors shall be vested with all necessary powers to draw up the list of securities to be tendered in the exchange, set the terms of the issue, the share exchange ratio, as well as, when applicable the balance to be paid in cash, and determine the procedures for the issue.

7) Decide that if applications for new shares should fail to account for the entire issue set forth in 1/, the Board of Directors may have recourse to the following options:

- limit the amount of the issue to the amount of applications received, as applicable, within the limits provided for by regulation;
- freely allocate all or part of the securities not taken up.

8) Decide that the Board of Directors will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues, as appropriate, record the completion of the resulting capital increases, amend the bylaws in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

9) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

Twenty second resolution

Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving access to, as applicable, ordinary shares or entitlement to the allotment of debt securities (of the company or a group company), and/or securities giving access to ordinary shares (by the company or a group company), canceling shareholders' preemptive rights by a public offering provided for by II of article L.411-2 of the French Monetary and Financial Code

The shareholders, having considered the Board of Directors' report and the Auditors' special report, in accordance with the provisions of the French Commercial Code and particular, articles L.225-129-2, L.225-136 and L.228-92:

1) Grant the Board of Directors authority to proceed with the issue through one or more installments in amounts and at such times it chooses, in France and/or in other countries, through a public offering covered by article L.411-2 II of the French Monetary and Financial Code, either in euros or in another currency, or in any other monetary unit established by reference to several currencies:

- ordinary shares;
- and/or ordinary shares granting entitlement to the allocation of other ordinary shares or debt securities;
- and/or securities giving access to ordinary shares to be issued.

In accordance with article L.228-93 of the French Commercial Code, securities to be issued may give access to the capital of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of its capital.

2) Set the duration for this authorization provided for under this resolution at twenty-six months from the date of this meeting.

3) The total nominal amount of ordinary shares that may be issued under this resolution may not exceed €9 million, and shall be furthermore capped at 20% of the share capital per year.

This amount may be increased, as necessary, by the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of rights or securities giving access to the company's capital.

This amount is included within the maximum nominal amount of ordinary shares able to be issued set in the 27th resolution.

The total nominal amount of debt securities of the company that may be issued by virtue of this delegation of authority may not exceed €15 million.

4) Decide to cancel shareholders' preemptive right to subscribe for ordinary shares and securities giving access to the capital of the company and/or debt securities covered by this resolution.

5) Decide that the amount reverting, or that should revert, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the case of the issue of new equity warrants, the issue price of these warrants, shall at least equal the minimum required by law and regulations applicable on the date the Board of Directors implements this delegation of authority.

6) Decide that if applications for new shares should fail to account for the entire issue set forth in 1/, the Board of Directors may have recourse to the following options:

- limit the amount of the issue to the amount of applications received, as applicable, within the limits provided for by regulation;
- freely allocate all or part of the securities not taken up.

7) Decide that the Board of Directors will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues, as appropriate, record the completion of the resulting capital increases, amend the bylaws in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

8) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

Twenty-third resolution

Determination of the conditions for setting the subscription price, in the case of cancellation of preemptive subscription rights within the annual limit of 10% of the share capital

The shareholders, having considered the Board of Directors' report and the Auditors' report in accordance with the provisions of article L.225-136-1, paragraph 2 of the French Commercial Code, authorize the Board deciding to issue ordinary shares or securities giving access to share capital, in accordance with the twenty-first and twenty-second resolutions, to derogate within the limit of 10% of the share capital from the conditions for setting the price provided for in the aforementioned resolutions and set the issue price for equity equivalent securities to be issued as follows:

The share price for equity equivalent securities to be issued immediately or in the future, may not be less, at the Board of Directors' choice than:

- either the weighted average price of the Company's share on the day preceding the issue, minus, as applicable, a discount of up to 20%;
- or the average trading price for five consecutive days selected from within a period of the last 30 trading days preceding the price fixing, minus a possible discount of up to 20%.

Twenty-fourth resolution

Authorization to increase the amount of issues in the case of oversubscription

The shareholders, after considering the Board of Directors' report, resolve that for each issue of ordinary shares or securities giving access to the capital decided in application of the twentieth to twenty-second resolutions, the number of shares able to be issued may be increased in accordance with the provisions of articles L.225-135-1 and R.225-118 of the French Commercial Code and within the limits set by the General Meeting, when the Board of Directors determines that the issue is oversubscribed.

Twenty-fifth resolution

Delegation of authority to the Board of Directors to proceed with a capital increase by issuing ordinary shares and/or securities giving access to the share capital within the limit of 10% of the capital as consideration for in-kind contributions of securities giving access to the capital

The shareholders, having considered the reports of the Board of Directors and the auditors, and in accordance with and articles L.225-147 and L.228-92 of the French Commercial Code:

1) Authorize the Board of Directors, pursuant to the equity auditor's report, to issue ordinary shares or securities giving access to ordinary shares as consideration for contributions in kind granted to the company and consisting of equity securities or securities giving access to the capital when the provisions of article L.225-148 of the French Commercial Code are not applicable.

2) Set the duration for this authorization provided for under this resolution at twenty-six months from the date of this meeting.

3) Decide that the total nominal amount of ordinary shares that may be issued by virtue of this authorization may not exceed 10% of the share capital on the date of this meeting, without taking into account the nominal amount of the capital increase required, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, to preserve the rights of holders of rights or securities giving access to the Company's capital.

This amount is included within the maximum nominal amount of ordinary shares able to be issued set in the 27^{th} resolution.

4) All powers are granted to the Board of Directors for the purpose of approving the valuation of in-kind contributions, deciding on the capital increase resulting therefrom and recording its completion, charging as applicable to additional paid-in capital all expenses and duties incurred in connection with the capital increase, appropriating from these amounts the funds necessary so that the legal reserve equals one tenth the new capital after each issue, making the corresponding changes to the bylaws and in general doing all else that is required in such matters.

5) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

Twenty-sixth resolution

Delegation of authority to the Board of Directors to proceed with a capital increase through the issuance of shares canceling shareholders' preemptive rights in favor of employees participating in a company savings plan pursuant to the provisions of articles L.3332-18 *et seq.* of the French Labor Code

The shareholders, after considering the Board of Directors' report and the Auditors' special report, ruling in accordance with the provisions of articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code:

1) Delegate their authority to the Board of Directors, for the purpose, if it deems opportune, on the basis of its decision alone, of increasing the share capital, at once or in installments, by issuing ordinary shares or securities giving access to the company's capital in favor of participants in one or more company or group employee stock ownership plans established by the company and/or French or foreign companies affiliated in accordance with the provisions of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code.

2) Cancel in favor of these persons the preferential subscription rights to shares that may be issued under this delegation of authority.

3) Set the period of validity of this delegation of authority at twenty-six months from the date of this meeting.

4) Limit the maximum nominal amount of the capital increase(s) that may be carried out under this authorization to 2% of the share capital on the date of the Board of Directors' decision to proceed with this capital increase, whereby this amount is included within the maximum nominal amount of ordinary shares able to be issued set in the 27^{th} resolution. This amount may be increased, as necessary, by the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of rights or securities giving access to the company's capital.

5) Decide that the price of the shares to be issued pursuant to subsection 1) of this authorization may not be more than 20% or 30% below, when the lock-up period provided for under the plan in accordance with articles L.3332-25 and L.3332-26 of the French Labor Code is greater than or equal to ten years, the average opening price for the twenty trading sessions preceding the date of the Board of Directors' decision regarding the rights issue and the issue of corresponding shares, nor greater than this average.

6) Decide, in application of the provisions of article L.3332-21 of the French Labor Code, that the Board of Directors may provide for grants without consideration to beneficiaries defined above in the first paragraph, of shares to be issued or already issued or other securities giving access to the Company's share capital to be issued or already issued, with respect to (i) contributions that may be paid in accordance with procedures for company or group stock ownership plans and/or (ii), as applicable, the share price discount.

7) Duly note that this delegation of authority supersedes and cancels, for the unused portion, as applicable, any prior delegation of authority having the same purpose.

The Board of Directors may or may not implement this delegation of authority, take all necessary measures and proceed with all necessary formalities:

Twenty-seventh resolution

Aggregate limit of the ceilings of delegations of authority provided for in the twenty-first, twenty second, twenty-fifth and twenty-sixth resolution of this Meeting

The shareholders, after considering the Board of Directors' report, decide to set at 10% of the amount of share capital on the issue date, the total number of shares that may be issued, immediately or in the future, provided for in the twenty-first, twenty second, twenty-fifth and twenty-sixth resolution of this Meeting, it being specified that this amount may be increased, as necessary, by the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of rights or securities giving access to the company's capital.

Twenty-eighth resolution

Updating the bylaws

The shareholders, after having considered the report of the Board of Directors, decide:

1) To bring the company' bylaws into compliance with the provisions of Ordinance 2017/1162 of July12, 2017 and to eliminate in consequence the last sentence of the third subsection of article 13 of the bylaws, the rest of the article remaining unchanged and complete in consequence and as follows the last subsection of article 23 of the bylaws, with the rest of the article remaining unchanged:

"Article 23 – Inventory – Annual accounts

[…]

The Board of Directors produces a management report presenting the situation of the Company for the fiscal year ended, forecasted trends and outlook, material events occurring between the closing date and the publication date of the report and finally research and development activities. It also produces the report on corporate governance that includes information on the composition, functioning and powers of the Board, the compensation of officers and the components thereof which could have an impact during a public offering period."

2) To bring the company' bylaws into compliance with the provisions of Law 2016-1691 of December 9, 2016 and amend in consequence the last subsection of article 13 of the bylaws and the ninth paragraph of article 16 of the bylaws, with the rest of the article remaining unchanged:

"Article 13 – Organization of the Board

The Board of Directors appoints a Chair from among its members who are individuals and determines his or her compensation in according to the conditions set forth in article L.225-37-2 of the French Commercial Code."

"Article 16 – Executive management – Delegation of powers

[…] The Board of Directors determines the compensation of the Chief Executive Officer according to the conditions set forth in article L.225-37-2 of the French Commercial Code."

Twenty-ninth resolution

Powers for formalities

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of these minutes to carry out all the publication, filing and other formalities that may be required by law.

6

Group organization

Interparfums and its subsidiaries

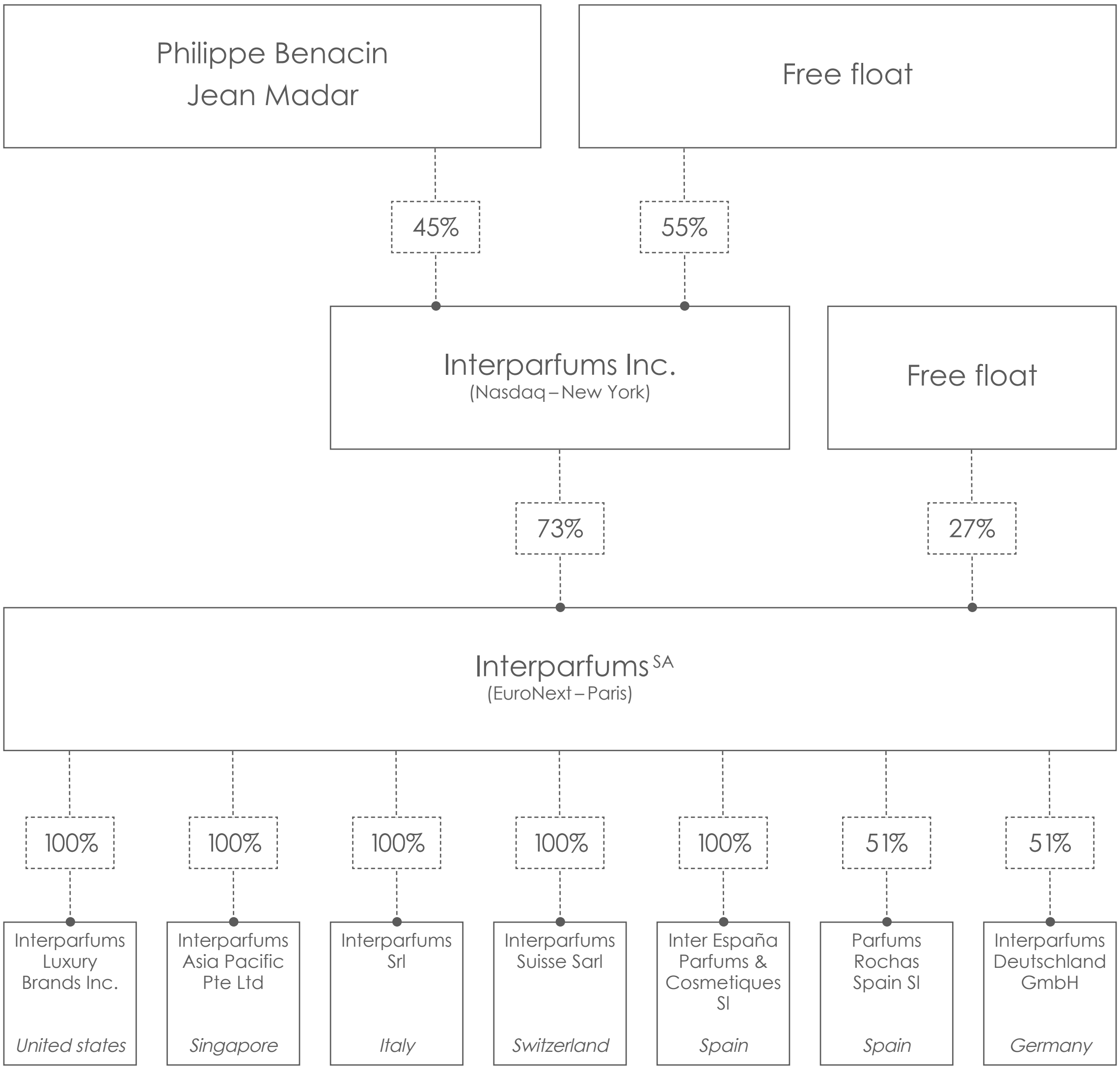
Commercial operations are conducted largely through Interparfums SA. To pursue its international development, Interparfums set up three new subsidiaries in 2007 in the key European markets on a wholly-owned basis or in partnership with its local distributors: Germany (51%), Italy (100%) and Spain (100%).

Interparfums also created a wholly-owned subsidiary in Switzerland, Interparfums Suisse Sarl. This subsidiary is the owner of the Lanvin brand name for class 3 products.

In 2010, Interparfums SA further strengthened its presence in markets and major regions by creating wholly-owned distribution subsidiaries in Singapore (Interparfums Asia Pacific) and the United States (Interparfums Luxury Brands) respectively.

Pursuant to the Rochas brand acquisition in 2015, Interparfums SA created a subsidiary for the distribution of fragrances under this new brand in Spain (Parfums Rochas Spain Sl). This entity is 51%-held.

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



7

History of the company

1982
Creation of Interparfums SA in France by Philippe Benacin and Jean Madar.

1985
Creation of Interparfums Inc. in the United States, parent company of Interparfums SA.

1988
Beginning of the selective perfume activity with the signature of a license agreement for the Régine’s brand.
Initial public offering of Interparfums Inc. on NASDAQ in New York.

1993
Signature of a license agreement to create and produce perfumes under the Burberry name and distribute them worldwide.

1994
Listing of Interparfums SA on the over-the-counter market of the Paris Stock Exchange.

1995
Transfer of the company from the over-the-counter market to the Second Market of Paris Stock Exchange with a rights issue.

1997
Signature of a license agreement to create and produce perfumes under the S.T. Dupont name and distribute them worldwide Dupont.

1998
Signature of a license agreement to create and produce perfumes under the Paul Smith name and distribute them worldwide.

2004
Signature of a new Burberry license agreement for the Burberry brand.
Signature of a license agreement for the Nickel brand, specialized in skincare and personal hygiene products for men.
Signature of a license agreement to create and produce perfumes under the Lanvin brand and distribute them worldwide.

2007
Signature of a license agreement to create and produce perfumes under the Van Cleef & Arpels brand and distribute them worldwide.
Acquisition of the Lanvin trademark and brand name for class 3 products (fragrances and make-up).

2009
Signature of a license agreement to create and produce perfumes under the Jimmy Choo brand and distribute them worldwide.

2010
Signature of a license agreement to create and produce perfumes under the Montblanc brand and distribute them worldwide.
Signature of a worldwide license agreement to create and manage new and existing fragrances under the Boucheron brand.

2011
Signature of a license agreement to create and produce perfumes under the Balmain brand and distribute them worldwide.
Signature of a license agreement to create and produce perfumes under the Repetto brand and distribute them worldwide.

2012
Discontinuation of the Burberry license agreement before the expiry date.
Signature of a license agreement to create and produce perfumes under the Karl Lagerfeld brand and distribute them worldwide.

2015
Signature of a license agreement to create and produce perfumes under the Coach name and distribute them worldwide.
Acquisition of the Rochas trademark and brand name for class 3 (perfumes make-up) and class 25 (fashion) products.

2016
Extension of the S.T. Dupont license agreement.
Extension of the Montblanc license agreement.

2017
Extension of the Paul Smith license agreement.
Extension of the Jimmy Choo license agreement.

8

Nominations and Corporate Awards

1997
"Prix Cristal" for the transparency in financial information
(French Institute of Statutory Auditors – *Compagnie Nationale des Commissaires aux Comptes*)

1998
Nomination for the award for the best annual report
(La Vie Financière)

1999
"Grand Prize for Entrepreneurs" award for international growth
(Ernst & Young – L'Entreprise)

2001
Oscar for financial performance
(Cosmétique Magazine)

2002
Nomination for the innovation award
(KPMG – La Tribune)

Nomination for the "Boldness and Creativity Prize"
(Fimalac – Journal des Finances)

2003
Nomination for the "Boldness and Creativity Prize"
(Fimalac – Journal des Finances)

2005
Nomination for the "Boldness and Creativity Prize"
(Fimalac – Journal des Finances)

"Grand Prize for Entrepreneurs – Région Île-de-France" award

2007
Investor Relations Prize for the Small and Mid Caps category
(Forum de la Communication Financière)

3rd Prize Boursoscan award for financial communications for the Small and Mid Caps category
(Boursorama – Opinion Way)

2010
Trophée Relations Investisseurs – Best Investor Relations Award for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2011
Special Award for Inspiration of the Great Place to Work Institute
(Institut Great Place to Work® – Le Figaro Économie)

Mid Cap Corporate Governance Prize
(Agefi)

"Boldness and Creativity Prize" given at an award ceremony by French Prime Minister, François Fillon
(Fimalac – Journal des Finances)

2012
Trophée Relations Investisseurs – Best Investor Relations Award for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2013
Trophée Relations Investisseurs – 3rd Prize for "Best Investor Relations for the Mid Cap category"
(Forum des Relations Investisseurs et Communication Financière)

2015
Trophée Relations Investisseurs – Best Investor Relations Award for the Mid Cap category
(Forum des Relations Investisseurs et Communication Financière)

2016
Trophée Relations Investisseurs – 3rd Prize for the "Best Investor Relations by a CEO"
(Forum des Relations Investisseurs et Communication Financière)

2017
Trophée Relations Investisseurs – 2nd Prize for "Best Investor Relations for the Mid Cap category"
(Forum des Relations Investisseurs et Communication Financière)

9

Auditors and responsibility statements

1 • Auditors

The Statutory Auditors having issued reports on the parent company and consolidated financial statements are:

Mazars
61 Rue Henri Regnault
92400 Courbevoie
Represented by Guillaume Wadoux
Appointed by the AGM of December 1, 2004
Reappointed by the AGM of April 22, 2013
Expiration date: 2019 AGM

SFECO & Fiducia Audit
50 rue de Picpus
75012 Paris
Represented by Roger Berdugo
Appointed by the AGM of May 19, 1995
Reappointed by the AGM of April 22, 2013
Expiration date: 2019 AGM

The alternate Auditors are respectively:

Jean Maurice El Nouchi
61 Rue Henri Regnault
92400 Courbevoie
Appointed by the AGM of December 1, 2004
Reappointed by the AGM of April 22, 2013
Expiration date: 2019 AGM

Serge Azan
16 rue Daubigny
75017 Paris
Appointed by the AGM of May 19, 1995
Reappointed by the AGM of April 22, 2013
Expiration date: 2019 AGM

Auditors' fees are described in note 6.6 to the consolidated financial statements.

2 • Responsibility statement for the registration document

"I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information in this registration document is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and consolidated companies and that the management report included in part one of this registration document faithfully presents business trends, the results and financial position of the company and the description of the main risks and uncertainties.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial situation and accounts presented in this registration document and read the entire registration document."

Philippe Santi

Executive Vice President

3 • Executive officer responsible for financial information

Philippe Santi

Executive Vice President
psanti@interparfums.fr
00 (33)1 53 77 00 00

Requests for information

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To receive information or be added to the company's financial communications mailing list contact the Investor Relations department (attention: Karine Marty):

Telephone: +33 1 53 77 00 99
Fax: +33 (0)1 40 74 08 42
From the website: www.interparfums.fr

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Design: Agence Marc Praquin

Boucheron
Coach
Jimmy Choo
Karl Lagerfeld
Lanvin
Montblanc
Paul Smith
Repetto
Rochas
S.T. Dupont
Van Cleef & Arpels

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