PUIG

PUIG

REPORTS 2023 PUIG BRANDS

These reports are translations of reports originally issued in Spanish. In the event of any discrepancy, the Spanish language version prevails.
The auditor's report on the individual financial statements of Puig Brands, S.A. and the individual financial statements of Puig Brands, S.A. have not been translated to English but can be found on the CNMV website in Spanish

Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

PUIG BRANDS, S.A. and SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2023

Building a better
working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of PUIG BRANDS, S.A.:

Opinion

We have audited the consolidated financial statements of PUIG BRANDS, S.A. (the Parent company) and Subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and consolidated financial position of the Group at December 31, 2023, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework for financial information applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Revenue recognition

Description

As described in Note 3.13 to the accompanying consolidated financial statements, the Group recognizes revenue from sales carried out net of tax, refunds, discounts and allowances accrued. Additionally, revenue is recognized when the risks and rewards inherent to the ownership of the goods sold are transferred to the customers. Within the Group's commercial activity, it is usual to establish commercial collaboration agreements with customers.

In this regard, the contractual conditions derived from the commercial collaboration agreements with customers give rise to adjustments to the sales associated with said agreements, which generates complexity in the estimation.

As a result, we have considered this area a relevant audit issue.

Our response

In this regard, our audit procedures for this area consisted, among others, in:

- Understanding the revenue recognition policies and procedures, and their application, including an analysis of the effectiveness of the controls relevant to the Group's revenue recognition process.
- Performing analytical substantive procedures consisting in a review of the evolution of gross sales and discounts, refunds and allowances, as well as actual margins, comparing them with budgeted data.
- Analyzing and discussing with Management the relevant commercial agreements that include conditions regarding discounts, refunds and allowances, as well as the assumptions used in the measurement estimates made.
- Reviewing the most relevant estimates made regarding said commercial agreements at year end through customer confirmation or alternative procedures.
- Performing cut-off procedures for a sample of revenues at year end in order to conclude whether they were recognized in accordance with the corresponding actual flow of goods.
- Analyzing other adjustments or refunds issued after the reporting date.
- Performing specific procedures for analyzing accounting entries on the journal related to the Company's revenue. These procedures have been carried out paying special attention to the entries recorded at year end on a non-recurring basis, whether due to type, amount, date of realization, user responsible for them, concept, or accounting balancing entry, among other aspects.

Measurement of intangible assets and liabilities arisen as a result of business combinations

Description	The Group has a significant amount of intangible assets and liabilities arisen as a result of business combinations. Specifically, at December 31, 2023 the Group has brands and goodwill amounting to 3,918,727 thousand euros (Note 15) and liabilities arisen as a result of business combinations amounting to 2,177,665 thousand euros recorded as non-current (Note 25) and 207,006 thousand euros recorded as current (Note 27). At least annually, Group Management analyzes the recoverable amount of each significant Cash Generating Unit (CGU). The purpose of this analysis is to conclude on whether it is necessary to record an impairment loss on the carrying amount of said intangible assets. For the purposes of this analysis, Group Management drafts calculation models to establish the potential impairment of said assets. The methodology used is based on the discount of cash flows at a risk-free rate. The breakdown of the balance, movements and recoverability analysis of the brands and goodwill are disclosed in Note 15 to the accompanying consolidated financial statements. In turn, Group Management discounts the fair value of liabilities arisen as a result of business combinations based on financial projections for the acquired businesses. We have considered these areas a relevant audit matter since the analyses performed by Group Management are subject to complex estimates and projections derived from future results of the acquired businesses.
Our response	Our audit procedures for this area consisted, among others, in: ▶ Reviewing, in collaboration with our valuation experts, the reasonableness of the methodology used by Management in the preparation of the discounted cash flows of each brand or cash-generating unit, covering, specifically, the discount rate used and the long-term growth rate. ▶ Reviewing projected the financial information in each brand's business by analyzing: - historical projected financial information, - current market circumstances and our expectations about their potential evolution and public information provided by other companies in the industry. ▶ Reviewing the integrity and measurement of the liabilities arisen as a result of the business combination in accordance with projected financial information. ▶ Reviewing the disclosures included in the notes to the consolidated financial statements for the year regarding the measurement of the liabilities recorded and the recoverability analysis of the brands or cash-generating units in accordance with the requirements established in IFRSs 9 and 10 and IAS 36.

Other matters

In compliance with Spanish mercantile law, for comparative purposes the Parent Company's directors have included alongside the financial information for 2023, that corresponding to the prior year. In this regard, Note 2 to the consolidated financial statements states that, as a result of the group's reorganization process, the comparative balances for the year 2022 are in essence those presented in the 2022 consolidated financial statements of Puig, S.L. and Subsidiaries. On March 23, 2023 we issued our audit report on the 2022 consolidated financial statements of Puig, S.L. and Subsidiaries.

Other information: Consolidated management report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the Parent Company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a) Checking only that the consolidated non-financial information statement was provided as stipulated by applicable regulations and, if not, disclose this fact.

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the Parent Company's directors for the consolidated financial statements

The directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Parent Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Parent Company.

- Conclude on the appropriateness of the Parent Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent Company's directors, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.
(Signature on the original in Spanish)

Francesc Maynou Fernández

April 5, 2024

PUIG BRANDS, S.A.
AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR ENDED

DECEMBER 31, 2023

(Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails)

CONTENTS

01.

ANNUAL ACCOUNTS CONSOLIDATED

02.

01.

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEET

As of December 31, 2023 and December 31, 2022

(Thousands of euros)	Notes	2023	2022
ASSETS			
Property, plant and equipment	14	326,341	271,094
Intangible assets	15	4,114,267	4,062,277
Right-of-use assets	16	287,922	239,873
Investments in associates and joint ventures	17	375,212	344,824
Financial investments	18	16,359	14,154
Other non-current assets	18	131,444	102,615
Deferred tax assets	13	146,562	123,897
Total non-current assets		**5,398,107**	**5,158,734**
Inventories	19	788,866	626,333
Trade accounts receivables	18	484,705	387,936
Other current assets	20	186,709	232,059
Cash and cash equivalents	21	852,901	710,050
Total current assets		**2,313,181**	**1,956,378**
TOTAL ASSETS		**7,711,288**	**7,115,112**
LIABILITIES			
Share Capital	22	144,000	114,700
Reserves and retained earnings		1,087,933	877,796
Unrealized gains (losses) reserve		10,935	30,255
Treasury shares		(105,907)	-
Interim dividend		(80,000)	-
Cumulative translation adjustment		(107,055)	(77,902)
Equity attributable to the Parent Company		**949,906**	**944,849**
Non-controlling interests	22	9,303	6,748
Total equity		**959,209**	**951,597**
Bank borrowings	23	1,788,846	1,662,311
Deferred tax liabilities	13	553,741	552,629
Provisions and other liabilities	25	2,759,606	2,753,941
Total non-current liabilities		**5,102,193**	**4,968,881**
Bank borrowings	23	358,371	177,001
Trade accounts payable		212,072	238,887
Other current liabilities	27	1,024,124	749,650
Income Tax	13	55,319	29,096
Total current liabilities		**1,649,886**	**1,194,634**
TOTAL LIABILITIES AND EQUITY		**7,711,288**	**7,115,112**

Notes 1 to 32 of the attached Consolidated Report form an integral part of the Consolidated Balance Sheet as of December 31, 2023 and 2022.

CONSOLIDATED INCOME STATEMENT

For the years ended December 31, 2023 and December 31, 2022

(Thousands of euros)	Notes	2023	2022
Net Revenues	5 - 6 - 7	**4,304,067**	**3,619,603**
Cost of sales	8	(1,088,904)	(926,969)
Gross profit		**3,215,163**	**2,692,634**
Distribution expenses		(217,685)	(221,663)
Advertising and promotion expenses		(1,338,144)	(1,099,676)
Selling, general and administrative expenses		(966,364)	(834,800)
Operating profit		**692,970**	**536,495**
Other operating income and expenses	9	(13,764)	(43,528)
Operational profit		**679,206**	**492,967**
Financial result	12	(87,403)	(34,864)
Result from associates and joint ventures and impairment of financial assets	17	51,347	55,621
Profit before tax		**643,150**	**513,724**
Income tax	13	(143,262)	(101,201)
Net Profit for the year		**499,888**	**412,523**
Non-controlling interests		(34,679)	(13,033)
Net profit attributable to the Parent Company		**465,209**	**399,490**

Notes 1 to 32 of the attached Consolidated Report form an integral part of the Consolidated Income Statement as of December 31, 2023 and 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and December 31, 2022

(Thousands of euros)	Notes	2023	2022
Profit / (loss) for the year		**499,888**	**412,523**
Net gains (losses) from cash flow hedges		(23,541)	50,644
Income tax on items that may be reclassified to the income statement		6,618	(11,931)
Translation diffference gain / (losses)		(28,491)	(4,355)
Items that may be reclassified to the income statement		**(45,414)**	**43,068**
Financial instruments at fair value through equity		(2,397)	-
Items that may not be reclassified to the income statement		**(2,397)**	-
Total consolidated comprehensive income for the year		**452,077**	**455,591**
Attributed to:			
The Parent Company		417,610	442,558
Non-controlling interests		34,467	13,033

Notes 1 to 32 of the attached Consolidated Report form an integral part of the Consolidated Statement of Comprehensive Income as of December 31, 2023 and 2022.

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

For the years ended December 31, 2023 and December 31, 2022

	Attributable to the Parent Company (Note 22)							
(Thousands of euros)	**Capital**	**Reserves**	**Interim dividend**	**Treasury Shares**	**Unrealized gains (losses) reserve**	**Cumulative translation adjustment**	**Non-controlling interests**	**Total**
Balance at December 31, 2021	**4,203**	**1,127,890**	**-**	**-**	**(8,458)**	**(83,220)**	**8,068**	**1,048,483**
Total consolidated comprehensive profit for the year	-	399,490	-	-	38,713	4,355	13,033	455,591
Transactions with shareholders								
Capital increase	110,497	(110,497)	-	-	-	-	-	-
Dividends paid	-	(110,000)	-	-	-	-	(22,005)	(132,005)
Acquisition of non-controlling interests	-	(7,989)	-	-	-	-	(2,292)	(10,281)
Business combinations	-	-	-	-	-	-	428,915	428,915
Other changes in equity								
Put and call options	-	(410,085)	-	-	-	-	-	(410,085)
Reclassification of non-controlling interests	-	(9,944)	-	-	-	-	9,944	-
Other changes in equity	-	(1,069)	-	-	-	963	(428,915)	(429,021)
Balance at December 31, 2022	**114,700**	**877,796**	**-**	**-**	**30,255**	**(77,902)**	**6,748**	**951,597**
Total consolidated comprehensive profit for the year	-	465,209	-	-	(19,320)	(28,279)	34,467	452,077
Transactions with shareholders								
Capital increase	29,300	(29,300)	-	-	-	-	-	-
Shareholders contributions		80,601	-	-	-	-	-	80,601
Dividend paid	-	(80,000)	(80,000)	-	-	-	(21,323)	(181,323)
Equity shares	-	(238,868)	-	(105,907)	-	-		(344,775)
Acquisition of non-controlling interests	-	(4,840)	-	-	-	-	(198)	(5,038)
Other changes in equity								
Put and call options	-	1,542	-	-	-	-	-	1.542
Reclassification of non-controlling interests	-	11,265	-	-	-	(874)	(10,391)	-
Other changes in equity	-	4,528	-	-	-	-	-	4.528
Balance at December 31, 2023	**144,000**	**1,087,933**	**(80,000)**	**(105,907)**	**10,935**	**(107,055)**	**9,303**	**959,209**

Notes 1 to 32 of the attached Consolidated Report form an integral part of the Statement of changes in consolidated equity as of December 31, 2023 and 2022.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2023 and December 31, 2022

(Thousands of euros)	Notes	2023	2022
Cash flows from operating activities			
Profit/(loss) attributable to the Parent Company		465,209	399,490
Profit/(loss) attributable to non-controlling interests		34,679	13,033
Adjustments to the result:			
Depreciation and amortization	11	169,704	144,953
Deferred tax expense / income	13	(19,370)	(32,774)
Other financial income and expenses		5,098	3,024
Financial expenses	12	54,364	17,340
Other adjustments		26,223	29,968
Capital gains and losses on disposal of assets		(457)	69
Other non-current assets and liabilities		66,787	58,676
Profit / (Loss) from associates and joint ventures	17	(51,347)	(55,621)
Gross cash flow		750,890	578,158
Changes in working capital (net of changes in perimeter and items not subject to cash flow)		(194,416)	(158,424)
Net cash flow from operating activities (I)		**556,474**	**419,734**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible	14 - 15	(177,919)	(151,587)
Disposals of property, plant and equipment and intangible		1,391	538
Dividends received	17	25,464	19,934
Changes in other financial assets	18	(4,602)	(9,454)
Business combinations (net of cash)	4	-	(840,189)
Acquisition of non-controlling interests		(51,900)	(42,208)
Loans issued to related parties (net)		(79,082)	(24,597)
Net cash flow from investing activities (II)		**(286,648)**	**(1,047,563)**
Cash flows from financing activities			
Treasury shares	22	(108,392)	-
Dividends paid	22	(181,323)	(132,005)
Issuance of bank borrowings	23	429,780	993,102
Repayment of bank borrowings and interests	23	(175,307)	(164,421)
Repayment of lease debt	16	(62,767)	(52,140)
Net cash from financing activities (III)		**(98,009)**	**644,536**
Net effect of changes in exchange rates (IV)		**(28,966)**	**684**
Change in cash and cash equivalents (I + II + III + IV)		**142,851**	**17,391**
Total cash and cash equivalents at the beginning of the year		**710,050**	**692,659**
Total cash and cash equivalents at the end of the year		**852,901**	**710,050**

Notes 1 to 32 of the attached Consolidated Report form an integral part of the Consolidated Statement of Cash Flows as of December 31, 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. CORPORATE INFORMATION

1.1 Preparation of the consolidated annual accounts of Puig Brands

Puig Brands, S.A. ("Parent Company", the "Company", "Puig Brands" or "the Company"), formerly Jorba B.V., was established on February 25, 1983. On November 20, 2015 it changed its corporate name to Jorba Perfumes, S.L. Sociedad Unipersonal. The Company changed its registered office on December 18, 2015, and is currently located at Plaza Europa 46-48 in L'Hospitalet de Llobregat, Barcelona, Spain. On November 8, 2022, Puig, S.L., the sole shareholder of Puig Brands ("Sole Shareholder" or Puig, S.L.), approved the transformation of the Company into a public limited company, and, on March 20, 2023, decided to change the corporate name to Puig Brands S.A. Sociedad Unipersonal.

The consolidated annual accounts and the consolidated management report of Puig Brands and subsidiaries (hereinafter "Puig" or "the Group") corresponding to the financial year ended December 31, 2023 have been prepared by the directors of Puig Brands on March 19, 2024 in Barcelona.

Until December 31, 2022, the ultimate parent company of the Group for accounting purposes was Puig S.L., whose consolidated annual accounts for the year ended December 31, 2022 were audited at that level by Ernst & Young, S.L. On June 30, 2022, Puig, S.L. contributed its businesses to Puig Brands, S.A. (see further explanation about the contribution in notes 1.2 and 2.1). Since 2023, being the first full year after the contribution was consummated, the Company has been the parent company of the Group, and has prepared for the first time its own consolidated annual accounts as of and for the year ended December 31, 2023.

1.2 Internal reorganization

<u>Contribution of Puig, S.L. to Puig Brands, S.A.</u>

On June 30, 2022, Puig, S.L. transferred to Puig Brands substantially all its business activities, pursuant to a capital increase of the Company made through a non-monetary contribution (the "Contribution"), amounting to 2,321,369 thousand euros (110,497 thousand euros in share capital and 2,210,872 thousand euros in share premium). Such capital increase was executed through a deed issued by a notary and then registered with the Commercial Registry of Barcelona on July 6, 2022.

The business activities transferred in the Contribution included:

- Investments in group and associated companies (including assets and liabilities, as well as the personnel required to perform such functions).
- Centralized financing activities (including assets and liabilities, as well as the personnel required to perform such functions).

As indicated in Note 2, the Company has prepared the consolidated annual accounts under the International Financial Reporting Standards adopted by the European Union (IFRS-EU), and for presentation purposes, as indicated in Note 2, it has been considered that the Group is the result of a reorganization of the pre-existing group Puig, S.L. ("Pre-existing Group") in which the Contribution has not resulted in a change of shareholder, and therefore, these consolidated annual accounts are, in essence, a continuation of the operations of the aforementioned pre-existing Group.

Therefore, for the purposes of the consolidated annual accounts of Puig Brands, the transactions within the scope of the Contribution have been accounted for as of December 31, 2021 and for the year ended December 31, 2022, based on the values of said transactions in the consolidated annual accounts of Puig, S.L. (since the Contribution took place on June 30, 2022).

1.3 History

Puig is a global player in the premium beauty industry, home of iconic brands in the fragrance and fashion, makeup and skincare business categories.
Since 1914, the Puig Family has run the family business. The Puig Family is the backbone of the Company's values, which have been passed on for the last three generations. Their entrepreneurial spirit, creativity and passion for innovation have made Puig a reference in the field of beauty and fashion. Present in the fragrance and fashion, make-up, and skincare business categories, its brands are re-inforced by a powerful ecosystem of founders and generate engagement through storytelling that connects with people's emotions.

At Puig we honour the values and principles put in place by three generations of family leadership. Today we continue to build on that legacy, through conscious commitments in our ESG (Environmental, Social and Governance) agenda, aligned with the Union Nations Sustainable Development Goals.

Puig operates across three segments: Fragrance & Fashion, Make-up and Skincare through owned and licensed brands. Puig is based on a unique system of brands, led by unique personalities, with whom it establishes lasting and productive relationships, through shared values and the same brand building vision. Most of the business generated by Puig is built on its owned brands, highlighting Carolina Herrera, Jean Paul Gaultier, Rabanne, Charlotte Tilbury, Nina Ricci, Dries Van Noten, Penhaligon's, L'Artisan Parfumeur, Kama Ayurveda, Loto del Sur, Byredo, Apivita and Uriage. Additionally, Puig markets licensed brands products, mainly Christian Louboutin, Adolfo Dominguez, Antonio Banderas.

In addition, Puig owns minority interests in other entities, with the most relevant ones being ISDIN, S.A., Ponteland Distribuçao, S.A. (Granado) and Sociedad Textil Lonia, S.A.

As a home of highly desirable premium brands, and to ensure that the identity of each brand is reflected at all stages, Puig is present in every stage of the value chain, relying on the knowledge and infrastruc-ture of leading suppliers and partner.

The Company's ambition and determination have underpinned its international expansion since 1962, when it founded its first subsidiary outside Spain, and have helped it extend its activity across all continents. This extensive global presence is managed from the Barcelona headquarters. Puig has production plants in Europe (6) and India (1), with brand headquarters and subsidiaries in 32 countries.

2. BASIS OF PRESENTATION

2.1 Basis of presentation

The consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards (hereinafter, IFRS), adopted by the European Union (EU-IFRS).

The consolidated annual accounts are presented, unless expressly mentioned, in thousands of euros.

Puig Brands had never before prepared consolidated annual accounts. Until the year ended December 31, 2022, the consolidated annual accounts were approved and audited at the level of Puig, S.L., Sole Shareholder of the Company. Consequently, Puig Brands, S.A. was exempted from preparing consolidated annual accounts, since consolidated annual accounts for the larger group were prepared in accordance with the International Financial Reporting Standards (hereinafter, IFRS), adopted by the European Union (EU IFRS).

These consolidated annual accounts have been prepared under the going concern principle, in the absence of doubts about the Company's ability to continue its operations.
As indicated in Note 1, Puig Brands became the parent of the Group, after the Contribution was executed as of June 30, 2022, with no change in economic substance or real alteration of the composition of the Group's property.

In this sense, the Sole Shareholder considered that Puig Brands' Group is the result of a reorganization of the pre-existing Group, in which the Contribution did not produced a change in control, so these consolidated annual accounts are, in essence, a continuation of the operations of the pre-existing Group. As a consequence, and pursuant to paragraph 10 of IAS 8 on the definition of an accounting policy for transactions not regulated by the IFRS-EU, the Sole Shareholder considered for the purposes of the consolidated annual accounts of the Puig Brands Group, that although the Contribution took place on June 30 2022, the transactions carried out by the businesses contributed to Puig Brands have been accounted for since December 31 2021, and for the year ended December 31, 2022, based on the values of the transactions that these companies had in the consolidated annual accounts of Puig, S.L.

For the purposes of the comparative figures of these consolidated annual accounts, the Contribution of Puig, S.L. to Puig Brands, S.A. has been accounted for retrospectively, as if it had occurred since December 31, 2021, since in essence said Contribution is a continuation of the pre-existing Group, without a change in economic substance or a real alteration in its composition.

The following sections describe the accounting implications of the Contribution described in Note 1, for the purposes of these consolidated annual accounts:

2.1.1 Consolidated balance sheet and statement of changes in equity

The only equity difference between the consolidated balance sheets of Puig Brands, S.A. and Puig, S.L. were certain financial assets linked to equity instruments and related liabilities not contributed to Puig Brands, S.A. whose net impact as of December 31, 2021 amounted to 4.8 million euros ((9.3) million euros as of December 31, 2022) and the result of Puig, S.L. between July 1, 2022 and December 31, 2022 (0.1 million euros) not contributed to Puig Brands, S.A.

Regarding the consolidated statement of changes in equity for the year ended December 31, 2022, based on the aforementioned description of the Contribution, as described in Note 1, it is presented as of June 30, 2022, as an increase in share capital and share premium against a deduction of accumulated reserves.

The distribution of dividends amounting to 110 million euros carried out in 2022, paid to Puig, S.L. shareholders before the Contribution, is treated, for accounting purposes, as a dividend paid by Puig Brands, S.A.

The consolidated balance sheet and the statement of changes in consolidated equity as of December 31, 2023 of Puig Brands, S.A. and subsidiaries have been prepared based on the legal consolidated perimeter, as the internal reorganization described in Note 1 occurred in prior years.

2.1.2 Consolidated income statement, Consolidated Statement of Comprehensive income and consolidated cash flow statement

The consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended December 31, 2022 of Puig Brands, S.A. and subsidiaries correspond to the consolidated income statements, the consolidated statement of comprehensive income and the consolidated statement of cash flows of Puig, S.L. for fiscal year 2022(1), as if the Contribution described in Note 1 had occurred at the beginning of said period (based on the accounting treatment explained in Note 2.1 above). In this regard, the equity of Puig Brands, S.A. after the Contribution was executed as of June 30, 2022, incorporates (in other reserves through non-monetary contributions) the accumulated reserves and full results of Puig, S.L., as substantially all its business activities of the pre-existing Group were contributed to Puig Brands as per the Contribution (see Note 1).

The consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended December 31, 2023 of Puig Brands, S.A. and subsidiaries have been prepared based on the legal consolidated perimeter, as the internal reorganization described in Note 1 occurred in prior years.

(1) Except for the results generated after the Contribution in the amount of 0.1 million euros (period July-December 2022) and certain reclassifications made in the consolidated cash flow statements to align the presentation in accordance with IFRS 7.

2.2 Basis of consolidation

The consolidated annual accounts corresponding to the financial year ended December 31, 2023 have been prepared in accordance with EU-IFRS.

As described in Note 2.1. above, the Contribution has been treated as a "Business Combination under common control" (see Note 3.2), and consequently, the transactions carried out by the subsidiaries of Puig Brands have been accounted for as of December 31, 2021 and for the annual fiscal year ended on December 31, 2022, based on the values of the transactions that said companies had in the pre-existing Group.

Subsidiaries are entities over which the Company has control and, therefore, the power to govern their financial and operating policies. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the effective acquisition date.

Control is defined over three elements that must be complied with: having power on the relevant activity of the subsidiary, exposure, or the right to variable returns from its investment, and the ability to use such power to influence on those returns.

The share of non-controlling interests of the equity and income of the subsidiaries is under "Non-controlling interests" in the Consolidated Balance Sheet and "Profit attributable to non-controlling interests" in the Consolidated Income Statement.

All the intercompany balances and transactions have been eliminated, including unrealized profits arising from intragroup transactions.

Each of the companies included in the scope of consolidation prepares its annual accounts and other accounting records in accordance with the corresponding reporting standards, based on the legislation in force in the country of origin. Where these recognition and measurement criteria differ from those adopted by the Company in preparing its consolidated financial statements, they are adjusted to present the consolidated financial statements using uniform accounting policies.

The financial statements of companies with a functional currency other than the euro have been translated as follows:

- Assets and liabilities are translated into euros at the exchange rates prevailing at year-end.
- Items composing the equity of these companies are translated to euros at the historical exchange rates used by Puig, S.L., as the pre-existing Group, in the preparation of their historical consolidated annual accounts.
- Income and expenses are translated into euros using the average exchange rate for the year.

The differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

Associates, in which Puig does not have control but has significant influence, have been accounted for using the equity method. For consolidation accounting purposes, it has been estimated that Puig has significant influence when holding more than 20% of companies' share capital and/or it can be verified that such significant influence exists.

Subsidiaries are consolidated from the date on which control is transferred and cease to be consolidated when such control disappears (before the date of the Contribution, assessment of control was performed at the Puig, S.L. level, as the pre-existing Group). In the event of a loss of control over a subsidiary, the consolidated financial statements incorporate the results of said subsidiary for the portion of the reporting year in which Puig still held the control.

Almost all the entities included in the scope of consolidation have December 31st financial year ends. The financial statements of the entities whose yearly closing does not coincide with that of the Company have been duly adapted. The accounting principles used by subsidiaries and associates have been adapted in the consolidation process to make them coincide with those applied by the Company.

All the companies included in the scope of consolidation have been consolidated using the full consolidation method, except for the groups Ponteland Distribuçao, S.A. (Granado), Sociedad Textil Lonia, S.A., Isdin, S.A. and Beijing Yitian Shidai Trading, Co, LLC, which have been consolidated using the equity method.

Since June and July 2022, Cosmetika S.A.S. and Kama Ayurveda Private Ltd have been consolidated using the full consolidation method once the Company took control of both companies (Note 4). Until June and July 2022, both companies were consolidated using the equity method, as the Group had a significant influence over those entities, in which it held a minority interest.

2.3 Changes in accounting policies and information breakdowns

The consolidated annual accounts for the year ended December 31, 2023 have been prepared in accordance with EU-IFRS.
The accounting policies used in the preparation of the consolidated annual accounts are the same as those applied in the consolidated annual accounts of Puig, S.L., and its subsidiaries, except for the following standards, interpretations and amendments that have been applied for the first time this exercise.

a) Standards and interpretations approved by the European Union applied for the first time in 2023

Puig has not experienced significant impacts on these consolidated annual accounts.

b) Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

This amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions giving rise to deductible and taxable temporary differences. Therefore, deferred tax assets and deferred tax liabilities associated with i) right-of-use assets and lease liabilities, and ii) decommissioning, restoration and similar liabilities should be recognized, and the amounts recognized as part of the cost of related assets.

The recognition of these deferred taxes is applied retrospectively in the comparative figures presented. The impact on these consolidated annual accounts, as a whole, is not material (4 million euros of increase in reserves).

c) Amendments to IAS 1 and IFRIC Practice Statement 2 - Disclosure of Accounting Policies

In these amendments, the IASB has included guidance and examples for exercising judgment in identifying which accounting policies are material. The amendments replace the criterion of disclosing significant accounting policies with material accounting policies. They also provide guidance on how to apply the concept of materiality to determine which accounting policies qualify as such.

d) Standards and interpretations issued by the IASB but not applicable in 2023

Puig intends to adopt the standards, interpretations, and amendments to standards issued by the IASB that are not mandatorily applicable in the European Union when they become effective if they are applicable. Although Puig is currently analysing their impact, based on the analyses conducted to date, it estimates that their initial application will not have a significant impact on its consolidated financial statements.

2.4 Scope of consolidation

For the purposes of the consolidated annual accounts, the perimeter changes have been considered as follows:

- For the year ended December 31, 2022, changes in perimeter are considered to be changes that occurred in Puig, S.L., as head of the pre-existing Group.
- For the year ended December 31, 2023, changes in the perimeter are considered changes that occurred at the Puig Brands level.

For fiscal year 2023, there have been no significant changes compared to fiscal year 2022.
The main changes that occurred during the year ended December 31, 2022 are summarized below, as indicated in Note 4:

a. Byredo:

Acquisition of a 77% stake in Byredo AB, thereby obtaining control of the group of which this company is the parent.

b. Loto del Sur and Kama:

- Acquisition of an additional 31.7% stake in Cosmetika S.A.S. (Loto del Sur), on top of the 35% acquired by the Group in 2019.
- Acquisition of an additional 36% stake in Kama Ayurveda Private Ltd, on top of the 49% stake acquired by the Group in 2019.

Based on the above, the Group obtained control of both companies, Loto del Sur and Kama, in 2022, and since then integrated those businesses, using the full consolidation method (formerly they were accounted as equity method investments).

ACCOUNTING POLICIES

The consolidated annual accounts have been prepared by the Directors of the Parent Company, in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) as of December 31, 2023.
In accordance with the amendments to IAS 1, effective January 1, 2023, the material accounting policies and estimates used in the consolidated financial statements are identified below.

3.1 Business combinations - Put and call options concerning minority shareholder interests

When a business is purchased, its assets, liabilities and contingent liabilities are measured at fair value at their acquisition date, as provided on IFRS 3, Business Combinations. When performing the purchase price allocation for the business combination, Puig records the identified intangible assets like brands or customer relationships. Any excess in the cost of acquisition over the fair values of the identified net assets is recognised as goodwill. If the cost of acquisition is lower than the fair value of the identifiable net assets, the difference is credited to profit or loss on the acquisition date.

At the business combination date, variable contingent consideration is estimated. Subsequently, differences are recorded in profit and loss.

The interest of non-controlling shareholders is stated at their proportion of the fair value of the assets and liabilities recognised. After initial recognition, non-controlling interests are adjusted by the profit / loss obtained.

On business combinations executed in stages, previous investments are valued at fair value with differences recorded in profit and loss.

In recent years, Puig has carried out business combinations in which it obtained the majority of voting (and economic) rights in entities like Charlotte Tilbury or Byredo AB, among others, thereby gaining control over these businesses (Note 4). In these transactions, specific purchase put-call options were agreed for the acquisition of the remaining stake.

When Puig acquires a business without obtaining all its voting shares, but agrees a put and call option to acquire the minority stake in the future, and if the terms and conditions of the contract permit it, Puig follows IFRS 10 as outlined below:

a. It calculates the value at which the non-controlling interests (minorities) should have been recorded according to IFRS 10.

a. Subsequently, at the year-end closing, minority interests are accounted for as if they were acquired on that date.

a. A financial liability is recognized for the current value of the amount payable as consideration for the exercise of the minority's put option, as an acquisition of minorities. The revaluation of the financial liability is reflected in consolidated equity.

In subsequent years to the acquisition, Puig recognizes the amount of profit attributable to minority interests in the consolidated income statement and subsequently reclassifies the minority interest as reserves.

3.2 Business combinations under common control (CCC)

Paragraph 2 of IFRS 3 excludes business combinations under common control from the scope of business combinations.

Paragraph 10 of IAS 8 states that in the absence of an IFRS that is specifically applicable to a transaction or other events or conditions, the Directors of the Parent Company must use their judgment in the development and application of an accounting policy, in order to provide information that is relevant and reliable.

Following practices generally used in the market, and which result in compliance with the requirements described above, the Company accounts for the CCCs using the pooling of interest method, based on the following criteria:

Assets and liabilities are recorded at the amounts that reflect their book values in accordance with the IFRS-EU on the date of the business combinations under common control, at the level of the consolidated accounts of the previous group owner. This implies that no fair value adjustments are made, and that no assets or liabilities are recognized, other than those that would have been recognized in the financial statements of the previous group owner, on the date of the business combination at the previous group owner. The only adjustments made are those necessary to standardize the accounting policies used at the level of the consolidated accounts of the previous group owner.

3.3 Interests in associates and joint ventures

Puig's investments in associates and joint ventures are accounted for using the equity method.

Associates, in which Puig does not have control but has significant influence, have been accounted for using the equity method. For consolidation accounting purposes, it has been estimated that Puig has significant influence when holding more than 20% of companies' share capital and/or it can be verified that such significant influence exists. Associates are defined in Note 2 and Annex I.

Joint ventures are those entities over whose activities Puig has joint control, established by contractual arrangement. According to IFRS 11, Joint Arrangements, these entities are accounted for using the equity method in the consolidated financial statements.

The value of these investments on the consolidated balance sheet implicitly includes, where applicable, the goodwill arising on their acquisition.

Puig evaluates annually the impairment of the investments in associates and joint ventures.

3.4 Foreign currency translation

The financial statements of the standalone subsidiaries and associates are expressed in their functional currency. Note 2.2 provides a detailed explanation of how Puig has translated local currency into euros.

The main functional currencies other than the euro are the US dollar (USD) and the pound sterling (GBP). A detail of all the companies in the scope of consolidation and their corresponding functional currencies is included in Annex I.

The financial statements of Puig companies whose functional currency is the currency of a hyperinflationary economy (Argentina) are adjusted for inflation in accordance with the procedure described in the following paragraph prior to their translation to euros. Once restated, all the items of the financial statements are converted to euros using the closing exchange rate. Amounts shown for prior years for comparative purposes are not modified. All impacts are accounted for within currency translation differences in equity.

To determine the existence of hyperinflation, Puig assesses the qualitative characteristics of the economic environment of the country, such as the trends in inflation rates over the previous three years. The financial statements of companies whose functional currency is the currency of a hyperinflationary economy are adjusted to reflect the changes in purchasing power of the local currency, so that all items in the balance sheet not expressed in current terms (non-monetary items) are restated by applying a general price index at the financial statement closing date, and all income and expense, profit and loss are restated monthly by applying appropriate adjustment factors.

The exchange rate applied at the end of the year was the following:

Argentine peso	2023	2022
Closing exchange rate	894.7	189.8

3.5 Property, plant, and equipment

Property, plant and equipment are recorded at the lower of acquisition cost, net of its accumulated depreciation, and recoverable value.

Tangible fixed assets category	Depreciation method	Useful life
Buildings	Straight-line	33 years
Machinery and tools	Straight-line	4 to 10 years
Office furniture and other equipment	Straight-line	3 to 10 years

Expenditure relating to repairs or maintenance is included in the consolidated income statement. The costs of improvements or enhancements which extend the useful lives of the assets are capitalized.

The net carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the net carrying value may not be recoverable. If any such indication exists, and where the net carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The recoverable amount of plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks inherent to the asset. Impairment losses are recognized as an expense in the income statement.

3.6 Intangible asset other than goodwill

Brands acquired as a result of business combination are stated at their fair value at the acquisition date. Intangible assets are valued regularly to make sure that their net book value is not higher than their recoverable value, in which case a loss would be recorded.

The recoverable amount of intangible assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks inherent to the asset. Impairment losses are recognized as an expense in the income statement.

Depreciation of intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets, which are as follows:

Intangible assets	Depreciation method	Useful life
Brands	-	Indefinite
Software, ERP and other intangibles	Straight-line	3 to 5 years

Puig considers that its brands have an indefinite useful life since there is no foreseeable limit for the period over which the brands are expected to generate net cash inflows based on legal and competitive factors, since Puig's brands have a consolidated position in the market.

Where the recoverable amount of an asset is below its carrying amount, the carrying amount is written down to its recoverable amount. An impairment loss is immediately recognized in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, the increased carrying amount will not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in profit or loss.

3.7 Goodwill

Goodwill is initially accounted for as the difference between the value of the contribution made for the acquisition of business and the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is no longer amortized on application of IFRS 3. Instead, goodwill is internally tested annually unless impairment indicators are detected. Impairment indicators are for example significant differences between the business performance versus business plans and macroeconomic factors.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of cash flows have not been adjusted.

The composition of the Group's Cash Generating Units (CGUs) and the methodology for the impairment tests are explained in Note 15.

3.8 Inventory

Inventory is valued at the lower of cost and net realizable value.

The cost of inventory comprises all costs related to purchase and conversion and design, logistic and transportation costs and the necessary costs directly attributable to bring the inventory to its present location and condition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw material:	Purchase cost on a first-in, first-out basis

Finished goods and work in progress: Direct costs and a portion of indirect costs based on a normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to complete or perform the sale.

Obsolete and slow-moving products have been reduced to their estimated realizable value. This provision is based on product type, inventory turnover and expiry date.

3.9 Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are stated at their amortized value applying the effective interest rate method and bearing in mind emission expenses.

Derecognition of interest yield loans and credits
Puig derecognizes a previously recognized loan from the balance sheet when the obligation under the liability is extinguished because payment to the creditor for cancelling the debt has been made (through payments in cash or other goods or services) or because the debtor is legally released from any responsibility for the liability.

A loan is derecognized as follows: the difference between the carrying amount of the financial liability (or the part of it that has been derecognized) and the consideration paid, including any attributable transaction costs, which also has to include any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

Debt restructuring
In certain cases, Puig restructures its debt commitments to its creditors. For example: extending the maturity date of the principal in exchange for a higher interest rate, not paying and grouping interest in a single bullet payment of the principal and interest at the end of the life of the debt, etc.
There are several ways in which the terms on a debt may be changed:

– Immediate payment of the nominal amount (before maturity) followed by the refinancing of all or a portion of the nominal amount through a new debt ("exchange of debt").

– Modifying the terms of the debt agreement before maturity ("modification of debt").

In an exchange or modification of debt with the same creditor, Puig analyzes whether a substantial change in the terms on the original debt has occurred. If so, the accounting treatment is as follows

– the book value of the original financial liability (or of its corresponding portion) is derecognized from the balance sheet;

– the new financial liability is initially recognized at fair value;

– transaction costs are recognized in the income statement;

– the difference between the book value of the original financial liability (or the portion thereof that has been derecognized) and the fair value of the new liability is also recognized in the income statement.

On the contrary, if after the analysis, Puig concludes that both debts are not substantially different (they are essentially the same debt), the accounting treatment is as follows:

– the original financial liability is not derecognized (that is, it is kept on the balance sheet);

– the fees paid in the restructuring transaction are recorded as an adjustment to the debt’s carrying amount;

– the difference between the present value of cash flows excluding refinancing fees discounted at the effective interest rate prior to the refinancing and the previous amortized cost shall be presented as finance profit/(cost);

– a new effective interest rate is calculated as from the restructuring date. The amortized cost of a financial liability is determined by applying the effective interest rate, which equates the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

The contractual terms are considered to be substantially different, among others, when the present value of the cash flows from the new contract, including any commission paid, net of any commission received, differs by at least 10% of the present value of the cash flows yet to be paid on the original contract, when the effective interest rate of the original contract has been applied to both amounts.

Certain modifications to the determination of cash flows may not pass this quantitative analysis, but may also give rise to a substantial modification of the liability, such as: change from a fixed to a floating interest rate on the payment on the liability, restatement of the liability in a different currency, conversion of a loan at a fixed interest rate into a participation loan, among others.

3.10 Provisions

Provisions are recognized when:

- Puig has a present obligation (legal or implicit) as a result of a past event;
- It is probable that an economic outflow will be required to settle the obligation; and,
- A reliable estimate can be made of the amount of the obligation.

Provisions for restructuring costs are recognized when Puig has a formal plan for restructuring that has been notified to the affected parties.

If the effect of the cash temporary value is significant, the amount of the provision is discounted. Any increase in the provision value derived from the passing of time is recorded as “Financial expenses” in the consolidated income statement.

There are no risks giving rise to future significant contingencies that affect Puig and have not been considered in these financial statements.

Additionally, contingent liabilities are possible obligations arising as a consequence of past events, which may or may not occur depending on one or more future events beyond the Group's control. Unlike provisions, contingent liabilities are not recognized in the consolidated balance sheet but disclosed in the notes thereto unless they are not considered remote.

3.11 Post-employment benefits and shared-based payments

Post-employment pension plans

Puig has entered into post-employment pension plans with some of its employees.

Under defined contribution retirement plans, Puig pays fixed contributions on a current basis into a separate (third party) recognized pension fund and will have no obligation to pay further contributions. Such fixed contributions are recognized in the income statement on the due date.

Under defined benefit retirement plans, Puig is obliged to pay certain benefits upon retirement. The liabilities of Puig concerning defined benefit retirement plans, and the related service cost, are determined using the projected unit credit method. The following concepts are recognized in the income statement for the year: the service costs for the current year, costs due to interest, expected yield of any plan asset, cost of previous services, and the effect of any type of curtailments and settlements of the plan. Any actuarial gains and losses are recognized outside the income statement and presented in the statement of changes in equity according to IAS 19. The amount recognized in the balance sheet represents the present value of the defined benefit obligation, net of related assets.

Share appreciation plan

Puig has several "share appreciation rights" (SARs) for executives and employees. The related employee benefits expense is determined based on the fair value of the liability at the vesting date and it is recognized based on the best estimate made by Management. This expense is recognized over the stipulated period during which the services are rendered and adjusted based on actual employee rotation.

Most of the SARs plans grant the beneficiaries the right to choose whether the share-based payment transaction is settled in cash or by delivering equity instruments, and consequently, it meets the definition of a compound financial instrument, which includes a debt component and an equity component. In order to measure each component, the Company has concluded that there is always a cash event enforceable for the Company in relation to all shares granted, and consequently, the accounting for these plans has been treated as a cash settlement, being the equity component measured at nil.

In the case that the shares are finally acquired by the employees, crossed put and call options are put in place. For some plans, in the case of a public offering, the put and call options would no longer have any effect, except when lock up periods apply, in which case Puig retains a call option.

Some specific plans have been defined as cash-settled plans, as they are always settled in cash.

3.12 Leases

Puig leases are in line with market terms and conditions. The main types of lease agreements, as well as their main characteristics are described below:

- Offices and warehouses: contract terms include an average lease length between 10 and 15 years and fixed rent updated based on inflation rates. In some of these contracts Puig has unilateral option to extend from 5 to 10 years.

- Stores: contract terms include an average lease length between 3 and 12 years. Rent payments always include a fixed component and some of them also include a variable component linked to the sales of the respective store which is added to the fixed component.

- Cars: contract terms include an average lease length between 3 and 4 years and fixed rent updated based on inflation rates.

Variable lease payments, which do not depend on an index or rate, are not included in the measurement of the lease liability and the right-of-use asset, and are recorded as an operating expense as they are incurred.

At the commencement date of the lease, a right-of-use asset and a lease liability shall be recorded.

Initial valuation of the asset by right of use

At the commencement date of the lease, the right-of-use asset is measured at cost, which shall comprise:

a. The amount of the initial measurement of the lease liability.
b. Any lease payments made at or before the commencement date, less any lease incentives received.
c. Any initial direct costs incurred by the lessee.
d. An estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.
e. In the cases in which there are variable amounts, the minimum lease payment shall be considered in the price.

Initial measurement of the lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Puig's incremental borrowing rate shall be used. The lease payments included in the initial measurement of the lease liability comprise the following payments:

a. Fixed payments less any lease incentives receivable.
b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date of the lease.
c. Amounts expected to be payable by the lessee under residual value guarantees.
d. The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
e. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Puig has included in the measurement of the lease liability the future cash flows for the periods it estimates that it will keep the contracts. For some of the lease contracts, the Group has extension options for additional periods, which can be freely exercised by the Group only. These extension options have been considered in the value of the lease liability when Puig has reasonable certainty to exercise these options, due to significant investments performed, and the complexity to find similar leases in the market.

Subsequent measurement of the right-of-use asset

The right-of-use asset shall be measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Subsequent measurement of the lease liability

The lease liability shall be measured by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease payments associated with short-term leases or leases for which the underlying asset is of low value are recognized in the consolidated income statement as an expense on a straight-line basis over the lease term. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less.

Modifications to lease payments linked to an index, such as the consumer price index, are treated as modifications to lease liabilities at the date the index is revised and based on remaining cash flows.

The balancing entry of a modification to the lease liability is an adjustment to the right-of-use asset.

3.13 Revenue

Revenue is recognized at the carrying amount of the consideration received. Sales agreements contain one single performance obligation that is satisfied at a point in time.

There are no contracts with customers with significant financing components.

Gross goods

Income from the sale of finished goods is recognized when control over the goods is transferred to the customer, which occurs when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured, which is, in general terms, when the goods are delivered.

The Group's revenue comes from the following business segments: fragrances and fashion, makeup, skincare.

Sales rebates and refunds

Sales rebates include all the discounts given to end customers, volume-based incentives, etc.

Sales rebates and refunds are part of the sale transaction and deducted from the consideration in revenue recognition.

Puig receives promotional support services from certain customers, such as placing products in display stands and publishing offers, among others. These services are not under Puig's control neither fulfill any obligation and thus considered as a rebate. These amounts are deducted from the consideration for revenue recognition purposes if net revenue recognition criteria is met under IFRS 15.

Royalty income

Royalty income is related to licenses that Puig's brands (Nina Ricci, Rabanne, Jean Paul Gaultier and Carolina Herrera) give to third parties to commercialize certain products such as eyewear and fashion and accessories. Royalty income is accounted for on an accrual basis, based on the percentage established for each of the licenses over the sales carried out by the third parties.

3.14 Income Tax

The Parent Company and most of the Spanish companies of Puig pay corporate income tax under a consolidated tax regime, with the top entity responsible before tax authorities is Puig, S.L. The income tax expense is recognized in the income statement except when it refers to items recorded directly under equity.

Deferred income tax is recorded applying the liability method, on all temporary differences existing at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from an acquired goodwill, whose amortization is not tax deductible, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss. Likewise, deferred tax liabilities are also recognized for all taxable temporary differences arising from the carrying amount of investments in subsidiaries or associates, except when the following two conditions are jointly met: the timing of the reversal of the temporary differences can be controlled by the Parent Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except, when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

3.15 Financial instruments

Puig determines the most appropriate classification for each financial instrument based on its business model and the characteristics of contractual cash flows and reviews it only in the event of a change in the business model for managing said assets. Current and non-current financial instruments are classified into the following categories:

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. Puig's financial assets at amortized cost includes trade receivables, deposits, loans and other current assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments to cover loans taken out in foreign currencies and some non-listed equity investments (note 18).

Financial assets at fair value through other comprehensive income

Upon initial recognition, Puig can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its listed and some other non-listed equity investments under this category (financial investments – note 18).

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.
This category generally applies to interest-bearing loans, trade payables, other current liabilities and lease liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes earn-outs and share based payments designated upon initial recognition as at fair value through profit or loss.

Puig determines the fair value of financial instruments in accordance with the following hierarchy:

a. Level 1: Observable prices for identical finance assets/liabilities in active markets.

a. Level 2: Other measurement techniques in which the parameters with a significant impact on the determination of fair value are obtained directly or indirectly from the market.

a. Level 3: Other measurement techniques in which the parameters with a significant impact on the determination of fair value are not obtained from the market. Fair value is mainly determined based on future economic projections for the underlying asset (or business).

3.16 Derivative financial instruments

Derivative instruments are initially recorded in the consolidated balance sheet at their cost of acquisition and are subsequently adjusted in order to always be recorded at their fair value. These adjustments are recorded as assets in case they are positive or as liabilities if they are negative.

For accounting purposes, and once the financial instrument has been designated as being a hedging instrument, the following classifications have been used:

a. Fair value hedges: when hedging against the exposure to changes in the fair value of a recognized asset or liability. Any gain or loss from re-measuring the hedging instrument at fair value is recognized immediately in the income statement, netting its effect in the same caption of the income statement.

a. Cash flow hedges: changes in fair value of hedging instruments are recorded for their effective proportion in the "Unrealized gains (losses) reserve" (Shareholders' equity). The portion of the gain or loss of the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in net profit or loss.

The fair value of the different derivative financial instruments is calculated applying the following methods:

a. At year-end exchange rate.

a. Applying the discount of expected cash flows with regard to the market conditions, both for cash and futures at year end closing.

3.17 Use of estimates and judgments

The preparation of the financial statements in accordance with IFRS-EU requires Puig to make estimates and fair value judgments that affect the application of accounting policies and the balances of assets, liabilities, revenues, and expenses.

These estimates and fair value judgments are based on historical experience and various other factors that are considered reasonable under the circumstances, and their results form the basis for determining opinions on the carrying amounts of assets and liabilities that are not readily available from other sources.

The macroeconomic assumptions used in the estimates are based on figures provided by reputable entities and are tailored to Puig's specifications, including inflation, interest rates, exchange rates, etc. Puig incorporates these macroeconomic assumptions into its business planning and strategy.

The business plans prepared by management are used in the estimates made by Puig for the preparation of the annual accounts (e.g., impairment testing, recognition of deferred taxes or valuation of liabilities, etc.). However, actual results may differ from the estimates made in the business plans, both in the forecasts of business developments and in the assumptions applied for the calculations.

Puig's main estimates are as follows:

- The useful life and fair value of property, plant and equipment, and intangibles assets (note 14 and 15).
- The assumptions used in the Purchase Price Allocation (PPA) (note 4) carried out in each business combination. In all cases, the PPA is prepared by external advisors.
- The assumptions used in determining the fair value/value in use of various Cash Generating Units (CGUs) or groups of them to assess the potential impairment of goodwill or other assets (Note 15 and 17).
- Estimation of expected credit losses on accounts receivable and inventory obsolescence (notes 3.8, 18, and 19).
- Estimation of deductions from net sales (returns and rebates) (notes 7 and 27).
- The fair value of financial instruments and certain unquoted financial assets (notes 18 and 24).
- Assumptions used in determining the fair values of liabilities related to business combinations (notes 3.1 and 25). Contingent consideration liabilities fall under level 3 of the fair value hierarchy in accordance with IFRS 13.
- Provisions: An estimate is made of amounts to be settled in the future, including those related to contractual obligations, pending litigation, and other future costs. These estimates are subject to interpretations of current facts and circumstances, projections of future events, and estimates of the financial effects of these events.
- Evaluation of the recoverability of tax credits, including carryforward tax losses and deduction rights. Deferred tax assets are recognized to the extent that future tax benefits are available against which temporary differences can be offset, based on management's assumptions regarding the amount and timing of future tax benefits.

4. BUSINESS COMBINATIONS

During 2022, Puig carried out several acquisitions. Puig acquired a majority stake in the Swedish niche fragrance and beauty brand Byredo A.B. ("Byredo") and increased its ownership to a majority stake in the Indian company Kama Ayurveda Private Ltd and the Colombian company Cosmetika, S.A.S. ("Loto del Sur"), acquiring control over these businesses (Note 3.1).

All of these companies have a strong character and history and share a strong commitment to sustainability and a direct-to-consumer sales model. With these acquisitions, Puig has increased its own selling points, adding more than 1,000 new employees and expanding the founder ecosystem.

Transaction costs of the three transactions carried out in 2022 amounted to 10 million euros (mainly arising from the Byredo acquisition), were recorded in the income statement corresponding to the year ended December 31, 2022 (Note 9).

When a put-call option has been agreed with a minority interest, a minimum price, equivalent to the consideration paid when control was taken, is guarateed.

4.1 Byredo

In June 2022, Puig acquired 77% of Byredo (economic and voting rights). Byredo is a niche fragrance and beauty brand founded in Stockholm, Sweden, in 2006, offering a complete range of beauty products and accessories.

The acquisition of Byredo, a company that has redefined luxury and has a direct-to-consumer approach, aims to strengthen Puig's high-end positioning.

The respective carrying amounts and fair values of Byredo's identified assets and liabilities at the acquisition date were as follows:

(Thousands of euros)	Net Carrying amount	Fair Value
Long term assets	38,514	711,514
Cash and cash equivalents	19,218	19,218
Current assets	45,135	50,676
Non-current liabilities	(53,607)	(193,386)
Current liabilities	(36,205)	(36,205)
Total net assets	**13,055**	**551,817**
Cash paid		826,242
Put-call option		393,793
Variable contingent consideration (Earn-out)		43,306
Goodwill (Note 15)		**711,524**

Byredo's assets and liabilities are denominated in euros.

The most important differences between the net carrying amount and their corresponding fair values correspond to the brand and customer relationships, with net fair values of 492 million euros and 43 million euros respectively.

The respective fair values of Byredo's brand and customer relationships were determined through valuations conducted by an independent expert using the royalty savings method and the MEEM (Multi-period Excess

Earning Method) methodology. The key assumptions for the estimation of fair values at the acquisition date refer to net revenue growth and royalty rate aligned with the expected market evolution and considering the specifications of the brand. Additionally, a post-tax discount rate of 8% and a long-term growth rate of 3% are considered. The assumptions used in terms of business evolution were based on strategic plans approved by Puig.

Puig has recognized a goodwill in connection with Byredo's ability to generate profits, the growth and reinforcement of the niche and wellness brands portfolio and the synergies that Puig obtains from Byredo improving other Puig cash-generating units (Note 15).

As part of the acquisition, an earn-out payable in the long term has been agreed. The amount of the earn-out is based on an adjusted multiple linked to the business performance (Note 25).

In addition, as part of the acquisition Puig has agreed put and call options for the acquisition of the 23% of Byredo's shares not currently owned (Note 25).

The valuation of the earn-out and put call options are based on a net revenues multiple (adjusted by the profitability of the business) which is adjusted according to expected performance at each year end, compared to the initial plan, until expiration of the put and call options. These liabilities were discounted at an 8% post-tax rate at the time of the business combination.

At the acquisition date, the amount of these put call options amounted to 394 million euros, which were initially recognized as non-controlling interest, and subsequently reclassified as a liability at the reporting date (Note 3.1).

The results of Byredo's operations have been included in the special purpose consolidated financial statements starting from the acquisition date. The amount of net revenue and pre-tax profit attributable from the acquisition date until December 31, 2022, amounted to 101.0 million euros and 9.3 million euros, respectively.

If the business combination had been completed on January 1, 2022, the net revenues and pre-tax profit attributable to Byredo into Puig's results would have amounted to 163.2 million euros and 15.8 million euros, respectively.

4.2 Loto del Sur

In June 2022, Puig increased its investment in Cosmetika S.A.S. (Loto del Sur), a leading natural cosmetics brand in Colombia, founded in 1999, and became its majority shareholder. After acquiring an additional 31.7% stake, Puig obtained control over Loto del Sur, reaching a total holding of 66.7% (economic and voting rights) and has therefore accounted for such company using the full consolidation method since the date it obtained majority control.

Until June 2022, this company was accounted for using the equity method (Note 17).

The respective carrying amounts and fair values of Loto del Sur's identified assets and liabilities at the acquisition date were as follows:

(Thousands of euros)	Net Carrying amount	Fair Value
Long term assets	344	20,755
Cash and cash equivalents	741	741
Other current assets	1,760	2,321
Non-current liabilities	-	(7,340)
Current liabilities	(808)	(808)
Total Net Assets	**2,037**	**15,669**
Cash paid		11,238
Put-call option		17,755
Fair value of the prior equity method investment (35%)		12,407
Goodwill (Note 15)		**25,731**

Cosmetika's assets and liabilities were denominated in Colombian pesos.

The most important differences between the net carrying amount of assets and their fair values correspond to the brand and customer relationships, with net fair values of 12 million euros and 1 million euros respectively.

The respective fair values of Loto del Sur's brand and customer relationships were determined through valuations conducted by an independent expert using the royalty savings method and the MEEM (Multi-period Excess Earning Method) methodology. The key assumptions for the estimation of fair values at the acquisition date refer to net revenue growth and royalty rate aligned with the expected market evolution and considering the specifications of the brand. Additionally, a post-tax discount rate of 14.9% and a long-term growth rate of 3.2% are considered. The assumptions used in terms of business evolution were based on strategic plans approved by Puig.

Puig has recognized a goodwill linked to Loto del Sur's ability to generate profits, the competitive advantages gained in the Latin-American market and the growth and reinforcement of the niche and wellness brands portfolio.

The fair value of the prior minority investment at the acquisition date (12,407 thousand euros) produced a financial gain due to the business combination achieved in stages amounting to 7,984 thousand euros (note 17).

As part of the acquisition, put and call options for the acquisition of the 33.3% of Loto del Sur's shares not currently owned by Puig executable in the long term have been agreed. The valuation of the put call options are based on a net revenue multiple (adjusted by the profitability of the business) which is adjusted according to expected performance at each year end, compared to the initial plan, until expiration of the put and call options. These liabilities were discounted at an 14.9% post-tax rate at the date of the business combination.

At the acquisition date, the amount of these put and call options amounted to 18 million euros, which were initially recognized as a non-controlling interest, and subsequently reclassified as a liability at the reporting date (Note 3.1).

The results of the Loto del Sur's operations have been included in these special purpose consolidated financial statements starting from the acquisition date. The amount of net revenue and pre-tax profit attributable from the acquisition date until December 31, 2022, amounted to 5.2 million euros and 0.9 million euros, respectively.

If the business combination had been completed on January 1, 2022, the net revenues and pre-tax profit attributable to Loto del Sur integrated into Puig's results would have amounted to 8.3 million euros and 1.4 million euros, respectively.

4.3 Kama Ayurveda

In July 2022, Puig increased its investment in Kama Ayurveda Private. Ltd., a leading authentic Ayurvedic beauty and wellness brand and became its majority shareholder. After acquiring an additional 36% stake, Puig obtained control over Kama Ayurveda Private Ltd, reaching a total holding of 85% (economic and voting rights) and has therefore accounted for the company using the full consolidation method since the date it obtained the majority control.

Until July 2022, this company was accounted for using the equity method (note 17).

The respective net carrying amounts and fair values of Kama Ayurveda's identified assets and liabilities at the acquisition date were as follows:

(Thousands of euros)	Net Carrying Amount	Fair Value
Long term assets	5,558	60,075
Cash and cash equivalents	3,526	3,526
Other current assets	5,566	6,205
Non-current liabilities	(490)	(14,279)
Current liabilities	(2,174)	(2,174)
Total net assets	**11,986**	**53,353**
Cash paid		26,194
Put-call option		17,367
Fair value of the prior equity method investment (49%)		35,653
Goodwill (Note 15)		**25,861**

Kama Ayurveda's assets and liabilities are denominated in Indian rupees.

The most important differences between the net carrying amount and their fair values correspond to the brand and customer relationships, with net fair values of 37 million euros and 4 million euros respectively.

The respective fair values of Kama Ayurveda's brand and customer relationships were determined through valuations conducted by an independent expert using the royalty savings method and the MEEM (Multi-period Excess Earning Method) methodology. The key assumptions for the estimation of fair values at the acquisition date refer to net revenue growth and royalty rate aligned with the expected market evolution and considering the specifications of the brand. Additionally, a post-tax discount rate of 14.3% and a long-term growth rate of 5.1% are considered. The assumptions used in terms of business evolution were based on strategic plans approved by Puig.

As a result of the business combinations described above, Puig has recognized a goodwill related to the acquisition of Kama Ayurveda due to its business ability to generate profits, the competitive advantages gained in the Indian market and the growth and reinforcement of the niche and wellness brands portfolio.

As part of the acquisition, put and call options for the acquisition of the 15% of Kama Ayurveda's shares not currently owned by Puig executable in long term have been agreed.

The valuation of the put call options are based on net a revenues multiple (adjusted by the profitability of the business) which is adjusted according to expected performance at each year end, compared to the initial plan, until expiration of the put and call options. These liabilities were discounted at an 14.3% post-tax rate at the date of the business combination.

At the acquisition date, the amount of these put and call options amounted to 17 million euros, which were initially recognized as a non-controlling interest, and subsequently reclassified as a liability at the reporting date (Note 3.1).

The fair value of the prior minority investment at the acquisition date (35,653 thousand euros) produced a financial gain due to the business combination achieved in stages amounting to 9,347 thousand euros (note 17).

The results of Kama Ayurveda's operations have been included in these special purpose financial statements starting from the acquisition date. The amount of net revenue and pre-tax loss attributable from the acquisition date until December 31, 2022, amounted to 7.2 million euros and 1 million euros, respectively.

If the business combination had been completed on January 1, 2022, net revenues and pre-tax loss attributable to Kama Ayurveda's into Puig's results would have amounted to 17.1 million euros and 1.2 million euros, respectively.

5. SEGMENT REPORTING

The information presented below regarding segments has been prepared in accordance with IFRS 8, identifying the corresponding operating segments based on the type of products offered in each of them.

Puig's business activities are organized into three segments: Fragrance and Fashion, Make-up, and Skincare**.**

The segment reporting is presented with this breakdown as it is used by the senior management and board of directors of Puig to monitor the business. For the purposes of IFRS 8, the board of directors should be understood as the highest authority for operational decision-making at Puig.

Fragrance and Fashion: The Fragrance and Fashion business segment focuses on the creation, marketing and sale of fragrances, and to a much lesser extent, clothing, accessories, and other fashion-related items. Although fashion is a small portion of our revenues, it has been a key enabler of the fragrance industry, especially in the premium segment, where a major part of the top premium fragrance brands are inspired by a fashion brand. Puig recognizes the value of the deep connection that consumers build with fashion brands and how that translates to fragrances.

Under this business category, Puig designs, develops and markets fragrances in various forms, including eau de parfum sprays and colognes, as well as lotions, powders, creams, candles, and soaps, that are based on a particular fragrance. In addition, Puig designs, produces, and markets clothing, footwear, and accessories.

The Puig portfolio of brands operating in the Fragrance and Fashion business category includes Carolina Herrera, Jean Paul Gaultier, Nina Ricci, Rabanne, Byredo, Christian Louboutin, Comme des Garçons, Dries Van Noten, L'Artisan Parfumeur, Penhaligon's, Adolfo Domínguez and Banderas among others.

Make-up: The Make-up business segment focuses on the creation, marketing, and sale of a comprehensive range of high-quality cosmetic products including, among others, foundations, concealers, lipsticks, lip glosses, eyeliners, blushes, mascaras and eyeshadows.

The Puig portfolio of brands operating in the Make-up business category includes Carolina Herrera, Charlotte Tilbury, Rabanne, Byredo, Christian Louboutin and Dries Van Noten.

Charlotte Tilbury and Christian Louboutin are the brands with the largest revenue contribution to our Make-up business segment. Charlotte Tilbury is the leader in this segment in terms of know-how and acts as the driver for the expansion of make-up products to brands that are already established in other segments.

Skincare: The Skincare business segment focuses on the creation, marketing, and sale of a variety of products to meet the needs of different skin types and concerns, such as cleansers, toners, moisturizers, serums, body care, exfoliators, acne, and oil correctors, facial masks, and sun care products.

The Puig portfolio of brands under this segment skews heavily towards dermo-cosmetics but also includes prestige skincare. Puig's brands operating in the Skincare business segment include Uriage, Apivita, Kama Ayurveda, Loto del Sur and Charlotte Tilbury.

The distribution of net revenues, operating profit, depreciations and amortizations and operating assets among segments is as follows:

2023

(Thousand euros)	Net Revenues	Operating profit	Depreciation ** and Impairment	Operational assets
Fragrance & Fashion	3,115,001	587,190	124,084	3,169,954
Make-up	773,086	62,219	29,047	2,031,933
Skincare	430,854	43,561	16,573	800,214
Intersegment eliminations	(14,874)	(*)	-	-
	4,304,067	**692,970**	**169,704**	**6,002,101**

2022

(Thousand euros)	Net Revenues	Operating profit	Depreciation ** and Impairment	Operational assets
Fragrance & Fashion	2,671,524	473,913	107,516	2,830,768
Make-up	626,027	35,110	24,439	1,975,059
Skincare	329,132	27,472	12,998	781,686
Intersegment eliminations	(7,080)	(*)	-	-
	3,619,603	**536,495**	**144,953**	**5,587,513**

* Operating profit linked to intersegment eliminations, considering the figures involved, was not relevant.

** Depreciation and impairment are presented jointly in 2023 and 2022, as the impairment was not significant (note 14) and was fully allocated to Fragrance & Fashion.

For the purpose of the reconciliation with the total assets of Puig consolidated financial statements, assets are split as follows:

(Thousand euros)	Note	2023	2022
Fixed assets	14	326,341	271,094
Intangible assets	15	4,114,267	4,062,277
Right-of-use assets	16	287,922	239,873
Inventories	19	788,866	626,333
Trade accounts receivable	18	484,705	387,936
Total operational assets		**6,002,101**	**5,587,513**
Corporate assets		1,709,187	1,527,599
Total assets		**7,711,288**	**7,115,112**

Operational assets are those assets managed in the business segments. Corporate assets are those assets centrally managed by the Parent Company.

6. GEOGRAPHICAL REPORTING

In the presentation of information by geographical areas, net revenues are based on the geographical location of clients, while operational assets are based on the geographical location of assets.

Puig reports using three geographical areas: EMEA (Europe, Middle East and Africa), Americas and Asia-Pacific.

The distribution of net revenues and operational assets by geographical areas is as follows:

2023

(thousands of euros)	Net Revenues	Operational assets
EMEA	2,322,116	3,303,691
Americas	1,542,978	1,600,909
Asia-Pacific	438,973	1,097,501
	4,304,067	**6,002,101**

2022

(thousands of euros)	Net Revenues	Operational assets
EMEA	1,959,897	3,015,465
Americas	1,311,885	1,577,252
Asia-Pacific	347,821	994,796
	3,619,603	**5,587,513**

The net carrying amount of property, plant and equipment, intangible assets, and right of use assets located in Spain amounted to 316,716 thousand euros as of December 31, 2023 (2022: 263,435 thousand euros).

7. NET REVENUES

In notes 5 and 6 above, net revenues by operating segment and by geographical area are presented.

A reconciliation between gross sales and net revenues is detailed as follows:

(thousands of euros)	2023	2022
Gross sales	4,793,239	4,048,775
Royalty income	26,440	23,121
Sales rebates	(448,213)	(383,095)
Sales returns	(67,399)	(69,198)
	4,304,067	**3,619,603**

Puig has deducted from its gross sales an amount of 515,612 thousand euros corresponding to discounts, returns and promotional support services from certain customers when these support services are not under Puig control neither fulfil any obligation (2022: 452,293 thousand euros) .
Puig does not have any client with a sales volume greater than 10% of Puig's net income.

8. COSTS OF SALES

The breakdown of sales costs is as follows:

(thousands of euros)	2023	2022
Procurement and production costs	1,226,551	1,143,584
Inventory losses (note 19)	50,170	25,079
Gross inventory variation (note 19)	(187,817)	(241,694)
	1,088,904	**926,969**

Procurement and production costs are mainly related to the industrial production cost of products sold. This caption also includes finished goods produced by third parties.

Inventory impairment reflects the obsolete stocks and slow-moving products, that, in line with Puig policies have been reduced to their estimated realizable value.

Gross inventory variation shows the difference between prior year and current year gross inventory (excluding provisions for obsolete stocks and slow-moving products).

9. OTHER OPERATIONAL INCOME AND EXPENSES

The breakdown of this item is as follows:

(Thousands of euros)	2023	2022
Restructuring costs	(1,342)	(8,720)
Transaction costs	(7,965)	(23,224)
Others	(4,457)	(11,584)
	(13,764)	**(43,528)**

Restructuring costs are recognized in full if they have been communicated to the relevant third parties prior to the end of the reporting period. These costs primarily include expenses such as severance payments, early retirement payments, and other expenses associated with restructuring of acquisitions or change in activity such as site closures.

Transaction costs refer to the expenses incurred for business combinations (note 4) and other corporate transactions. These costs encompass various fees and expenses necessary for completing the transactions.

In 2023, "Other" are costs of the sponsorship of the Puig Women's America's Cup amounting to 4,4 million euros, exceptional legal costs amounting to 2,5 million euros and income of 2,4 million euros resulting from the termination of a license agreement.

In 2022, "Other" was exceptional legal cost incurred amounting to 11.6 million euros.

10. OPERATING EXPENSES

The following items are classified as expenses in the income statement based on their function:

(Thousands of euros)	2023	2022
Employee benefits expense	761,103	638,558
Lease expenses (Note 16)	16,014	14,050
Research and development expenses	33,208	28,592
	810,325	**681,200**

In 2023 Puig's average headcount was 9,612 employees, of which 7,017 were female, 2,522 were male and 73 were non-binary/undisclosed (2022: 8,844, of which 6,542 were female, 2,265 were male and 37 were non-binary).

The headcount by professional category is as follows:

	Headcount at year-end				
	Male	Female	Non-binary / Undisclosed	Total	Average headcount
2023					
Senior executives	111	107	2	220	218
Sales and Marketing	652	2,316	61	3,029	2,832
Point of sale personnel	813	3,617	19	4,449	3,357
Technicians	893	1,667	43	2,603	2,423
Administrative	22	113	2	137	129
Production staff	298	388	-	686	653
	2,789	**8,208**	**127**	**11,124**	**9,612**
2022					
Senior executives	107	81	1	189	191
Sales and Marketing	539	1,981	16	2,536	2,473
Point of sale personnel	647	3,092	33	3,772	3,361
Technicians	744	1,406	12	2,162	1,969
Administrative	7	103	-	110	105
Production staff	340	429	-	769	745
	2,384	**7,092**	**62**	**9,538**	**8,844**

The average number of people employed during the year with a disability equal to or greater than 33%, by category, in Puig companies domiciled in Spain to which Royal Decree 1/2021 of January 12, 2021 is applicable, is as follows:

	2023	2022
Senior executives	-	-
Sales and Marketing	1	-
Point of sale personnel	1	1
Technicians and administrative	14	13
Production staff	10	15
	26	**29**

As of December 31, 2023, the Board of Directors consisted of 14 members, 12 men and 2 women (2022: 12 members, 11 men and 1 woman).

Employee expenses

(Thousands of euros)	**2023**	**2022**
Wages and salaries	554,812	441,328
Social security costs	110,562	87,924
Pension costs	11,713	12,928
Additional employee expenses	84,016	96,378
	761,103	**638,558**

The increase in wages and salaries for 2023 and 2022 mainly corresponds to the increase in the average headcount of the year as well as inflation.

The "Additional employee expenses" caption includes multiannual employee remuneration amounting to 46,143 thousand euros in 2023 (59,415 thousand euros in 2022), restructuring costs in 2023 in the amount of 1,342 thousand euros (2022: 8,720 thousand euros), compensation in the amount of 8,584 thousand euros (2022: 8,386 thousand euros) and other additional fringe benefits such as employee insurances, meal & food allowances, employee cars and other employee benefits.

11. DEPRECIATION AND IMPAIRMENT

The breakdown of depreciation and amortization expenses and impairment is as follows:

(Thousands of euros)	**2023**	**2022**
Depreciation charge, intangible assets (Note 15)	32,903	26,966
Depreciation and impairment charge, PP&E (Note 14)	70,975	64,248
Depreciation charge, right-of-use assets (Note 16)	65,826	53,739
	169,704	**144,953**

Overall expenses shown above relate to property, plant, and equipment, intangible assets, and right-of-use assets.

12. FINANCIAL RESULT

The detail of the financial income and expenses is as follows:

(Thousands of euros)	2023	2022
Finance income from investments in financial institutions and others	21,978	13,667
Finance income with related parties (Note 31)	2,009	2,600
Other finance income (Note 25)	19,609	22,976
Total Finance income	**43,596**	**39,243**
Finance costs from bank borrowings, commissions and other	(54,364)	(29,968)
Finance lease expenses (Note 16)	(5,098)	(3,024)
Other finance costs (Note 25)	(25,810)	(31,227)
Total Finance costs	**(85,272)**	**(64,219)**
Exchange gains (losses) (net)	(45,727)	(9,888)
Total Exchange result	**(45,727)**	**(9,888)**
Financial results	**(87,403)**	**(34,864)**

Financial income

Financial income primarily corresponds to interest generated by investments held in financial institutions.

In 2023, finance income with related parties corresponds to interest amounting to 2,009 thousand euros of loans issued to related parties (2022: 2,018 thousand euros).

Other financial income in 2023 corresponds to the change in the valuation of the earn outs (Note 25).

In 2022, other financial income corresponds to the proceeds from the sale of shares to a third party in an entity in which Puig did not maintain significant influence (Note 18).

Finance costs

Financial expenses from financial debts with credit institutions, including loans, interest rate swaps, fees, and others, primarily refer to the interest on loans granted and credit lines used during the current year.

The financial expense for the year 2023 has increased compared to 2022 due to the higher level of bank borrowings and because most of the bank borrowings granted in the year 2022 were taken in May (see Note 23). Therefore, the average bank borrowings level for the year 2023 is higher than that of the year 2022.

Finance lease expenses exclusively concern to the financial impact of applying IFRS 16.

Other finance costs correspond to the variation of earn-outs in relation to the business combinations (Note 25).

Exchange results

In 2023 the negative impact of exchange gains mainly corresponds with the depreciation of the Argentinian, the US Dollar and the GB pound.

As detailed in note 3.4, Puig applies adjustments in hyperinflationary economies.

13. TAXES

Puig Brands is subject to corporate income tax under the consolidated taxation regime in Spain, with Puig, S.L. being responsible for such tax consolidation. Annex II provides details of the companies that are part of the tax consolidation group led by Puig, S.L.

The remaining companies generally pay corporate income tax on an individual basis, except in some jurisdictions where taxation occurs under a tax consolidation regime (Annex II).

On June 2, 2020, inspection proceedings commenced in the Spanish tax consolidation group, for the corporate income tax for the periods 2015-2018 and the value added tax for the periods 2016 -2018. As a result of these inspection proceedings, in May and June 2022 Puig received assessments amounting to an aggregate of 9,131 thousand euros. These were paid in 2022. An economic and administrative claim was lodged against the assessments with which Puig disagreed and in November 2022 the defence allegations were submitted.

On December 31, 2023, Puig has ongoing tax inspections (started in 2022 and 2023) for companies within the group located in the United States, France, and Canada. As of the date of preparation of these Special Purpose Financial statements, no significant tax contingencies are expected from the outcomes of these inspections.

Under tax regulations prevailing in countries where Puig companies are domiciled, tax returns may not be considered final until they have either been inspected by tax authorities or until the corresponding inspection period has expired. The years open to inspection in relation to the main taxes vary according to the tax legislation of each country in which the Group operates. Puig considers that, in the event of a tax inspection, no significant tax contingencies would arise in the consolidated financial statements.

The legislation of Pillar 2 has been approved in certain jurisdictions where Puig operates. The legislation will be effective for Puig's annual exercises beginning on January 1, 2024. Puig has conducted an assessment to determine if it is potentially exposed to Pillar 2 taxes. The assessment of potential exposure to Pillar 2 taxes is based on the most recent tax returns, country-by-country reports, and financial statements of the entities forming the Group. According to this assessment, the effective tax rates of Pillar 2 in most jurisdictions where the Group operates are above 15%. The Group does not expect material exposure to Pillar 2 taxes in those jurisdictions.

The breakdown of the Group's tax balances is as follows:

(Thousands of euros)	**2023**	**2022**
Assets		
Non-current deferred tax assets	146,562	123,897
Short-term assets for tax refunds (Note 20)	85,623	51,500
Liabilities		
Non-current deferred tax liabilities	(553,741)	(552,629)
Short-term liabilities for tax payment (Note 27)	(71,177)	(59,156)
Short-term income tax liabilities	(55,319)	(29,096)
	(448,052)	**(465,484)**

Short-term income tax liabilities in the consolidated balance sheet correspond to the provision for income tax for the year, net of withholdings and prepayments made during the year.

The deferred tax reflects the income tax amounts to be paid or recovered in future years and arises from the recognition of deferred tax assets or liabilities.

The reconciliation between the expense for tax on profits before tax and the tax rate applicable to Puig is as follows:

(Thousands of euros)	2023	2022
Profit/(loss) before tax	**643,150**	**513,724**
Tax rate applicable in Spain (25%)	(160,787)	(128,431)
Net permanent differences and tax incentives and credits	6,312	18,337
Non-capitalized tax losses used for the year impact	(208)	614
Effect of application of different tax rates	10,761	4,081
Deferred taxes impact due to tax rate variations	342	4,429
Deferred tax loss capitalization from prior years	1,577	-
Other adjustments	(1,259)	(231)
Income tax / (expense)	**(143,262)**	**(101,201)**
Effective tax rate	**22.3%**	**19.7%**

Income tax includes expense from both current and deferred tax.

Current tax is the income tax amount payable related to tax on profit for the period and other tax charges derived from compliance with income tax regulations.

Additionally, most of the companies of the group have accumulated positive results in their net equity. If these reserves were distributed, they could be subject to taxation. These consolidated special purpose financial statements do not include the impact of the distribution when it is not probable to happen under the exemption of IAS 12.

On the other hand, the subsidiaries of the group do not include deferred tax liabilities in relation with future shareholders distributions because there is not expected any dividend distribution at the date of preparation of the consolidated financial statements, therefore there is no impact on the parent company.

The breakdown of income tax income / (expense) by current and deferred income tax is as follows:

(Thousands of euros)	2023	2022
Current income tax	(162,632)	(133,975)
Deferred income tax	19,370	32,774
	(143,262)	**(101,201)**

Deferred taxes

The detail of deferred taxes as of December 31 is as follows:

(Thousands of euros)	2023	2022
Deferred tax liabilities		
Intangible assets from business combinations	521,216	518,358
Derivatives	4,013	10,519
Other	28,512	23,752
	553,741	**552,629**
Deferred tax assets		
Intra-group transactions	30,133	24,205
Capitalized tax loss carryforwards	23,242	21,217
Provisions	14,007	23,114
Others	79,180	55,361
	146,562	**123,897**

The increase in deferred tax liabilities in 2022 corresponded to the business combination indicated in Note 4.

Deferred tax assets and liabilities movements are as follows:

(Thousands of euros)	2023	2022
Deferred tax assets at begining of the year	*123,897*	*85,066*
Deferred tax liabilities at begining of the year	*(552,629)*	*(398,852)*
Charged/(credited) to the income statement	19,370	32,774
Charged/(credited) to equity	6,618	(11,931)
Business combinations	-	(152,880)
Translation and others	(4,435)	17,092
Deferred tax assets at the end of the year	*146,562*	*123,897*
Deferred tax liabilities at the end of the year	*(553,741)*	*(552,629)*

At December 31, 2023 Puig had non-capitalized unused tax loss carry forwards amounting to 32 million euros (2022: 32.5 million euros). Additionally, at the same date Puig had no unused tax credits.

The non-capitalized tax loss carryforward maturities are as follows:

(Thousands of euros)	2023	2022
Less than 5 years	24,923	18,981
More than 5 years and indefinitely	6,983	13,548
	31,906	**32,529**

14. PROPERTY, PLANT AND EQUIPMENT

The breakdown of property, plant and equipment is as follows:

(Thousand euros)	Land and buildings	Machinery and tools	Office furniture and other equipment	Fixed assets under construction and Others	Total
Cost					
At January 1, 2022	254,589	258,658	176,011	2,788	692,046
Additions	34,427	23,936	54,061	820	113,244
Disposals	(2,208)	(4,967)	(1,976)	(221)	(9,372)
Transfers and others	481	(398)	(459)	-	(376)
Business combinations (note 4)	2,558	1,638	24,803	-	28,999
Translation differences	(134)	(316)	(2,860)	(5)	(3,315)
At December 31, 2022	289,713	278,551	249,580	3,382	821,226
Accumulated depreciation					
At January 1, 2022	(153,987)	(191,144)	(131,013)	(2,742)	(478,886)
Depreciation (note 11)	(13,063)	(15,913)	(30,996)	(208)	(60,180)
Disposals	2,102	4,058	1,498	221	7,879
Transfers and others	(52)	(6)	(1,202)	40	(1,220)
Business combinations (note 4)	(1,415)	(797)	(9,217)	-	11,429)
Translation differences	13	99	(162)	12	(38)
At December 31, 2022	(166,402)	(203,703)	(171,092)	(2,677)	(543,874)
Accumulated impairment					
At January 1, 2022	(383)	(1,390)	(416)	-	(2,189)
Impairment (note 11)	(14)	(4,370)	315	-	(4,069)
At December 31, 2022	(397)	(5,760)	(101)	-	(6,258)
Net at January 1, 2022	**100,219**	**66,124**	**44,582**	**46**	**210,971**
Net at December 31, 2022	**122,914**	**69,088**	**78,387**	**705**	**271,094**
Cost					
At January 1, 2023	289,713	278,551	249,580	3,382	821,226
Additions	50,000	39,932	42,528	277	132,737
Disposals	(10,899)	(9,075)	(7,787)	(106)	(27,867)
Transfers and others	16,940	371	(15,579)	532	2,264
Business combinations (note 4)	-	-	-	-	-
Translation differences	(10,619)	(2,292)	806	4,555	(7,550)
At December 31, 2023	335,135	307,487	269,548	8,640	920,810
Accumulated depreciation					
At January 1, 2022	(166,402)	(203,703)	(171,092)	(2,677)	(543,874)
Depreciation (note 11)	(21,772)	(32,751)	(20,710)	(117)	(75,350)
Disposals	10,682	8,133	6,241	128	25,184
Transfers and others	(5,437)	294	6,699	(1,815)	(259)
Business combinations (note 4)	-	-	-	-	-
Translation differences	822	1,604	(942)	229	1,713
At December 31, 2023	(182,107)	(226,423)	(179,804)	(4,252)	(592,586)
Accumulated impairment					
At January 1, 2023	(397)	(5,760)	(101)	-	(6.258)
Impairment (note 11)	14	4,361	-	-	4.375
At December 31, 2023	(383)	(1,399)	(101)	-	(1.883)
Net at January 1, 2023	**122,914**	**69,088**	**78,387**	**705**	**271,094**
Net at December 31, 2023	**152,645**	**79,665**	**89,643**	**4,388**	**326,341**

The “Land and buildings” caption mainly includes production premises and points of sale and offices owned by Puig.

The “Machinery and tools” caption mainly includes the items of the main product equipment.

The additions in 2023 and 2022 mainly correspond to investments in the production centers of Puig related to its activity, as well as leasehold improvements.

As of December 31, 2023, fully depreciated property, plant and equipment in use amount to 341,001 thousand euros (2022: 338,350 thousand euros).

As of December 31, 2023 and 2022 the main property, plant and equipment items were covered by insurance policies taken out by Puig.

Additionally, none of the property, plant and equipment items has been pledged as collateral to third parties.

15. INTANGIBLE ASSETS

The breakdown of intangible assets is as follows:

(Thousands of euros)	Goodwill	Brands	Software	Others	Total
Cost					
At January 1, 2022	1,037,345	1,573,987	122,250	114,116	2,847,698
Additions	-	-	32,061	6,282	38,343
Disposals and write-off	-	-	(2,353)	(1,158)	(3,511)
Business combination (note 4)	763,116	686,537	560	67,004	1,517,217
Reclassification and others	-	(12)	33	370	391
Translation differences	(48,402)	(71,421)	(1,237)	(1,621)	(122,681)
At December 31, 2022	1,752,059	2,189,091	151,314	184,993	4,277,457
Accumulated depreciation					
At January 1, 2022	-	(40,351)	(85,638)	(35,856)	(161,845)
Depreciation (note 11)	-	-	(17,903)	(9,063)	(26,966)
Disposals and write-off	-	-	2,005	517	2,522
Business combination (note 4)	-	-	(381)	(4,986)	(5,367)
Reclassification and others	-	9	(8)	1,462	1,463
Translation differences	-	(311)	411	8	108
At December 31, 2022	-	(40,653)	(101,514)	(47,918)	(190,085)
Accumulated impairment					
At January 1, 2022	(25,095)	-	-	-	(25,095)
Impairment (note 11)	-	-	-	-	-
At December 31, 2022	(25,095)	-	-	-	(25,095)
Net at January 1, 2022	**1,012,250**	**1,533,636**	**36,612**	**78,260**	**2,660,758**
Net at December 31, 2022	**1,726,964**	**2,148,438**	**49,800**	**137,075**	**4,062,277**
Cost					
At January 1, 2023	1,752,059	2,189,091	151,314	184,993	4,277,457
Additions	-	-	35,434	9,748	45,182
Disposals and write-off	(4,584)	(2,475)	(469)	(1,372)	(8,900)
Business combination (note 4)	-	-	-	-	-
Reclassification and others	-	-	374	(4,039)	(3,665)
Translation differences	18,728	24,511	677	358	44,274
At December 31, 2023	1,766,203	2,211,127	187,330	189,688	4,354,348
Accumulated depreciation					
At January 1, 2023	-	(40,653)	(101,514)	(47,918)	(190,085)
Depreciation (note 11)	-	-	(21,633)	(11,270)	(32,903)
Disposals and write-off	-	2,475	209	65	2,749
Business combination (note 4)	-	-	-	-	-
Reclassification and others	-	-	(2,722)	3,449	727
Translation differences	-	86	(186)	42	(58)
At December 31, 2023	-	(38,092)	(125,846)	(55,632)	(219,570)
Accumulated impairment					
At January 1, 2023	(25,095)	-	-	-	(25,095)
Impairment (note 11)	-	-	-	-	-
Disposals and write-off	4,584	-	-	-	4,584
At December 31, 2023	(20,511)	-	-	-	(20,511)
Net at January 1, 2023	**1,726,964**	**2,148,438**	**49,800**	**137,075**	**4,062,277**
Net at December 31, 2023	**1,745,692**	**2,173,035**	**61,484**	**134,056**	**4,114,267**

In 2023 and 2022 the increase of software was due to the implementation of new IT systems and new ecommerce platforms for the different businesses.

The net value of brands and trademarks at year-end, were as follows:

(Thousands of euros)	2023	2022
Charlotte Tilbury	1,119,669	1,097,095
Byredo	619,000	619,000
Jean Paul Gaultier	111,770	111,770
Dries Van Noten	76,302	76,302
Uriage	76,137	76,137
Kama Ayurveda	42,372	44,160
Nina Ricci	37,031	37,031
Penhaligon’s	34,654	33,955
Apivita	35,559	35,559
Loto del Sur	17,551	14,439
L’Artisan Parfumeur	2,990	2,990
Total	**2,173,035**	**2,148,438**

These brands are considered to have indefinite useful lives. There have not been any impairments with respect to these brands.

As a result of the business combinations described in Note 4, in 2022 Puig consolidated the brands Byredo, Kama Ayurveda and Loto del Sur.

During 2023, there is a positive impact of 25 million euros in the carrying amounts of brands as a result of changes in the exchange rates between several functional currencies of the brands and the presentation currency (euro) (2022: (71) million euros).

Brand and goodwill impairment test

Puig, internally, tests annually for impairment the brands with indefinite useful lives and goodwill acquired in business combinations.

Cash Generating Units (CGUs) are the smallest identifiable group of assets that generate cash flows independently of cash flows produced by other assets or group of assets. Puig defines these CGUs by associating them with different brands or businesses. Brands may belong to different operating segments (note 5).

In 2022, CGUs have been reviewed, identifying Niche and Wellness as a new CGU, in accordance with the provisions of IAS 36 p72, based on the following:

- One of Puig's strategic decisions in the last years was to position itself in the Niche and Wellness products due to its high growth potential, beginning with the acquisition of L'Artisan Parfumeur and Penhaligon's in 2015, and subsequently the acquisition of Dries Van Noten in 2018.

- However, it is not until 2022, with the acquisition of Byredo and the takeover of Loto del Sur and Kama Ayurveda (note 17), when Puig obtains a portfolio of brands that allows synergies within Niche and Wellness.

As a consequence, Niche & Wellness CGU is composed by L'Artisan Parfumeur, Penhaligon's, Dries Van Noten, Byredo, Kama and Loto del Sur (which were separate CGUs before the acquisitions of Byredo, Kama and Loto del Sur in 2022).

The breakdown of the main intangible assets with indefinite useful lives (brands and goodwill) by cash-generating unit, operating segment, discount rate (Weighted average cost of capital, hereinafter WACC) before tax and long-term growth rate for 2023 and 2022 are as follows:

2023

Cash Generating Unit	Operating Segment	Gross value (*)	Net Value	WACC Pre-tax	WACC Post-tax	Long term growth rate
Charlotte Tilbury	Skincare & make-up	1,858,087	1,858,087	13.0%	10.5%	3.0%
Niche & Wellness	Fragrance & fashion, skincare	976,202	961,202	12.1%	10.0%	3.0%
Uriage	Skincare	152,095	152,095	13.6%	11.0%	3.0%
Jean Paul Gaultier	Fragrance & fashion	117,359	117,359	11.7%	9.5%	3.0%
Apivita	Skincare	67,667	67,667	13.4%	11.0%	3.0%
Nina Ricci	Fragrance & fashion	37,031	37,031	12.1%	9.5%	2.5%

(*) Gross value of depreciation and impairment

2022

Cash Generating Unit	Operating Segment	Gross value (*)	Net Value	WACC Pre-tax	WACC Post-tax	Long term growth rate
Charlotte Tilbury	Skincare & make-up	1,820,827	1,820,827	12.0%	9.5%	2.5%
Niche & Wellness	Fragrance & fashion, skincare	970,238	955,238	11.7%	9.5%	2.5%
Uriage	Skincare	152,092	152,092	12.2%	9.5%	2.5%
Jean Paul Gaultier	Fragrance & fashion	117,359	117,359	11.9%	9.5%	2.5%
Apivita	Skincare	67,667	67,667	13.1%	10.5%	2.5%
Nina Ricci	Fragrance & fashion	37,031	37,031	12.0%	9.5%	2.5%

(*) Gross value of depreciation and impairment

In addition to the abovementioned CGUs, Puig also operates other CGUs, with the most relevant ones being Rabanne and Carolina Herrera, that do not have significant intangible assets.

Accumulated impairment of 15,000 thousand euros in Dries Van Noten (since 2022 in the Niche & wellness CGU) refers to the goodwill impairment recorded in 2020.

Regarding the goodwill arising from the acquisition of Byredo business, Puig's strategy encompassed not only the generation of cash flows within the acquired business, but also generating synergies across other CGUs distinct from Niche and Wellness. Consequently, since the allocation of the generated goodwill, for the purpose of measuring its potential impairment, could not be assigned to a specific CGU (Niche and Wellness) unless in an arbitrary manner. The assessment of the recoverability of such goodwill is conducted at the level of the group of CGUs for which it will generate cash flows (Niche, Carolina Herrera, Rabanne and Jean Paul Gaultier).

As of December 31, 2023, the gross and net values of the intangible assets with indefinite useful lives (brands and goodwill) of the mentioned CGUs were 1,809 million euros and 1,794 million euros (2022: 1,788 million euros), the discounted pre-tax rate was 12,1% (2022: 11,7%), the post-tax rate was 10% (2022: 9.5%) and the long-term growth rate was 3% (2022: 2.50%).

Methodology of impairment test

The procedures for carrying out the impairment test, performed by the Company at least once a year, are as follows:

– The recoverable amount associated with different CGUs has been determined based on a value-in-use calculation using cash flow projections based on the business plans prepared by Puig for the next five years. The cash flows used for the impairment test include income tax payments.

– Puig uses the budgets and business plans of each CGU, which are prepared for a period of four or five years (approved by the Board of Directors), plus an additional year based on the strategy of the Group and previous experience.

– The key assumptions used to prepare budgets and business plans are estimated growth in sales, evolution of operating expenses and gross margin of each cash-generating unit, based on experience and knowledge of each brand's performance, as well as macroeconomic indicators that reflect the current and foreseeable economic situation of each market.

– Sales growth assumptions are based on past performance, the growth potential of the industry itself, and Puig's ability to gain market share. Neither the Ukraine-Russia war, the Palestine-Israel conflict, nor climate change have a significant impact in the current and future strategic plans, due to sales in the impacted countries being not significant for Puig.

– A valuation analysis is carried out internally by Puig, which consists of applying the discounted free cash flow method, carrying out all the procedures necessary to determine the recoverable value of the assets in each CGU.

– The discount rates applied to future cash flow projections have been calculated specifically for each cash-generating unit, considering in some cases a specific risk premium in accordance with the specific characteristics of each CGU and the inherent risk profile in the projected cash flows of each cash-generating unit.

– Cash flows used for terminal value are extrapolated using a prudential growth rate compared to the expected long-term growth for the businesses involved.

– Carrying amounts of the CGUs include Brands and goodwill, other intangible assets, property plan and equipment allocated, right of use and other net assets assigned to the CGUs (including inventory and working capital amounts). Deferred tax liabilities are not included in the carrying amount of the CGUs.

Sensitivity analysis on key assumptions

Puig conducts a sensitivity analysis of the impairment calculation by applying reasonable variations to the key assumptions considered in the calculation. The following variations have been applied for CGUs and groups of CGUs:

- A variation of +1.5% in the discount rate would entail an adjustment to the net carrying amounts of the intangible assets recorded in 2023 amounting to 7,882 thousand euros (13,328 thousand euros in 2022).
- A variation of -1% in the long-term growth rate would entail an adjustment to the net carrying amounts of the intangible assets recorded in 2023 amounting to 3,522 thousand euros (it would not imply any adjustment in 2022).
- A variation of -2% in the revenue growth compound annual growth rates (CAGR) would entail an adjustment to the net carrying amounts of the intangible assets recorded in 2023 amounting to 2,186 thousand euros (103,311 thousand euros in 2022).

16. LEASES

16.1 Right- of- use assets

The breakdown of Puig's leases by nature of the underlying asset as of December 31, were as follows:

(Thousands of euros)	2023	2022
Land and buildings	278,632	234,874
Machinery and tools	3,657	1,544
Office furniture and other equipment	5,633	3,455
Total Right-of-use assets	**287,922**	**239,873**

The movements in right-of-use assets were as follows:

(Thousands of euros)	Cost	Depreciation	Net carrying amount
At January 1, 2022	292,970	(104,317)	188,653
Additions	82,699	(53,739)	28,960
Early terminations	(2,053)	872	(1,181)
Business combinations (note 4)	42,590	(16,913)	25,677
Translation differences	(3,202)	966	(2,236)
At December 31, 2022	**413,004**	**(173,131)**	**239,873**
At January 1, 2023	413,004	(173,131)	239,873
Additions	124,096	(65,826)	58,270
Early terminations	(26,857)	17,523	(9,334)
Business combinations	-	-	-
Translation differences	(2,651)	1,764	(887)
At December 31, 2023	**507,592**	**(219,670)**	**287,922**

The additions in fiscal 2023 and 2022 mainly correspond to new shops and office buildings in all regions. There are no impairments over Right-of-use assets.

Business combinations in 2022 (Note 4) were related to Byredo, Loto del Sur and Kama Ayurveda, where retail have a significant component in the acquired business.

16.2 Lease liabilities

The amounts recognized in the consolidated balance sheet as of December 31, were as follows:

(Thousands of euros)	2023	2022
Non-current liabilities (Note 25)	255,561	208,698
Current liabilities (Note 27)	58,074	43,916
	313,635	**252,614**

The movements in lease liabilities as of December 31, were as follows:

(Thousands of euros)	2023	2022
Balance at January 1	252,614	204,446
Additions	124,096	82,699
Early terminations	(4,775)	(1,714)
Translation differences	(631)	(1,992)
Business combinations (note 4)	-	25,413
Lease payments	(62,767)	(52,140)
Interests (note 12)	5,098	3,024
Reclassifications and other	-	(7,122)
	313,635	**252,614**

16.3 Other lease-related matters

The amounts recognized in the consolidated income statements for the three years ended as of December 31, were as follows:

(Thousands of euros)	2023	2022
Depreciation of right-of-use assets (Note 16.1)	(65,826)	(53,739)
Finance costs (Note 12)	(5,098)	(3,024)
Expenses relating to leases of low-value assets, short-term and variable	(16,014)	(14,050)
	(86,938)	**(70,813)**

The breakdown of the debt by maturity as of December 31, is as follows:

(Thousands of euros)	2023	2022
Debt maturing in more than 4 years	122,322	85,701
Debt maturing between 2 and 4 years	81,264	79,483
Debt maturing between 1 and 2 years	51,975	43,514
Debt maturing in less than 1 year	58,074	43,916
Total lease liability	**313,635**	**252,614**

Puig doesn’t have any additional lease commitments (neither in 2022).

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Puig investments in associates and joint ventures have been accounted for using the equity method. The breakdown in this caption was as follows:

(Thousands of euros)	% stake	Total Assets (*)	Total Liabilities (*)	Net revenues (*)	Operational profit (*)	Net profit (*)	Book value
Sociedad Textil Lonia, S.A. (Spain)	25 %	492,816	149,744	430,406	76,699	53,516	147,112
Ponteland Distribuição, S.A. (Granado) (Brazil) (***)	35 %	211,881	76.288	244,337	51,159	38,709	114,187
Isdin, S.A. (**) (***) (Spain)	50 %	399,500	179,990	568,945	83,702	50,032	104,508
Beijing Yitian Shidai Trading Co, LLC (China) (***)	15 %	16,745	4,972	20,070	(3,971)	(3,967)	9,405
Total as of December 31, 2023							**375,212**

(Thousands of euros)	% stake	Total Assets (*)	Total Liabilities (*)	Net revenues (*)	Operational profit (*)	Net profit (*)	Book value
Sociedad Textil Lonia, S.A. (Spain)	25 %	524,196	194,491	423,077	90,567	69,834	145,733
Ponteland Distribuição, S.A. (Granado) (Brazil) (***)	35 %	174,753	75,891	175,627	23,208	15,991	98,748
Isdin, S.A. (**) (***) (Spain)	50 %	320,315	140,725	435,334	73,329	53,496	89,691
Beijing Yitian Shidai Trading Co, LLC (China) (***)	15 %	21,821	5,165	15,548	(5,802)	(5,873)	10,652
Total as of December 31, 2022							**344,824**

(*) Refers to 100% of the entity

(**) Joint Business

(***) Amounts in local accounting plan

The book values of ownership interests accounted for using the equity method includes implicit goodwill and other assets.

As explained in note 2.4 and note 4, Puig increased its ownership in Cosmetika, S.A.S. and Kama Ayurveda Private Ltd in 2022. As a result of these business combinations, Puig recorded income of 7,984 thousand euros and 9,347 thousand euros respectively, corresponding to the remeasurement of its original ownership stake in these companies.

The movements in "Investments in associates" during the three years ended December 31, 2023 and 2022 were as follows:

(Thousands of euros)	Sociedad Textil Lonia, S.A.	Ponteland Distribuçao, S.A. (Granado)	Isdin, S.A.	Beijing Yitian Shidai Trading Co, LLC	Total 2023
Opening balance 2023	**145,733**	**98,748**	**89,691**	**10,652**	**344,824**
Profit/(loss)	13,379	13,547	25,016	(595)	51,347
Net impairment	-	-	-	-	-
Dividends received	(12,000)	(3,265)	(10,199)	-	(25,464)
Translation differences	-	5,157	-	(652)	4,505
Closing Balance 2023	**147,112**	**114,187**	**104,508**	**9,405**	**375,212**

(Thousands of euros)	Sociedad Textil Lonia, S.A.	Ponteland Distribuça o, S.A. (Granado)	Isdin, S.A.	Beijing Yitian Shidai Trading Co, LLC	Kama Ayurveda Private Ltd	Cosmetika S.A.S.	Total 2022
Opening balance 2023	**125,275**	**85,598**	**74,443**	**31,831**	**24,501**	**4,808**	**346,456**
Profit/(loss)	17,458	5,449	26,748	(881)	1	106	48,881
Net impairment	9,000	-	-	(19,591)	-	-	(10,591)
Dividends received	(6,000)	(2,268)	(11,500)	-	-	(166)	(19,934)
Translation differences	-	9,969	-	(707)	1,805	(325)	10,742
Income from step acquisition	-	-	-	-	9,347	7,984	17,331
Reclassifications and disposals	-	-	-	-	(35,654)	(12,407)	(48,061)
Closing Balance 2022	**145,733**	**98,748**	**89,691**	**10,652**	**-**	**-**	**344,824**

As of December 2023, and 2022, Beijing Yitian Shidai Trading Co, LLC (Scent Library) had an impairment provision booked in its book value amounting to 19,591 thousand euros**.**

In 2022, an impairment loss of 19,591 thousand euros was recognized on the interest held in Beijing Yitian Shidai Trading Co, LLC (China) due to the impact that Covid had in China. Additionally, a 9,000 thousand euros reversal of impairment loss in Sociedad Textil Lonia, S.A. was recorded due to the recovery of retail after the pandemic.

Impairment test on investments in associates and joint ventures

The methodology for testing impairment of interests in associated companies and joint ventures does not differ significantly from that applied to intangible assets (Note 15).

At year end Puig analyzes the recoverable amounts of investments in associates and joint ventures. The recoverable amount associated with them has been determined based on a value-in-use calculation using cash flow projections based on the business plans prepared by Puig for the next five years.

The long-term growth rate used for the projections above 5 years has been estimated between 2.5% and 5%.

The discount rate (WACC) before and after taxes and the long-term growth rate for the years 2023 and 2022 are as follows:

	2023			2022		
Investment in associate	**WACC Pre-tax**	**WACC Post-tax**	**Long-term growth rate**	**WACC Pre-tax**	**WACC Post-tax**	**Long-term growth rate**
Sociedad Textil Lonia, S.A.	12.7%	10.0%	2.0%	12.1%	9,5%	2.0%
Ponteland Distribuçao, S.A. (Granado)	19.9%	14,8%	5.2%	19.9%	14,8%	5.2%
Isdin, S.A.	12.0%	9,5%	3.0%	11.4%	8,5%	2.5%
Beijing Yitian Shidai Trading Co, LLC	17.3%	15,0%	5.0%	17.3%	15,0%	5.0%

Sensitivity analysis on key estimates

Puig conducts a sensitivity analysis of the impairment calculation by applying reasonable variations to the key assumptions considered in the calculation. The following variations have been assumed:

- A variation of +/-1.50% in the discount rate in the main investments would entail a negative change in the net carrying amount recorded of 1,493 thousand euros (2022: 1,991 thousand euros) and a positive impact of 2,095 thousand euros (2022: 2,174 thousand euros), respectively.
- A variation of +/- 1.00% in the long-term growth rate in the main investments would entail a positive change in the net carrying amount recorded of 1,003 thousand euros (2022: 1,284 thousand euros) and a negative impact of 778 thousands of euros (2022: 1,050 thousand euros), respectively.
- A variation of +/- 2.00% in the revenue growth compound annual growth rates (CAGR) would entail a positive change in the net carrying amount recorded of 4,872 thousand euros (2022: 3,737 thousand euros) and a negative impact of 3,227 thousand euros (2022: 22,261 thousand euros), respectively.

18. FINANCIAL ASSETS

The financial assets as of December 31, were classified as follows:

(Thousands of euros)	2023	2022
Non-current financial assets		
- Financial investments	16,359	14,154
- Other non-current assets	131,444	102,615
Current financial assets		
- Trade accounts receivable	484,705	387,936
- Other current assets (Note 20)	186,709	232,059
Total	**819,217**	**736,764**

Financial investments include investments in which Puig does not have significant influence, therefore cannot be consolidated using the equity method. Financial investments are as follows:

	% Stake		Changs in Fair Value
	2023	2022	
Wemedia Shopping Network Holdings CO, Limited	6%	6%	OCI
Adolfo Dominguez, S.A.	14%	14%	OCI
Lanzatech Global, Inc	0.25%	-	OCI
La Bouche Rouge, S.A.S.	9%	9%	P&L
Seedtag Advertising, S.L.	-	-	P&L

At December 2023, the main investments relate to shares in Adolfo Dominguez, S.A. (listed in Spain), LanzaTech Global, Inc (listed in the USA) and Wemedia Shopping Network Holdings CO, Limited.

The total cost of these investments amounts to 35,635 thousand euros (2022: 31,033 thousand euros). The total amount of impairments as of December 2023 amounts to 19,276 thousand euros (2022: 16,879 thousand euros).

Additions in 2023 relates to LanzaTech Global, Inc amounting to 4,602 thousand euros.

In 2022, shares of Seedtag Advertising, S.L. were sold to a third party, total gain amounted to 22,976 thousand euros, the book value of the investment was 1,330 thousand euros (Note 12).

The breakdown of "Other non-current assets" as of December 31, was as follows:

(Thousands of euros)	2023	2022
Loans (Note 31)	98,048	18,966
Other assets at fair value	14,891	42,078
Deposits and other	18,505	41,571
Total	**131,444**	**102,615**

There was no impairment recorded related to other non-current assets.

Loans correspond to loans granted to employees. There are no significant differences between the market value of the loans and their respective nominal amount as they accrue interest at a market rate. The increase in 2023 is attributed to the issuance of new loans granted to employees for the purchase of Puig shares (Notes 22 and 25).

Deposits include amounts given to the owners of leased commercial premises to guarantee the fulfillment of the conditions set forth in the rental agreements (Note 16).

The "Other assets at fair value" caption mainly corresponds to interest rate hedging derivatives (Note 24).

Total other-non current assets are accounted for at amortized cost except hedging derivatives, which are accounted for at their fair value through other comprehensive income.

The breakdown of "Trade accounts receivable" in the consolidated balance sheet as of December 31, were as follows:

(Thousands of euros)	2023	2022
Accounts receivable	491,584	402,814
Accounts receivable related parties (Note 31)	10,278	3,132
Provision for impairment	(17,157)	(18,010)
Total	**484,705**	**387,936**

Accounts receivable include the balances that were expected to be collected within one year.

As of December 31, 2023, Puig reduced its accounts receivable by 128 million euros (2022: 121 million euros), through non-recourse factoring agreements. Consequently, the risks related to trade receivables were transferred to the corresponding financial entities.

As of December 31, the breakdown by maturity of the "Trade accounts receivable" caption included in the table above were as follows:

			Past due balances			
(Thousands of euros)	Total	Not due balances	30-90 days	90-180 days	180-365 days	>365 days
2023	501,862	409,222	65,494	6,840	6,683	13,623
2022	405,946	289,395	85,243	14,189	5,658	11,461

The balance of the "Trade accounts receivable" caption is shown net of the provision for impairment.
Movements recorded in relation to this provision for the years ended December 31, were as follows:

(Thousands of euros)	2023	2022
Provision at January 1	18,010	17,027
Charge for the year	5,414	5,898
Utilized and cancelled during the year	(6,382)	(6,217)
Translation differences	115	(26)
Business combinations	-	1,328
Provision at December 31	**17,157**	**18,010**

At December 31, 2023 the balance accounts receivable includes items in foreign currency amounting to 377 million euros (2022: 291 million euros).

19. INVENTORY

The breakdown of Inventories by category, net of the provision for obsolete goods, as of December 31, were as follows:

(Thousands of euros)	2023	2022
Raw materials	191,066	163,925
Work in progress	153,010	168,218
Finished goods	561,148	385,264
Inventory Gross	**905,224**	**717,407**
Provisions	(116,358)	(91,074)
Total	**788,866**	**626,333**

(Thousands of euros)	**2023**	**2022**
Provisions at January 1	91,074	72,011
Charge in the income statement	50,170	25,079
Inventory write off	(25,227)	(24,049)
Translation differences	341	3,528
Business combinations	-	14,505
Provisions at December 31	**116,358**	**91,074**

Provisions mainly refer to obsolete stocks and slow-moving products.

Puig has insurance policies to cover potential risks of damage.

20. OTHER CURRENT ASSETS

The breakdown of "Other current assets" as of December 31, were as follows:

(Thousands of euros)	**2023**	**2022**
Prepaid expenses	48,010	52,670
Tax receivable from tax authorities (Note 13)	85,623	51,500
Loans to related entities (Note 31)	203	90,281
Financial assets at fair value (Note 24)	3,095	-
Receivable related parties (Note 31)	13,884	16,545
Other accounts receivable	35,894	21,063
Total	**186,709**	**232,059**

The "Prepaid expenses" caption corresponds to balances generated by Puig's ordinary activity, mainly advertisement costs.
The "Loans to related parties" caption includes the loans granted to related parties that accrue interest at a market rate. During 2023, related party loans have been settled (Note 22).

Other accounts receivable includes cost related rebates, royalties receivables and others.

The “Other assets at fair value” caption mainly includes foreign currency fair value hedging derivatives (Note 24). The breakdown as of December 31 thereof is as follows:

(Thousands of euros)	**2023**	**2022**
Foreign currency hedging (transactions)	2,305	-
Foreign currency hedging (loans)	790	-
Total	**3,095**	-

21. CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" include the cash and short-term deposits of less than 3 months. Breakdown of this heading as of December 31, were as follows:

(Thousands of euros)	2023	2022
Cash at banks	563,770	368,637
Cash equivalents	289,131	341,413
Total	**852,901**	**710,050**

Cash at banks include the amounts related to unrestricted current accounts at banks and are not pledged as collateral.

Cash equivalents include the amount of deposits placed at several financial institutions that mature in less than 3 months since its inception.

22. EQUITY

Share capital

At December 31, 2023, Puig Brands' share capital amounted to 144,000 thousand euros and consisted of 475,000,000 Class A Shares of 0.30 euros nominal value each and 25,000,000 Class B Shares of 0.06 euros nominal value each.

Each of the Class A Shares confers five (5) votes and each of the Class B Shares confers one (1) vote.

Other than the difference in the number of votes, the lower nominal value of Class B Shares and the right of Class A Shares to be converted into Class B Shares, each Class B Share confers the same rights (including the right to receive, in the same amounts, dividends and other distributions declared, made or paid on the Puig's share capital) as the Class A Shares.

On March 20, 2023, Puig Brands carried out a share capital increase of 29,300 thousand euros by share premium. Share capital was raised to 144,000,000 euros, divided into 320,000 ordinary shares each with a nominal of 450 euros. On the same date, following the share capital increase, Puig Brands reduced the nominal value of ordinary shares (split) and created 475,000,000 Class A Shares with a nominal value of 0.30 euros each and 25,000,000 Class B Shares with a nominal value of 0.06 euros each.

At December 31, 2022, Puig Brands' share capital amounted to 114,700 thousand euros and consisted of 254,889 shares with a par value of 450 euros each.

As described in note 1, in 2022, Puig Brands increased its capital, through a non-monetary contribution subscribed by the Sole Shareholder (Puig, S.L.) amounting to 2,321,369 thousand euros (110,497 thousand euros in share capital and 2,210,872 thousand euros in share premium). The capital increases consisted of 245,549 new shares with a par value of 450 euros each.

At December 31, Puig Brands' Shareholders were as follows:

(Thousands of euros)	2023	2022
Puig, S.L.	95.8%	100%
Treasury shares	1.3%	-
Other	2.9%	-
Total	100%	100%

Treasury Shares

In May 2023, Puig Brands acquired 21,000,000 of its shares from its sole shareholder, Puig, S.L., for a total amount of 344,775 thousand euros.

During 2023, Puig Brands delivered 4,131,338 treasury shares to employees in exchange of 44,112 shares of Puig Gest, S.A. and 950,406 shares of Puig, S.L. (see Note 22 "Reserves") held by employees as part of the share appreciation rights plan (SAR's) as described in Note 25 (hereinafter, the "Share Exchange").
Additionally, in 2023, Puig delivered 10,418,035 shares to employees (SARs plan 2015-2018 and 2021-2023, Note 25) and Board members.

The aforementioned acquisition of 21,000,000 treasury shares (344,775 thousand euros) has been paid in the following manner: cash for an amount of 108,392 thousand euros, cancellation of loans with related parties for 92,863 thousand euros and compensation of receivables linked to the sale of Puig, S.L. and Puig, Gest, S.A. shares (see Note 22 "other reserves", 25 and 32) for an amount of 143,520 thousand euros.

Treasury shares of Puig Brands, S.A. delivered in 2023 have crossed call and put options for its repurchase, being Puig the obligor of these contracts. Commitments for this repurchase have been accounted for at fair value under the heading "Provisions and other liabilities" in the long-term liabilities amounting to 238,868 thousand euros (Note 25).

As of December 2023, Puig Brands holds 6,450,627 of treasury shares amounting to 105,907 thousand euros.

Restricted reserves

As of December 31, 2023, restricted reserves amounted to 29,839 thousand euros (25,945 thousand euros as of December 31, 2022).

Unrealized gains (losses) reserve

This reserve mainly includes the fair value at year end of hedging derivatives to cover future transactions in foreign currency.

Application of the results of Puig Brands, S.A.

The proposal for the distribution of the results for fiscal year 2023, formulated by the Directors and expected to be approved by the General Meeting of Shareholders, is as follows:

(Thousands of euros)	2023
Profit and loss account balance (profit)	**279.924**
Application	
Interim dividend	80.000
Other reserves	199.924
Total	**279.924**

Dividends paid

In 2023, Puig Brands paid dividends to its shareholders totaling 160 million euros. These dividends comprised 80,000 thousand euros from prior year's results and 80,000 thousand euros from an interim dividend based on the fiscal year 2023 results. In 2022, dividends amounted to 110 million euros (no dividends were paid out in 2021). Dividends in 2022 were paid to Puig, S.L. shareholders.

The interim dividend was approved by the Board of Directors, considering the forecasted results for the fiscal year 2023. The dividend amount was below the maximum limit established by current legislation, referring to distributable results of Puig Brands, S.A. (standalone) since the close of the last fiscal year.

(Thousands of euros)	2023
Profit and loss for the period ended in April 25th 2023	89,100
Legal Reserve application	(8,910)
	80,190

The provisional liquidity statement prepared by the Directors, which demonstrates the existence of sufficient liquidity for the distribution of said dividend, is as follows:

(Thousands of euros)	2023
Cash and equivalents available at 31st March 2023	45,754
Expected cash payments from 1st April to 31st May 2023	(2,966)
Expected cash collections from 1st April to 31st May 2023	85,000
Forecasted cash and equivalents before interim dividend	127,788
Interim dividend payment	(80,000)
Forecasted cash and equivalents after interim dividend	**47,788**

Cumulative translation adjustment

The most significant currencies of the cumulative translation adjustment come from:

(Thousands of euros)	2023	2022
Brazilian real	(60,284)	(67,636)
Great British Pound	24,709	26,442
Argentian peso	(40,822)	(24,055)
United States Dollar	(5,389)	3,141
Indian rupee	(10,712)	(8,536)
Others	(14,557)	(7,258)
	(107,055)	**(77,902)**

Reserves

As detailed in the "Treasury shares" section, in 2023, the Shares Exchange implied the acquisition of Puig, S.L. and Puig Gest, S.A. shares (held by Puig employees with put and call options) by Puig Brands, S.A. in exchange for treasury shares. Additionally, in 2023, Puig Brands, S.A. sold the acquired shares (Puig, S.L. and Puig Gest, S.A.) to Puig, S.L.

The put and call options agreements for Puig S.L. and Puig Gest, S.A. shares were signed, at the time of the acquisition of the shares, by the shareholders of Puig Brands, S.A. and the beneficiaries agreeing a formula linked to the performance of Puig to determine the price of the shares. The agreed price of the shares (as per the put and call option agreements) at the time of the Shares Exchange performed by Puig Brands, S.A. was 68,134 thousand euros.

After the acquisition of Puig, S.L. and Puig Gest. S.A. shares, Puig Brands, S.A. has sold to Puig, S.L. the acquired shares at their fair value, amounting to 148,734 thousand euros.

As previously mentioned, the put and call options were agreements signed by the beneficiaries with the shareholders, but in 2023, in the context of the internal reorganization (Note 1), the shareholders have agreed to transfer the rights of these agreements to Puig Brands, S.A.. Consequently, the valuation difference between the acquisition (linked to a formula as per the put and call agreements) and its fair value, has been accounted for as a shareholder contribution amounting to 80,601 thousand euros.

The impact of commitments for the repurchase of Treasury shares amounting to 238,868 thousand euros has been accounted for in reserves (“Treasury shares” section).

In 2023 and 2022, reserves impact due to the put and call options in accordance with IFRS 10 has amounted to 1,542 thousand euros and (410,085) thousand euros respectively (note 26). Additionally, the results of the above companies with minority interests was reclassified from non-controlling interests to reserves with an additional positive impact in the amounting to 11,265 in 2023 (2022: (9,944) thousand euros).

Also in 2023, Puig acquired a minority interest in Dries Van Noten minority, having a negative impact in the reserves of 4,840 thousand euros.

In 2022, Puig acquired a minority interest in Puig Arabia Limited (previously formed Al Farida International Beauty Ltd CO.) having a negative impact in the reserves of 7,989 thousand euros.

Non-controlling interests

The breakdown of non-controlling interests at December 31 was as follows:

(Thousands of euros)	2023	2022
Balance at January 1	6,748	8,068
Comprehensive income for the year to non-controlling interests	34,467	13,033
Dividends paid	(21,323)	(22,005)
Additions to and exclusions from the scope	(198)	(2,292)
Business combinations	-	428,915
Reclassification of put-call to long term liabilities (Note 25)	-	(428,915)
Reclassifications of minority interest with put and call options	(10,391)	9,944
Balance at December 31	**9,303**	**6,748**

Business combinations in 2022, refer to the minority interests recorded as of the business combination date (note 4).

For the percentage of shares in respect of which Puig has a put and call option, no minority interests are recorded at the end of the period. Instead, a liability at fair value is recognized at each December 31 (Note 25). Minority interest is reclassified from “Minority Shareholders” to “Reserves”.

Additions to and exclusions from the scope in 2023 relate to the reclassification of the profit and loss attributable to Dries Van Noten. Puig had crossed put-call option that has been executed in 2023 (note 25).

In 2022 additions to and exclusions from the scope related to the acquisition of the shares of the minority interest on Puig Arabia Limited (previously formed Al Farida International Beauty Ltd CO.).

The companies in which Puig holds non-controlling interests are included in Annex I.

23. BANK BORROWINGS

The breakdown of current and non-current borrowings at December 31, 2023 and 2022 were as follows:

(Thousands of euros)	2023	2022
Current		
Current portion of non-current borrowings	283,861	128,046
Bank loans and overdraft	74,510	48,955
Total	**358,371**	**177,001**
Non-current		
Non-current borrowings	1,788,846	1,662,311
Total	**1,788,846**	**1,662,311**

The movements in borrowings were as follows:

(Thousands of euros)	2023	2022
Balance at January 1	1,839,312	972,593
Additions to the scope of consolidation	-	7,310
Net Finance Cost	54,364	29,968
Proceeds from bank borrowings	429,780	993,102
Repayment of bank borrowings including finance cost	(175,307)	(164,421)
Translation differences	(932)	760
Total	**2,147,217**	**1,839,312**

As of December 31, 2023, the debt subject to variable interest rates without interest rate hedging amounted to 294 million euros (2022: €274 million). Puig entered into interest rate swaps covering the entirety of the remaining loans subject to variable interest rates, which amounted to 981 million euros at December 31, 2023 (2022: €723 million). The debt subject to fixed interest rates amounted to 872 million euros (2022: 842 million euros).

In June 2023, Puig Brands took new financing loans amounting to 400 million euros with different financial entities with maturities between 2026 and 2027. Out of the new loans, 100 million euros are subject to a fixed market interest rate, and 300 million euros are subject to a variable interest rate, which are fully hedged through interest rate swaps.

In May 2022, Puig Brands took out additional financing loans amounting to 950 million euros. All these loans mature in 2027 and accrue interest at a market rate.

The breakdown of maturities was as follows at December 31:

(Thousands of euros)	2023	2022
2023	-	177,001
2024	358,371	283,291
2025	510,068	492,719
2026	596,772	503,525
2027 and subsequent years	682,006	382,776
Total	**2,147,217**	**1,839,312**

The breakdown of gross amounts and forecasted interests' maturities was as follows at December 31:

(Thousands of euros)	2023	2022
2023	-	215,706
2024	412,653	316,395
2025	552,677	519,542
2026	627,627	520,780
2027 and subsequent years	698,461	390,274
Total	**2,291,418**	**1,962,697**

As of December 31, 2023 and 2022, the Company had no bank loans secured by collaterals or guarantees.

As of December 31, 2023, the total unused amount of the credit lines amounts to €230 million (2022: €158 million).

Borrowings were denominated in the following currencies at December 31:

(Thousands of euros)	Effective interest rate %	2023	2022
Euros	0.4%-6.8%	2,048,673	1,770,744
Other currencies	3.6%-17.1%(*)	98,544	68,568
Total		**2,147,217**	**1,839,312**

*Excluding effective interest rates of hyperinflationary economies (Argentina)

The effective interest rate incorporates both, the interest rates on bank borrowings and credit lines.

It is important to note that the majority of these funds in euros are granted to Puig Brands, S.A. (the holding company), totaling 2,024,461 thousand euros (2022: 1,738,000 thousand euros).). The effective interest rates, considering interest rate swaps, on the amounts granted were 2,3% (2022: 1.5%).

Most financial debt is annually subject to compliance with a financial ratio based on EBITDA and net financial debt (pre IFRS 16). As of December 2023 and 2022, Puig complied with the financial ratio requirement.

24. DERIVATIVE FINANCIAL INSTRUMENTS

During 2023 Puig continued using derivatives to limit both interest and foreign currency risks on otherwise unhedged positions and to adapt its debt structure to market conditions. These financial instruments have been classified into the Level 2 measurement category.

At December 31, 2023 the following foreign currency hedges entered into by group companies were in place:

Description	Notional (0.00)	Maturity	Recognized in Equity	Recognized in the income statement	Total
AUD/EUR	(42,100)	January 2024 - February 2025	(531)	80	(451)
BRL/EUR	(179,200)	March 2024 - February 2025	91	-	91
CAD/EUR	(17,900)	January 2024 - February 2025	(169)	13	(156)
CLP/EUR	(22,280,100)	March 2024 - February 2025	254	-	254
GBP/EUR	(92,600)	January 2024 - January 2025	(664)	(165)	(829)
MXN/EUR	(873,000)	January 2024 - February 2025	(449)	(1,473)	(1,922)
PEN/EUR	(33,777)	January 2024 - February 2025	26	(23)	3
RUB/EUR	(485,000)	January 2024 - April 2024	(154)	252	98
USD/EUR	(335,100)	January 2024 - February 2025	3,875	1,342	5,217
Total as of December 31, 2023			**2,279**	**26**	**2,305**

At December 31, 2022 the following foreign currency hedges entered into by group companies were in place:

Description	Notional (0.00)	Maturity	Recognized in Equity	Recognized in the income statement	Total
AUD/EUR	(17,850)	January 2023 - February 2024	52	-	52
BRL/EUR	(198,600)	March 2023 - September 2023	341	-	341
CAD/EUR	(10,800)	March 2023 - February 2024	196	-	196
CLP/EUR	(21,433,700)	March 2023 - November 2023	(1,109)	-	(1,109)
GBP/EUR	(76,179)	January 2023 - January 2024	1,374	25	1,399
MXN/EUR	(629,400)	March 2023 - February 2024	375	-	375
PEN/EUR	(27,200)	March 2023 - February 2024	80	-	80
RUB/EUR	(929,700)	March 2023 - February 2024	1,267	-	1,267
SGD/EUR	750	January 2023	1	-	1
USD/EUR	(372,021)	January 2023 - July 2024	(3,944)	(924)	(4,867)
Total as of December 31, 2022			**(1,367)**	**(899)**	**(2,265)**

Interest rate hedging transactions have been entered into through swaps to exchange floating interest rates for fixed interest rates.

As of December 31, 2023 and 2022, Puig had entered into the following interest rate hedging arrangements:

Currency	Notional (0.00)	Maturity	Recognized in Equity	Recognized in the income statement	Total
EUR	123,000	May 2025	4,191	-	4,191
EUR	58,000	May 2025	2,209	-	2,209
EUR	30,000	December 2025	1,169	-	1,169
EUR	70,000	June 2026	2,656	-	2,656
EUR	50,000	June 2026	2,279	-	2,279
EUR	50,000	June 2026	(1,105)	-	(1,105)
EUR	50,000	June 2026	(1,067)	-	(1,067)
EUR	150,000	May 2027	4,480	-	4,480
EUR	200,000	May 2027	5,973	-	5,973
EUR	150,000	June 2027	(4,435)	-	(4,435)
EUR	50,000	June 2027	(1,459)	-	(1,459)
EUR	**981,000**		**14,891**	**-**	**14,891**

Currency	Notional (0.00)	Maturity	Recognized in Equity	Recognized in the income statement	Total
EUR	138,000	May 2025	7,229	-	7,229
EUR	65,000	May 2025	3,985	-	3,985
EUR	30,000	December 2025	2,080	-	2,080
EUR	90,000	June 2026	4,876	-	4,876
EUR	50,000	June 2026	3,921	-	3,921
EUR	150,000	May 2027	8,566	-	8,566
EUR	200,000	May 2027	11,421	-	11,421
EUR	**723,000**		**42,078**	**-**	**42,078**

From the effectiveness tests run by Management, Puig has concluded that foreign currency and interest rate hedging transactions are fully effective.

Additionally, as of December 31, 2023 and 2022, Puig entered into the following foreign currency hedging arrangements to cover loans taken out in foreign currencies:

Description	Notional (0.00)	Maturity	Recognized in Equity	Recognized in the income statement	Total
USD	(62,646)	January 2024	-	271	271
CAD	(5,800)	January 2024	-	32	32
GBP	32,745	January 2024 - December 2024	-	236	236
TWD	62,457	January 2024	-	(13)	(13)
SGD	8,000	January 2024	-	19	19
JPY	72,000	January 2024	-	1	1
CHF	(5,000)	January 2024	-	145	145
MXN	(200,000)	January 2024	-	99	99
Total as of December 31, 2023			**-**	**790**	**790**

Description	Notional (0.00)	Maturity	Recognized in Equity	Recognized in the income statement	Total
USD	24,193	January 2023	-	(657)	(657)
CAD	(6,816)	January 2023	-	9	9
GBP	29,262	January - September 2023	-	(970)	(970)
TWD	50,765	January 2023	-	31	31
CHF	(4,600)	January 2023	-	(12)	(12)
Total as of December 31, 2022			**-**	**(1,599)**	**(1,599)**

25. PROVISIONS, CONTINGENCIES AND OTHER LIABILITIES

The breakdown and annual movement of "Provisions and other liabilities", except for long-term lease liabilities amounting to 255,561 thousand euros (208,698 thousand in fiscal year 2022) (Note 16), is as follows:

(Thousand euros)	Liabilities from business combinations	Other Employee Benefits	Treasury shares commitments	Employee pension plans	Other	Total
January 1, 2022	1,570,935	45,145	-	9,304	51,642	1,677,026
Arising during the year recognized in profit and losses	31,227	62,915	-	708	1,071	95,921
Arising during the year recognized in retained earnings	410,085	-	-	-	-	410,085
Utilized	-	(1,390)	-	(1,664)	(20,706)	(23,760)
Translation differences	(101,460)	1,484	-	17	4,904	(95,055)
Business combinations	472,221	21	-	118	615	472,975
Reclassifications and others	-	-	-	-	8,051	8,051
Balance as of December 31, 2022	**2,383,008**	**108,175**	**-**	**8,483**	**45,577**	**2,545,243**
January 1, 2023	2,383,008	108,175	-	8,483	45,577	2,545,243
Arising during the year recognized in profit and losses	6,201	46,143	-	713	16,388	69,445
Arising during the year recognized in retained earnings	1,542	-	238,868	-	-	240,410
Utilized	(47,060)	(92,268)	-	(446)	(10,891)	(150,665)
Translation differences	40,980	(764)	-	(1)	442	40,657
Business combinations	-	-	-	-	-	-
Reclassifications and others	(207,006)	(7,263)	-	(421)	(26,355)	(241,045)
Balance as of December 31, 2023	**2,177,665**	**54,023**	**238,868**	**8,328**	**25,161**	**2,504,045**

Liabilities from business combinations

When Puig Brands acquires a company, it often prefers that the previous shareholders remain in the company with a minority stake. In this way, the seller / founder remains engaged and committed to the continued success of the brand.

At the time of the acquisition, the Company may enter into call and put option agreements granting the right or obligation to purchase the minority stake from the seller / founder at certain specified dates and at prices calculated based on an initially agreed adjusted multiple linked to the business performance of the related business. This is the case with recent acquisitions of Byredo, Loto del Sur and Kama Ayurveda, as well as prior years' acquisitions such as Charlotte Tilbury and Dries Van Noten.

These options have been recorded as liabilities in accordance with IFRS 10, and valued at fair value at each reporting period, with the changes in fair value recorded against equity.

At the time that the options are exercised, the Company will be required to make payments to the sellers / brand founders in the amounts due.

Put and call options that are included in the balance sheet are related to the following agreements:

In 2018, 70% of Dries Van Noten was acquired. The purchase agreement included call and put options corresponding to the percentage of shares held by minority shareholders. Such options were valued according to a multiple on expected profitability parameter. This call and put option has been executed and paid in December 2023.

In 2020, the Company acquired 73.11% of Charlotte Tilbury through Prado Investments, Ltd., in which Puig Brands holds a 76.40% stake. The purchase agreement includes call and put options corresponding to the percentage of shares held by minority shareholders. Such options are valued based on a multiple of net revenues (adjusted by the profitability of the business) which is adjusted according to the expected performance at each year end, compared to the initial plan, until expiration of the put and call options, guaranteeing a minimum price. These options have different windows between the years 2024 and 2030. As of December 31, 2023, the reclassification in this caption, amounting to 207 million euros, relates to the put-call option of Charlotte Tilbury exercisable in 2024 (Note 27).

In 2022, as part of the business combinations, Puig agreed put and call options related to Byredo, Kama Ayurveda and Loto del Sur acquisitions (Note 4).
In 2023 and 2022, the increase in liabilities linked to call and put option agreements (put in place at that time)resulted from the change of the management projections in the expected business performance to which these liabilities are linked to. The discount factor and the exchange rate also affected the variations. The increase during 2022 was also affected by the initial recognition of the business combinations completed in the period (Note 4).

In addition to the call and put options mentioned above, in this caption Puig includes liabilities for earn-outs arising from certain business combinations. At December 31, 2023, the balance regarding these liabilities amounted to 186 million euros (2022: 177 million euros).

The increase in these earn-outs in 2023 and 2022 were mainly driven by the change in management's projections with respect to the expected business performance to which these liabilities are linked, and the effect of the discount factor and the exchange rate. In addition, the increase during 2022 was also affected by the initial recognition of the business combinations completed in the period that amounted to 43 million euros (Note 4).

The amounts recognized as liabilities in the consolidated balance sheet have been discounted using the weighted average cost of capital ("WACC") of each business (Note 15).

These liabilities have been classified in the Level 3 measurement category. Puig conducts a sensitivity analysis of these liabilities by applying reasonable variations to the key assumptions considered in the calculation.

- A variation of +/- 2% in the CAGR of the main business indicator to which the liability valuation is linked would impact the liability recognized in the balance sheet as of December 31, 2023, resulting in an increase of 164 million euros or a decrease of 152 million euros (2022: increase of 204 million euros or decrease of 188 million euros).
- A variation of +/- 1.5% in the discount rate would impact the liability recognized in the balance sheet as of December 31, 2023, leading either a 86 million euros or an increase of 53 million euros (2022: increase of 84 million euros or decrease of 79 million euros).

The above mentioned put call options are exercisable during a certain period of time. At December 31, the maturity of these liabilities was as follows:

(Thousands of euros)	2023	2022
Liability maturing more than 1 and less 3 years	1,125,074	259,000
Liability maturing between 3 and 5 years	325,296	1,169,978
Liability maturing in more than 5 years	727,295	954,030
	2,177,665	**2,383,008**

Employee benefits and others

Some employees are granted with plans called "share appreciation rights" (SARs). The SARs are vested based on services and specific performance conditions.

The main characteristics of the share-based payments plans are:

- Plan 2021 – 2023

The 2021-2023 plan is composed of three different yearly grants with a vesting period of 3-5 years between 2021 and 2025. The shares are vested by the employee based on time-based vesting conditions and business performance conditions. Initially the underlying shares of the SARs were based on shares of Puig, S.L. and Puig Gest, S.A. As part of the Shares Exchange described below, the beneficiaries have agreed in 2023 to exchange the underlying shares of the plan for Puig Brands, S.A. shares.

The valuation of the incentive plan is calculated based on the value of the share appreciation rights, which is calculated based on an independent valuation (level 3 fair value measurement). The valuation of the plan is the difference between the value of the shares at the grant date and the expected valuation of the shares at the end of the vesting period.

Once the shares are vested, the beneficiary has the option to receive a cash settlement, acquire the shares, or receive free shares net of tax.

If the beneficiaries elect to acquire the shares or receive free shares (acquisition price fixed based on the value of the share appreciation rights on the granted date), a call option is granted to Puig to re-acquire the shares at any time from 2030 at the fair value of the shares at the date the call option will be executed. Simultaneously to the call option grant, a put option is granted to the beneficiary once the shares are acquired enabling the beneficiaries to exercise them at any time from the acquisition until 2030 except in the lock up period. Such obligation is held by the company which granted the shares.

- 2021 Plan

Puig granted some employees with a management incentive plan which vests over five years (2021-2025). Vesting conditions are based on time-based and business performance conditions.

The value of the plan is based on the appreciation of the shares of a Puig subsidiary, being the difference between the value of the shares granted at the beginning of the plan and the value of the shares expected at the end of the vesting period above a certain threshold. The valuation of the vested shares is calculated based on a formula linked to the business performance (level 3 fair value measurement).

At grant date, the beneficiaries choose between two types of settlement:

- cash settlement
- Acquisition of shares based on their nominal value. Once acquired, a call option is granted to Puig to re-acquire the shares between 2026 and 2029 at a price calculated based on the value creation above a

certain threshold. In addition, a put option is granted once the shares are acquired enabling the beneficiaries to execute them between 2026 and 2029.

- 2015-2018 Plan

Between 2015 and 2018, Puig granted some employees of Puig with shares appreciation rights over Puig, S.L. and Puig Gest, S.A. shares (both companies are directly/indirectly shareholders of Puig, Brands, S.A.).

Most of the shares were already vested at January 1, 2021, except for one grant which started vesting at that date. Once the shares were vested, the beneficiaries had the option to acquire the shares or to request the settlement in cash. Initially the underlying shares of the SAR was based on shares of Puig Gest, S.A. As part of the Shares Exchange described below, the beneficiaries have agreed in 2023 to exchange the underlying shares of the plan for Puig Brands, S.A. shares.

For the beneficiaries who elected to acquire the shares (at a fixed price), a call option was granted to re-acquire the shares between 2025 and 2040 at a value based on a formula linked to performance indicators at the date the call option will be executed. In addition, a put option was granted to be executed between 2024-2028 with the same valuation method. These agreements were signed with the companies that delivered the shares to the beneficiaries (Note 22 “Reserves”).

The detail of the remuneration plans based on share appreciation rights as of December 31 is as follows:

Number of SAR Rights	Outstanding at January 1, 2023	Granted number	Forfeited number	Vested number	Outstanding at December 31, 2023	Exercisable at December 31, 2023	Delivered at December 31, 2023
Plan 2015 – 2018 (*)	40,494	-	-	-	40,494	-	-
2021 Plan (**)	20,255,400	3,484,800	(2,376,000)	(1,350,360)	20,013,200	348,480	1,001,880
Plan 2021-2023 (*)	1,901,548	-	-	-	1,901,548		-

Number of SAR Rights	Outstanding at January 1, 2023	Granted number	Forfeited number	Vested number	Outstanding at December 31, 2023	Exercisable at December 31, 2023	Delivered at December 31, 2023	Exchanged in 2023 (*)	Delivered December 31, 2023 Exchanged (*)
Plan 2015 – 2018 (*)	40,494	-	-	40,494	-	-	40,494	(1,026,351)	4,853,644
2021 Plan (**)	20,013,200	1,564,200	(338,800)	(734,324)	20,504,365	601,224	1,483,460	-	-
Plan 2021-2023 (*)	1,901,548	-	-	1,901,548	-	-	1,901,548	(1,901,548)	8,661,171

(*) For 2015-2018 plan, in 2023, Puig Brands, S.A. shares have been exchanged for Puig, S.L. and Puig, Gest, S.A. shares held by the beneficiaries of Puig refer to Note 22 “reserves”. For 2021-2023 plan, the underlying shares of the SAR was based on shares of Puig Gest, S.A.. As part of the Shares Exchange described, the beneficiaries have agreed in 2023 to exchange the underlying shares of the plan for Puig Brands, S.A. shares.
(**) The SARs related to the plan are for a subsidiary of Puig.
Exercisable SARs include shares already vested by employees but not exercised.
Delivered SARs includes shares acquired by the employees where put and call options between the employee and Puig exist.

In 2023, both the 2015-2018 and the 2021-2023 plans have been fully vested, prior to the expected vesting dates of the plans which were end of 2023, 2024 and 2025 depending on the grant, because the objectives set were achieved in advance. These plans were subject to the appreciation of the shares of Puig, S.L. and Puig Gest, S.A. In 2023, it has been agreed to exchange the underlying shares (108,144 shares of Puig Gest, S.A. and 1,833,898 shares of Puig, S.L.) for 9,696,505 shares of Puig Brands, S.A. (valued at 16.42 euros per share) maintaining the same value of the plan for each of the beneficiaries.

The shares of Puig, S.L. and Puig Gest, S.A. (950,406 and 38,046 respectively) related to 2015-2018 plan were acquired by the employees from direct or indirect shareholders of Puig. Put and call options over these shares were agreed. In 2023 the shareholders have transferred the right to acquire the shares to Puig (Note 22 "Reserves"). In 2023, Puig has exchanged these shares ("Shares Exchange") for 4,004,074 shares of Puig Brands, S.A. (valued as at 16,42 euros per share) maintaining the same value of the plan for each of the beneficiaries.

As a consequence, as at December 31, 2023, the beneficiaries of the 2015-2018 and 2021-2023 plan own 13,514,815 shares of Puig Brands, S.A. Put and call options have been agreed between Puig and its beneficiaries to be exercised between 2024 and 2030. In the case of a public offering, the put and call options would no longer have any effect, except when lock up periods apply, in which case Puig retains a call option.
For the 40,494 shares of Puig Gest,S.A. for the 2015-2018 plan that were still in the vesting period in 2022, the value was based on a formula linked to the business performance. The strike price of the shares was 202.82 and the exercisable price was 376.08.

For the 2021 Plan, the strike price of the shares of the subsidiary which granted the plan was 1.28 in 2023 (1.20 euros in 2022) and the exercisable price was 3.57 in 2023 (3.85 euros in 2022).
For the 2021-2023 Plan, the strike prices of the shares of Puig, S.L. and shares of Puig Gest, S.A. in 2022 were 91.43 euros and 568.61 euros respectively, being their exercisable prices 148.49 euros and 934.63 euros in 2022 respectively.

The carrying amount of the liability relating to the SARs as of December 31, 2023, was 33,986 thousand euros (2022: 84,880 thousand euros).

In addition, other employee benefits, includes long term cash bonuses when certain business performance conditions are met. As at December 31, 2023, the liability amounted to 10,989 thousand euros (2022 10,725 thousand euros).

This caption also includes other employee benefits amounting to 9,048 thousand euros in 2023 (12,570 thousand euros in 2022).

Treasury shares Commitments

In 2023, a liability has been accounted for the put and call options of Puig Brands, S.A. shares already delivered to employees and sold to Board Members amounting to 238,868 thousand euros. In the case of a public offering, the put and call options would no longer have any effect, except when lock up periods apply, in which case Puig retains a call option.

Employee Pension plan

A portion of Puig's employees are covered by defined contribution or benefit retirement plans paid for by Puig companies. The type of plan varies according to the legal requirements of the country in which beneficiaries are employed.

a. Defined contribution plans

For defined contribution plans, Puig undertakes to pay a defined contribution (e.g., a fixed amount or percentage of salaries).

Defined contribution plans cover employees in Spain and United Kingdom, among other countries.

The defined contribution plan of Spanish companies is funded by means of an independent pension fund named Diagonal Fondo de Pensiones. In this case, Puig does not assume any obligations or commitments other than the annual contribution.

b. Defined benefit plans

For defined benefit plans, Puig undertakes to pay the employee a defined benefit (e.g. a retirement pension at a fixed amount or percentage of the employee's final salary). For the defined benefit plan, the present value of future benefits (which the company is liable to pay under the plan) is computed using actuarial principles and the projected unit credit method. The computation of present value is based on assumptions of interest rates, increases in salaries and pensions, investment yield, mortality and disability. The present value is computed exclusively for the benefits to which the employees have earned entitlement through their employment with the company. The Group's defined benefit plans cover employees in France.

The defined benefit plan of French companies is not outsourced. The liability under the plan calculated on an actuarial basis is stated in the consolidated balance sheet at December 31, 2023 at an amount of 8.3 million euros (in 2022: 9.3 million euros).

The amounts recognized in equity are the following:

(Thousands of euros)	**2023**	**2022**
Current service cost	713	708
Total (benefit)/expenses recognized in the income statement	**713**	**708**
Net actuarial (loss) / gains recognized	-	-
Actual return on plan assets	**-**	**-**

The present value of the obligations and the fair value of the plan assets are as follows:

(Thousands of euros)	**2023**	**2022**
Present value of related obligations	8,328	8,483
Net liabilities	**8,328**	**8,483**

Movements of net liabilities for the years ended December 31 are as follows:

(Thousands of euros)	2023	2022
At January 1	8,483	9,304
Net cost of the plan	712	725
Contributions / Benefits	(446)	(1,664)
Business combinations	-	118
Reclassifications	(421)	-
Net liabilities	**8,328**	**8,483**

The main actuarial assumptions used at December 31 are as follows::

	2023	2022
Discount rates	3.6% - 4.2%	1%-2%
Expected wage increase	2.5%	2.5%-5%
Expected rate of return on plan assets	-	-
Average retirement age	62-65	62-65

Defined benefit plans have been classified into the Level 3 measurement category.

26. OFF-BALANCE SHEET COMMITMENTS

At December 31, 2023, the Parent Company has granted bank guarantees amounting to 181 million euros(2022: 124 million euros) in favor of Puig subsidiaries, mainly related to their normal business activity.

Specifically, bank guarantees represent the parent company's commitment to third parties to assume the losses of its subsidiaries and other operating matters. Bank guarantees have no predetermined maturity.

Additionally, it should be noted that Puig has no significant legal or tax contingencies.

The Group is not aware of any significant off-balance sheet commitments other than those described above.

27. OTHER CURRENT LIABILITIES

The breakdown of this caption as of December 31 was as follows:

(Thousand euros)	2023	2022
Tax and social security debt (Note 13)	71,177	59,156
Accrued payroll	104,102	101,902
Operating provisions	201,949	197,195
Payables for other services	352,889	296,146
Financial liabilities at fair value (Note 24)	-	3,864
Other liabilities	24,634	37,410
Liabilities due to business combinations (Note 25)	207,006	-
Other liabilities related parties (Note 31)	4,293	10,061
Lease liabilities (Note 16)	58,074	43,916
Total	**1,024,124**	**749,650**

Operating provisions include accruals of commissions, returns and provisions for other services.

The "Other liabilities at fair value" caption mainly includes foreign currency fair value hedging derivatives and interest rate hedging derivatives (Note 24). In 2022, the fair value of the derivatives amounted to 3,864 thousand euros. The breakdown as of December 31 is as follows:

(Thousands of euros)	2023	2022
Foreign currency hedging (transactions)	-	2,265
Foreign currency hedging (loans)	-	1,599
Interest rate hedging	-	-
Total	-	**3,864**

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In its normal course of business Puig is exposed to various financial risks: market risk (including foreign exchange risks and interest rate risks) and other risks such as credit risk, liquidity risk and capital risk management. Puig's management focuses on minimizing these risks implementing risk management policies to identify and analyze the risks faced by the Group and define appropriate risk limits and controls. Group's management procedures are designed to have a control environment.

This note provides information on the Group's exposure to risks, the Group's objectives, policies and processes for managing risks, the methods used to measure these risks and the financial instruments used to mitigate the corresponding risks.

The Group's Audit Committee supervises how management controls comply with the Group's risk management procedures and policies and review whether the risk management policy is suitable considering the risks that the Group is exposed to.

Market risk

Foreign Exchange risk

The Group operates in an international environment and therefore is exposed to exchange rate risk on transactions in currencies, especially with regards to the USD and the GBP (being the euro the functional currency of the Group and the currency of the parent company). Currency risk is associated with future commercial transactions, recognized assets and liabilities, and net investment in foreign currencies.

Puig has a significant portion of sales to customers and to their own subsidiaries as well as certain purchases in currencies other than their functional currency (euro). Hedging instruments are used to reduce the foreign exchange risks arising from the fluctuations of currencies different from the companies' functional currencies.

Before the end of the year, as part of the budget preparation, Puig companies are responsible for identifying the exposure to foreign currency cash flows. The Group centrally analyzes the exposure and arranges the appropriate hedges. The identified foreign exchange risks are hedged using forward contracts or options.

Puig has implemented a strict policy to manage, measure and monitor these risks. The activities are organized based on a clear segregation of duties between the front office, middle office and back office which are responsible for the measurement, hedging and administration and financial control. The hedging strategy must always be presented to the top management for approval.

Derivative instruments entered into hedge for foreign exchange are accounted for in accordance with hedge accounting principles.

The financing obtained by Puig is mainly in Euros representing 95% of the total debt (2022: 96%).

The following table shows a sensitivity analysis to possible reasonable changes in the exchange rate of the main foreign currencies with which Puig operates, keeping all other variables constant:

(thousands of euros)	Increase/Decrease in USD	Effect on profit/(loss)	Effect equity
2023	**10%**	8,015	12,131
	(10%)	(8,015)	(12,131)
2022	**10%**	**5,791**	**4,405**
	(10%)	(5,791)	(4,405)

(thousands of euros)	Increase/Decrease in GBP	Effect on profit/(loss)	Effect equity
2023	**10%**	**(5,730)**	**(98,105)**
	(10%)	5,730	98,105
2022	**10%**	**(224)**	**(102,374)**
	(10%)	224	102,374

Puig has arranged exchange rate hedges to cover potential fluctuations in foreign currency.

Interest rate risk

Puig's interest rate risk arises from current and non-current borrowings with banks. The objective of Puig is to have a high proportion of borrowings at fixed rate or floating interest rates hedged by interest rates swaps (IRS). The main objective of the management is to protect net profit from the impact of significant changes in interest rates.

Puig uses derivative financial instruments (interest rate swaps) to cover the risk of changes in the interest rates on some loans. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value at December 31, 2023 amounts to 14,891 thousand euros (2022: 42,078 thousand euros).

As of December 31, 2023, the amount of debt subject to variable interest rates, without interest rate hedging, totaled 294 million euros (2022: 273 million euros), representing 14% of the total bank debt (2022: 15%).

An increase of 2% in the market interest rate could result in a financial interest expense increase of 5.9 million euros (2022: €5.7 million).

Credit risk

Credit risk is the risk to which Puig is exposed in the event that a customer or counterparty fails to pay its obligation.

To mitigate this risk Puig has a credit policy and manages its exposure to collection risk in the normal course of its operations. Puig evaluates the credit given to all its customers above a certain amount. Likewise, Puig has a credit insurance for most of its accounts receivable.

The Group recognizes impairment based on its best estimate of the expected losses on trade and other receivables. The main impairment losses recognized are due to specific losses relating to individually identified risks. At year end, these impairment losses are immaterial.

The maximum exposure to credit risk in relation to trade receivables is the amount shown in Note 18 above amounting to 501,861 (2022: 405,946 thousand euros). Puig customers are reasonably fragmented, so individually none of them represents more than 10% in the overall amount of trade receivables.

Puig has undrawn amounts from credit facilities that can be used to cover operating cash deficits.

Also, to mitigate this credit risk, the Group has transferred this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. To mitigate this credit risk, the Group only works with banks with strong credit ratings as qualified by international rating agencies. The solvency of these institutions, as indicated in each institution's credit ratings, is reviewed periodically in order to perform active counterparty risk management.

The assets subject to the credit risk exposure recognized in the balance sheet were as follow:

(Thousands of euros)	2023	2022
Financial investments	16,359	14,154
Other non-current assets	370,315	111,591
Trade and other receivables	484,705	387,936
Other current assets	186,709	232,059
Cash and cash equivalents	852,901	710,050
	1,910,989	**1,455,790**

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure where possible, that it always has sufficient liquidity to settle its obligations at the maturity date.

Puig uses financial planning techniques to manage liquidity risk, taking into consideration the maturity of financial assets and liabilities and cash flow projections. Puig objective is to balance structural requirements and exceptional needs of cash with the loans and overdrafts taken out, to ensure that it will be able to use them depending on its liquidity situation.

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

Puig has undrawn amounts from credit facilities that can be used to cover operating cash deficits.
The maturities of the main financial liabilities, which include Leases (Note 16), Bank Borrowings (Note 23) and Liabilities for business combinations (Note 25) as of December 31 are as follows:

(Thousands euros)	2024	2025	2026	2027	2028 and subsequent years	Total
Bank Borrowings	358,371	510,068	596,772	682,006	-	2,147,217
Liabilities from business combinations	207,006	10,022	1,115,052	-	1,052,591	2,384,671
Lease Liabilities	58,074	51,975	45,674	35,590	122,322	313,635
	623,451	**572,065**	**1,757,498**	**717,596**	**1,174,913**	**4,845,523**

(Thousands euros)	2023	2024	2025	2026	2027 and subsequent years	Total
Bank Borrowings	177,001	283,291	492,719	503,525	382,776	1,839,312
Liabilities from business combinations	-	259,000		1,166,186	957,823	2,383,008
Lease Liabilities	43,916	43,514	32,528	46,955	85,701	252,614
	220,917	**573,068**	**537,983**	**1,716,666**	**1,426,300**	**4,474,934**

Capital risk management

Puig's objective is to safeguard its capacity to continue managing its recurring activities and the capacity to continue to grow, by optimizing the debt-to-equity ratio and to create value for the shareholder.

The main purpose of Puig capital management is to ensure a financial structure that can optimize capital cost and maintain a solid financial position, in order to access to the financial markets at a competitive cost to cover financing needs.

Puig manages its capital to ensure that certain financial ratios are appropriate to develop its business, maintaining a high level of solvency so that it can provide appropriate returns to its shareholders. Net debt ratio is measured as follows:

(Thousands euros)	2023	2022
Net debt	**1,509,700**	**1,272,629**
Adjusted Ebitda	**862,674**	**681,448**
Net Debt ratio (Net debt / Adjusted Ebitda)	**1.75x**	**1.87x**

The volume of capital is determined according to existing risks, making the corresponding adjustments to capital in accordance with changes in the economic environment and managed risks.

"Net Debt" is an alternative performance measure used by Management to measure the level of the Group's debt. It includes current and non-current bank borrowings (Note 23), lease liabilities (Note 16.2), and is reduced by cash and cash equivalents (Note 21) and by Loans issued to related parties (Notes 18 and 20):

(Thousands euros)	2023	2022
Debts with credit institutions (Note 23)	2,147,217	1,839,312
Lease liabilities (Note 16.2)	313,635	252,614
Treasury and equivalents (Note 21)	(852,901)	(710,050)
Loans granted to related parties (Note 18 and 20)	(98,251)	(109,247)
Net Debt	**1,509,700**	**1,272,629**

"Ebitda" is an alternative performance measure used by Management that measures the group's operational profit before financial results, profit/(loss)) from associates and joint ventures, taxes, impairments and depreciation and amortization (Note 11).

(Thousands euros)	2023	2022
Operational result	679,206	492,967
Amortization and impairment (Note 11)	169,704	144,953
Ebitda	**848,910**	**637,920**

This measure, although not specifically defined under IFRS, is often referred to and published by companies and is intended to facilitate analysis and comparability.

"Adjusted Ebitda" is an alternative performance measure used by Management to measure "Ebitda" excluding "other operating income and expenses" (Note 9).

(Thousands euros)	2023	2022
Ebitda	848,910	637,920
Other operating income and expenses (Note 9)	13,764	43,528
Adjusted Ebitda	**862,674**	**681,448**

Changes in working capital

Breakdown of changes in working capital (net of changes in scope and non-cash items) is presented as follows:

(Thousand euros)	2023	2022
Inventory	(162,533)	(237,136)
Trade accounts receivable	(96,769)	(51,433)
Other Current Assets	42,255	(47,494)
Trade accounts payable	(26,815)	45,472
Other current Liabilities	49,446	132,167
Changes in working capital	**(194,416)**	**(158,424)**

29. OTHER DISCLOSURES

29.1 Audit fees

Net fees accrued to Ernst & Young, S.L. as the auditor of the Group's consolidated annual accounts, or by any firms related to this auditor as a result of a relationship of control, common ownership or common management are as follows:

(Thousand euros)	**2023**	**2022**
Audit services	2,021	1,514
Other assurance services	852	376
Total audit and similar services	2,873	1,890
Tax services	60	54
Other services	87	46
Total professional services	3,020	1,990

Additionally, net audit fees for services provided by auditors other than the main auditor amounts to 358 thousand euros in 2023 (2022: 316 thousand euros).

29.2 Information on the Parent Company's Directors and key Management

During the year ended December 31, 2023 the Company's directors have not been party to any direct or indirect conflict of interest with Puig, except for the approval of the following agreements in which one or several directors, as appropriate, refrained from deliberating and voting thereon as they could result in a conflict of interest situation:

a. the subscription of a new contract with the CEO as well as the novation thereof.
b. the subscription of a new contract with the Executive Vice President as well as the novation thereof.
c. the designation of the beneficiaries of the renewal of a program for the acquisition of Class B shares of Puig.
d. the subscription of credit lines with different financial entities.
e. the approval of two lease contracts in France and the United States, respectively.
f. the proposal General Shareholders' Meeting for the approval of an extraordinary cash bonus.

The remunerations for the year 2023 of the Key Management amounted to 51,047 thousand euros, respectively (2022 12,945 thousand euros), for fixed and variable salaries, long terms incentive plans, fringe benefits, pension commitments, and life insurance premium payments.

The President and the VicePresident of the Board of Directors are also members of the key management of the Group and consequently, their remuneration has been accrued based on their executive services and their remuneration has been included in the Board of Directors remuneration section.

The remuneration accrued by the Board of Directors for the services provided as a members of the Board of Puig Brands and the executive services of the President and VicePresident of Puig Brands, S.A. amounted to 45,660 thousand euros in 2023 (9,055 thousand euros in 2022).

Puig has paid Directors and Key Management liability insurance premiums in the amount of 175 thousand euros (2022: 130 thousand euros).

As of December 31, 2023, there were loans granted to the Key Management amounting to 58.146 thousand euros (2022: 14,113 thousand euros).The interest accrued related to the loans granted to the Key Management amounted to 1,577 thousand euros (2022: 219 thousand euros). The loans accrue interest at a rate between 1.5% and 3.25%.

Puig also has given long term incentive plans to its Key Management (which includes one member of the Board of Directors with executive service) amounting to 53,049 thousand euros. This remuneration has been included in the total remunerations (Key Management and Board of Directors) indicated above and are disclosed in the period when the plans are fully vested (which is different from period of the accrual of the related expense).

As detailed in note 25, during 2023, as part of the accelerated vesting of the long term incentive plan, Puig has delivered 6.101.430 treasury shares to the Key Management and to one member of the Board of Directors with executive services. Additionally, during 2023, the shares held by the beneficiaries of Puig, S.L. and Puig Gest, S.A. (950.406 and 8.030) have been exchanged for 3.374.335 shares of Puig Brands, S.A.

Put and call options have been agreed between the parties and therefore, as at December 2023 a total amount of 155,573 thousand euros is included as a liability in the consolidated balance sheet.

In addition of the abovementioned, members of the Board of Directors own a total amount of 800,132 shares of Puig Brands, S.A. For some of the abovementioned shares held by the members of the Board of Directors, put and call options have been agreed between the parties and Puig Brands, S.A. therefore, as at December 2023 a total amount of 11,664 thousand euros is included as a liability in the consolidated balance sheet.

29.3 Information on the average payment period to suppliers

The average payment period to suppliers of Spanish companies is as follows:

	2023	**2022**
(Days)		
Average payment period to suppliers	52	65
Ratio of paid operations	52	71
Ratio of operations pending payment	45	35
(Thousands of euros)		
Total payments	1,235,981	949,472
Total outstanding payments	103,168	173,777
Monetary volume of invoices paid in a period less than the maximum established in the late payment regulations	1,001,711	667,512
Percentage that payments less than said maximum represent over the total payments made	81.0%	70.3%
(Number of invoices)		
Invoices paid in a period less than the maximum established in the late payment regulations	74,377	53,710
Percentage of total invoices	85%	75.5%

(1) Average payment period to suppliers: It will be understood as the weighted average between the ratio of paid operations and the ratio of unpaid operations.

(2) Ratio of paid operations: It will be understood as the weighted difference between the calendar days that have elapsed since the date of receipt of the goods or services (however, in the absence of reliable information about the moment in which this circumstance occurs, the date of receipt of the invoice) until the material payment of the operation.

(3) Ratio of transactions pending payment: It will be understood as the weighted difference between the calendar days that have elapsed since the date of receipt of the goods or services (however, in the absence of reliable information about the moment in which this circumstance occurs, it will be will take the date of receipt of the invoice) until the last day of the period to which the consolidated annual accounts refer.

30. ENVIRONMENTAL INFORMATION

Puig works towards contributing to two global commitments; helping limit global warming to 1.5°C by 2030 and becoming a net zero organization by 2050.

To achieve these goals, Puig integrates environmental, social and governance (ESG) criteria into its culture, business model, strategy, and day-to-day activities.

The main highlights on sustainable commitments are as follows:

- Approval of the Puig biodiversity strategy.
- Development of a new carbon footprint calculation tool.
- First overall group evaluation in the three CDP questionnaires (Climate, Water and Forest).
- Approval of the Climate Policy, updating of the Sustainable Sourcing Policy, and development of new policies related to nature.

Expenses incurred during these years to eliminate, limit or control the possible impact that the normal course of business of Puig Spanish production subsidiaries could have on the environment have amounted to 750 thousand euros (2022: 277 thousand euros). Likewise, at 2023 year end the net book value of property, plant and equipment relating to the environment was 2,381 thousand euros (2022: 2,651 thousand euros).

At the end of fiscal years 2023 and 2022, Puig has no environmental provisions or contingencies recorded in its financial statements that could have a significant effect on its equity, financial situation, or results.

Climate change-related impacts have been assessed by the directors, who have concluded that no significant effects are expected.

The Non-Financial Statement includes information on Puig's commitment to the environment through its Sustainability Policy.

31. RELATED PARTIES

The main balances and transactions with Puig related parties are summarized as follows:

(Thousands of euros)	Year	Sales to/ Income from related parties	Purchases from / Expenses with related parties	Finance income	Dividends	Accounts receivable from related parties / Current financial investments	Accounts payable
Companies with significant influence over Puig	2022	-	829	793	-	50,326	(9,679)
	2023	4	280	687	-	8,512	(4,049)
Associates	2022	33,973	324	-	19,934	7,483	(140)
	2023	44,022	2,226	-	25,464	15,761	(1,361)
Other related parties	2022	-	9,957	1,225	582	56,994	(286)
	2023	2	11,186	1,322	-	39,991	(177)

Transactions with entities with significant influence over Puig for the years ended December 31, 2023 and 2022, primarily correspond to payments for services rendered to Puig Brands by Puig SL and the shareholders of Puig SL (including Exea Empresarial, S.L.). Puig Brands also granted loans in favor of some of these entities (which have been repaid in full by December 31, 2023). In 2023 and from 2024 onwards, no transactions are expected except for the ones related to Puig, S.L. as the head of the Spanish tax group.

Transactions with associated companies for the years ended December 31, 2023 and 2022, primarily correspond to payments received for the manufacturing services that Puig Brands provides for Isdin, S.A. royalties that Puig receives from Sociedad Textil Lonia, S.A. in connection with the license of CH Carolina Herrera, and the dividend distributions from our associate and joint venture investments.

Transactions with other related parties for the years ended December 31, 2023 and 2022, primarily correspond to payments to Inmo, S.L. and its subsidiaries in connection with the lease of our headquarters in Barcelona, the lease of our manufacturing facility in Barcelona (which was closed in 2023), and the lease of our Carolina Herrera and Rabanne stores in New York and Paris, respectively. Puig Brands also granted loans to our Senior Officers and employees in connection with the acquisition and/or delivery of Class B Shares.

Additionally, in 2023, Puig Brands, S.A. has sold to its shareholder Puig, S.L. the shares of Puig Gest and Puig, S.L. for a total amount of 148,734 thousand euros (Note 22). 143,520 thousand euros have been settle in the acquisition of treasury shares (Note 22) and 5,214 thousand euros have been paid in cash.

Balances and transactions with minority shareholders are not considered in the previous table (Note 25).

32. SUBSEQUENT EVENTS

On January 2024, Puig acquired a majority stake in Dr. Barbara Sturm (65%), for a total cash consideration of 291,1 million euros subject to certain adjustment set out in the purchase agreement. In connection with the acquisition Puig agreed an earn-out payable to the brand founder in the long term, the amount of the earn-out is linked to the brand's business performance. Additionally, a cross put and call option has been agreed for the remaining minority stake. As of the date of preparation of these special purpose financial statements, the valuation of fair values acquired, including put and call options and earn-outs is ongoing.

The premium skincare brand founded in 2014 by Dr. Barbara Sturm, a world-renowned doctor and pioneer in the field of anti-inflammatory treatments, offers an exclusive portfolio of products spanning skincare, body & haircare and supplements.

The acquisition of Dr. Barbara Sturm reinforces Puig's competitive position by welcoming a globally recognized luxury cult brand developed through its digital channels and worldwide spa and boutiques network, offering high-performance treatments with deep expertise in skincare.

On March 1 2024 Puig negotiated and entered into certain agreements to purchase the stakes of certain minority interests. As a result of the transactions with the minority shareholders of Prado Investments ltd and Byredo AB, Puig now fully owns Byredo AB and also now owns 91% of Prado Investments ltd. In aggregate, these transactions involved a payment of 597 million euros in cash and an additional 16 million euros to be paid with Puig Brands shares at the time of the offering. Furthermore, one of the parties that received cash in the transaction described previously has an irrevocable commitment to invest 161 million euros in the subscription of Puig Brands shares at the time of the offering. These transactions decrease our liabilities for the amount of 757 million euros, having a positive impact of 144 million euros in equity. Additionally, at the beginning of May 2024 Puig will acquire the remaining 9% participation in Prado Investments.

Puig signed three revolving credit facilities, in February 2024, for a total of 450 million euros to finance these transactions.

Between January and March 2024 an extraordinary long-term incentive free shares plan was executed for the Chief Executive Officer, our Senior Officers and other key employees. As a result, a total of 1.498.213 shares were delivered to the employees.

On February 2024, Puig, S.L. (the Parent Company for tax consolidation purposes) has received a notification for inspection for the corporate income tax. At the same time, Antonio Puig, S.A.U. has received a notification for inspection for the value added tax and other indirect taxes. As of the date of preparation of these Special Purpose Financial statements, no significant tax contingencies are expected from the outcomes of these inspections.

ANNEX I - PUIG BRANDS AND SUBSIDIARIES

The companies included in the consolidation scope as of December 31, 2023 and 2022 are the following:

Full consolidation method

Name of the consolidated subsidiary	Address (Country)	Functional currency	Activity	% Ownership	
				2023	2022
Airparfum Timeless, S.L.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Commercial	100	100
Antonio Puig, S.A.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Holding, Manufacturing, Commercial	100	100
Apivita Cosmetics, Diet Pharmaceuticals – Commercial and Industrial Société Anonyme (Apivita, S.A)	Industrial Park of Markopoulo Mesogaias, Attica, 19003, Greece	EUR	Manufacturing, Commercial	100	100
Apivita Ventures, S.L.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Holding	100	100
Aubelia S.A.S.	40-52, boulevard du Pars 92200 Neuilly-sur-Seine, France	EUR	Holding	100	100
Byredo (Hong Kong) Limited	20/F, West Exchange Tower, 322 Des Vœux Road Central, Sheung Wan, Hong Kong	CNY	Commercial	77	77
Byredo (Hong Kong) Limited – Macau Branch	Avenida de Praia Grande No. 409, China Law Building, 16/Fl. – B47 em, Macau	MOP	Commercial	77	77
Byredo (Shanghai) Limited	Unit 1201-1202, Taikoo Hui Tower 1, No. 288 Shimen No.1 Road, Jing'an District, Shanghai, China	CNY	Commercial	77	77
Byredo AB (Sweden)	Box 3065, 103 61, Stockholm, Sweden	SEK	Holding, Commercial	77	77
Byredo Adventure LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Bal Harbor LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Brentwood LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Fillmore LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo France SAS	35 Rue des Renaudes, 75017, Paris, France	EUR	Commercial	77	77
Byredo GmbH	Sophienstraße 16, 10178 Berlin, Germany	EUR	Commercial	77	77
Byredo Grove LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Japan KK	WeWork Iceberg, 6-12-18 Jingumae, Shibuya-Ku, Tokyo, Japan	JPY	Commercial	77	77
Byredo Melrose LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Newbury Street LLC	252 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Northpark LLC	253 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Oakbrook LLC	254 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Palisades LLC	255 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Phipps Plaza LLC	256 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Retail USA, LLC	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	77	-
Byredo Silver Lake LLC	257 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	77	77
Byredo UK Ltd.	40-42 Lexington Street, London, W1F 0LN, United Kingdom	GBP	Commercial	77	77
Byredo USA Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, USA	USD	Commercial	77	77

Byredo Valley Fair LLC	257 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Williamsburg LLC	257 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Byredo Wooster LLC	257 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77
Carolina Herrera Ltd.	501 7th Ave, New York, United States	USD	Commercial	100	100
Carolina Herrera UK Ltd.	5th Floor, Russell Square House, 10-12 Russell Square, London WC1B 5EH, United Kingdom	GBP	Commercial	Liquidated	Liquidated
Charlotte Tilbury Beauty (Macau) Limited	Avenida da Praia Grande, no. 409 China Law Building, 21st/F., Macau	MOP	Commercial	56	56
Charlotte Tilbury Beauty (Shanghai) Limited	15/F, No. 68, Yuyuan Road, Jing'an District, Shanghai, China	CNY	Commercial	56	56
Charlotte Tilbury Beauty Asia Pacific Limited	10th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong	H.K.D.	Commercial	56	56
Charlotte Tilbury Beauty Canada Inc	C/O Gowling WLG, 160 Elgin Street Suite 2600 Ottawa, Ontario, K1P 1C3, Canada	CAD	Commercial	56	56
Charlotte Tilbury Beauty France SAS	9 Rue du Quatre Septembre, 75002 Paris, France	EUR	Commercial	56	56
Charlotte Tilbury Beauty Germany GmbH	Am Sandtorkai 68, c/o Fieldfisher, LLP, 20457 Hamburg, Germany	EUR	Commercial	56	56
Charlotte Tilbury Beauty Hong Kong Limited	10th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong	KHD	Commercial	56	56
Charlotte Tilbury Beauty Inc	National Registered Agents Inc., 160 Greentree Drive, Suite 101, Dover, DE 19904. Business Address: 148 Lafayette Street, 2nd Floor, New York, New York, 10013, United States	USD	Commercial	56	56
Charlotte Tilbury Beauty Ireland Limited	6th Floor 2 Grand Canal Square, Dublin 2 D02 A342 Ireland	EUR	Commercial	56	-
Charlotte Tilbury Beauty Limited	8 Surrey Street, London, WC2R 2ND, United Kingdom	GBP	Commercial	56	56
Charlotte Tilbury Beauty Limited Spain	Calle Claudio Coello 124 6-D, 28006 Madrid, Spain	EUR	Commercial	56	56
Charlotte Tilbury Beauty Limtied – Italian subsidiary	Piazza San Fedele 2, Milan, CAP 20121	EUR	Commercial	56	56
Charlotte Tilbury Beauty Netherlands BV	Regus, Amsterdam Sloterdijk, Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands	GBP	Commercial	56	56
Charlotte Tilbury Beauty Poland spzoo	61-730 Poznan, Mlynska, 16 Piertro 8, Poland	PLN	Commercial	56	-
Charlotte Tilbury Beauty Propco US LLC	C/O Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	USD	Commercial	56	56
Charlotte Tilbury Beauty Switzerland AG	c/o Format A AG, Wiesenstrasse 9 8008 Zurich	CHF	Commercial	56	-
Charlotte Tilbury Limited	280 Bishopsgate, London EC2M 4RB, London, England, UK	GBP	Holding	56	56
Charlotte Tilbury TM Limited	8 Surrey Street, London, WC2R 2ND, United Kingdom	GBP	Commercial	56	56
Cosmetika S.A.S.	Cra 7 # 180 - 75 Module 4 -14, Bogota, Colombia	COP	Commercial	67	67
Creano NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Commercial	100	70
Puig Chile Limited Distributor	Avenida del Valle, 869, Floor 6, Commune of Huechuraba, Chile	CLP	Commercial	100	100
Puig Spain Division, S.L.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Commercial	Merged	100
DNV S.A.R.L.	3 Rue du Plâtre, 75004 Paris, France	EUR	Commercial	100	70
Dreamlike Ltd.	1 Cathedral Piazza, 123 Victoria Street, London SW1E 5BP, United Kingdom	-	Commercial	Liquidated	Liquidated
Dries Van Noten (Shanghai) Commercial Trading Co., Ltd.	Room 302, No. 9 building, No 696 Wei Hai Road, Jing An, district, Shanghai, China	CNY	Commercial	100	70
Dries Van Noten Group NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Holding	100	70

DVN USA CORP	90, State Street, Suite 700, Office 40, 12207, Albany, New York, United States	USD	Commercial	100	70
Eric Buterbaugh Florals LLC	Corporation Trust Center, 1209 Orange Street, Willmington, Delaware 19801, United States	-	Commercial	Liquidated	71
Etablissement Thermales d'Uriage S.A.S.	40-52, boulevard du Pars 92200 Neuilly-sur-Seine / Establishment: 60 Place Déesse Hygie 38410 Saint-Martin-d'Uriage, France	EUR	Commercial	100	100
Het Modepaleis NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Commercial	100	70
Hôtel Restaurant les terrasses d'Uriage S.A.S.	Registered: 40-52, boulevard du Pars 92200 Neuilly-sur-Seine / Establishment: 60 Place Déesse Hygie 38410 Saint-Martin-d'Uriage, France	EUR	Commercial	100	100
Islestarr Holdings Limited	8 Surrey Street, London, WC2R 2ND, United Kingdom	GBP	Holding, Commercial	56	56
Jean Paul Gaultier, S.A.S.	325 Rue Saint Martin, 75003 Paris, France	EUR	Commercial	100	100
Kama Ayurveda Private Ltd	K3, Jungpura Extension, New Delhi – 110014, India	INR	Manufacturing, Commercial	85	85
L'Artisan Parfumeur S.A.R.L.	1 Rue Charles Tellier zone industrielle de Beaulieu 28000 Chartres, France	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage Belux S.P.R.L.	Boulevard International 55 room D – 1070 Anderlecht, Belgium	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage Deutschland GmbH	Änderung zur Geschäftsanschrift Zirkusweg 2, 20359 Hamburg (Germany)	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage Espagne S.L.U.	Calle Cardenal Marcelo Spinola 4, 1º, 28016, Madrid, Spain	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage France S.A.S.	40-52, boulevard du Pars 92200 Neuilly-sur-Seine, France	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage Italie S.R.L	Via Maurizio Gonzaga n° 7 CAP 20123 Milano (Italy)	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage Portugal S.A.	Alameda dos Oceanos, Edifício Espace, Lot 1.06.1.4, Floor 3, Block A 1990-207 Lisbon, Portugal	EUR	Commercial	100	100
Laboratoires Dermatologiques D'Uriage Russie LLC	4, Yakimanskaya Naberezhnava, Building 1, 119180 Moscow, Russia	RUB	Commercial	100	100
Lendemain Distribution Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100
Nina Ricci S.A.R.L.	39 Ave. Montaigne, 75008, Paris, France	EUR	Commercial	100	100
Nina Ricci USA, Inc	183 Madison Avenue, 19th Floor, New York 10016, United States	-	Commercial	Merged	Merged
Paco Rabanne, S.A.S.	17 Rue François 1er, 75008 Paris, France	EUR	Commercial	100	100
Penhaligon's Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100
Penhaligon's Ltd.	1 Cathedral Piazza, 123 Victoria Street, London SW1E 5BP, United Kingdom	GBP	Commercial	100	100
Penhaligon's Taiwan Ltd.	11F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City 110, 3162027, Taiwan	TWD	Commercial	100	100
Penhaligon's (Singapore) Pte. Ltd.	80 Raffles Place, #25-01 UOB Plaza 1, 048624, Singapore	SGD	Commercial	100	100
Perfumes and Cosmetics Puig Portugal Distribuidora S.A.	Rua Castilho 71, 4º direito, 1250-068, Lisbon, Portugal	EUR	Commercial	100	100
Prado Investments Limited	280 Bishopsgate, London EC2M 4RB, London, England, UK	GBP	Holding	76	76
Puig (Hong Kong) Ltd (Penhaligon's Pacific Ltd.)	10/F, West Exchange Tower, 322 Des Voeux Road Central, Sheung Wan, Hong Kong	H.K.D.	Commercial	100	100
Puig (Macau) Limited (Penhaligon's (Macau) Limited)	Praia Grande Av. 371, Keng Ou Building, 22 andar A, Macau	MOP	Commercial	100	100
Puig (Shanghai) Business Trading Co., Ltd.	Room 4, 5 of 28/F (with physical floor at 24/F on property certificate), No. 1717, West Nanjing Road, Jing'an Dist, Shanghai, China	CNY	Commercial	100	100
Puig Arabia Limited (Al Farida International Beauty Ltd Co.) (*)	Real Building Sari Street, Al Zahra'a District P.O Box 2489, Jeddah 21451, Saudi Arabia	USD	Commercial	65	65

Puig Argentina S.A.	Calle Suipacha 1.111, 18º, C1008AAW, Buenos Aires, Argentina	ARS	Commercial	100	100
Puig Asia Pacific Pte Ltd.	80 Raffles Place, 17-20 UOB Plaza 2, 048624, Singapore	SGD	Commercial	100	100
Puig Belux, S.A.	Boulevard International 55D, 1070 Brussels, Belgium	EUR	Commercial	100	100
Puig Brands, S.A.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Parent Company	100	100
Puig Brasil Comercializadora de Perfumes, S.A.	Avenida das Americas nº 3301, Block 03, Rooms 202 E301 Barra da Tijuca, Rio de Janeiro, Brazil	BRL	Commercial	100	100
Puig Canada Inc.	2360 Bristol Circle, Suite 300, Oakville, Ontario L6H 6M5, Canada	CAD	Commercial	100	100
Puig Colombia S.A.S.	CR 7 NO. 97ª -13, Bogota D.C., Colombia	COP	Commercial	100	100
Puig Derma Trading (Shanghai) Co. Ltd.	2525 Wheelock Square, 25F Unit, 1717 West Nanjing Road, Jingan 200040, Shanghai, China	CNY	Commercial	100	100
Puig Deutschland, GmbH (**)	Astraturm Zirkusweg 2 D-20359, Hamburg, Germany	EUR	Commercial	100	100
Puig Emirates LLC (*)	Dubai Design District FZ LLC, D3, Building 07, 2nd Floor, Dubai, UAE	USD	Commercial	65	65
Puig France S.A.S.	65-67 Av. des Champs Elysées 75008 Paris, France	EUR	Manufacturing , Commercial	100	100
Puig India Private Limited	3 Jangpura Extension, Commercial Complex, New Delhi, 110014, India	INR	Commercial	100	-
Puig International, S.A. (formerly Lesim)	Business Park Terre-Bonne, Bâtiment A4, Route de Crassier 17, 1262 Eysins, Switzerland	EUR	Holding, Commercial	100	100
Puig Italia, S.r.l.	Via San Prospero 1, 20123 Milan, Italy	EUR	Commercial	100	100
Puig Japan, K.K	6-12-18 Jingumae, Shibuya-Ku, Tokyo, 150-0001, Japan	JPY	Commercial	100	-
Puig Korea LLC	Unit 803, 191, Itaewon-ro, Yongsan-gu, Seoul, Korea	KRW	Commercial	100	-
Puig Malaysia Sdn. Bhd. (*)	Unit 30-01, level 30-01, tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	MYR	Commercial	51	51
Puig Mexico, S.A. of C.V.	Jaime Balmes 11, Tower C, Floor 3, Plaza Polanco, Los Morales, Mexico General District, Mexico	MXN	Commercial	100	100
Puig Middle East FZCO (*)	Registered office: Jebel Ali Free Zone and is P.O.Box 17640, Jebel Ali Free Zone, Dubai, UAE Branch office for correspondence purposes: Dubai Design District FZ LLC, D3-Building 07, 2nd Floor (Offices A202, A203, A204), UAE	USD	Commercial	65	65
Puig Nederland B.V. (**)	Polarisavenue 1-101. 2132 JH Hoofddorp, The Netherlands	EUR	Commercial	100	100
Puig North America, Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100
Puig Oceania Pty. Ltd.	Suite 502, Level 5, 388 George Street, Sydney NSW 2000, Australia	AUD	Commercial	100	100
Puig Östrerreich, GmbH	Leopold Ungar Platz 2, Stiege 2/ 1. Stock, 1190, Vienna, Austria	EUR	Commercial	100	100
Puig Panama, S.A.	Scotia Plaza Building nº 18, Av. Federico Boyd and C/ 51, floors 9, 10 and 11, Panama City, Panama	USD	Commercial	100	100
Puig Perú, S.A.	Avenida José Larco 1232 9th floor, Offices 9-101, 9-102, 9-103 and 9-105, 15074, Miraflores, Lima, Peru	PEN	Commercial	100	100
Puig Retail US, LLC	630 5th Ave, 32nd Floor, New York, NY 10111, USA	USD	Commercial	100	-
Puig Rus, LLC.	Russian Federation, 119180, Moscow Yakimanskaya naberezhnaya, 4, bld.1, Russia	RUB	Commercial	100	100
Puig South East Asia Pte. Ltd. (*)	12 Tai Seng Street, #05-01 Luxasia Building Singapore 534118, Singapore	SDG	Commercial	51	51

Puig Suisse, S.A.	Business Park Terre-Bonne, Bâtiment A4, Route de Crassier 17, 1262 Eysins, Switzerland	CHF	Commercial	100	100
Puig UK Ltd.	5th Floor, Russell Square House, 10-12 Russell Square London WC1B 5EH, United Kingdom	GBP	Commercial	100	100
Puig USA Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100
Sodifer S.A.R.L.	3 Rue du Plâtre, 75004 Paris, France	EUR	Commercial	100	70
Van Noten Andries NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Holding, Commercial	100	70

(*) Subsidiaries with non-controlling interests recognized in the Consolidated balance sheet.

(**) The company does not present audited annual accounts in its country of origin since it benefits from the exemption applied in this country. Puig Nederland B.V. takes advantage of the exemption for the 403 Statement. Puig Deutschland GmbH benefits from the exemption applied in that country according to Sec. 264 para 3 no. 1 German Commercial Code.

Equity method

Name of the consolidated subsidiary	Address (Country)	Functional currency	Activity	% ownership	
				2.023	**2.022**
Beijing Yitian Shidai Trading Co, LLC	B111 Unit, 10-2 buildings first floor, N.94 Dongsi shitiao, Beijing, China	CNY	Commercial	15	15
Isdin, S.A.	Provençals 33, 08019 Barcelona, Spain	EUR	Commercial	50	50
Ponteland Distribuçao, S.A.	Rua Barao de Tefé, 34, 14º andar, Saúde, Rio de Janeiro, Brazil	BRL	Manufacturing, Commercial	35	35
Sociedad Textil Lonia, S.A.	Pereiro de Aguiar Business Park, Ourense, Spain	EUR	Manufacturing, Commercial	25	25

Neither in fiscal year 2023 nor in 2022 there are no non-consolidated companies.

ANNEX II - ENTITIES UNDER TAX CONSOLIDATION REGIME

The companies included under tax consolidation regime at December 31, 2023 are as follows:

Tax Parent Company	Name of the consolidated tax subsidiary	Country
Puig, S.L.	Puig Brands, S.A.	Spain
	Antonio Puig, S.A.U.	Spain
	Airparfum Timeless, S.L.U.	Spain
	Apivita Ventures, S.L.U.	Spain
	Laboratoires Dermatologiques D'Uriage Espagne S.L.U.	Spain
Puig France S.A.S.	Puig France S.A.S.	France
	Paco Rabanne, S.A.S.	France
	Nina Ricci S.A.R.L.	France
	Jean Paul Gaultier, S.A.S.	France
	L'Artisan Parfumeur S.A.R.L.	France
Aubelia S.A.S.	Aubelia S.A.S.	France
	Laboratoires Dermatologiques D'Uriage France S.A.S.	France
	Hôtel Restaurant les terrasses d'Uriage S.A.S.	France
	Etablissement Thermales d'Uriage S.A.S.	France
Puig UK Ltd.	Puig UK Ltd.	United Kingdom
	Prado Investments Limited	United Kingdom
	Penhaligon's Ltd.	United Kingdom
	Byredo UK Ltd.	United Kingdom
Charlotte Tilbury Limited	Charlotte Tilbury Limited	United Kingdom
	Islestarr Holdings Limited	United Kingdom
	Charlotte Tilbury TM Limited	United Kingdom
	Charlotte Tilbury Beauty Limited	United Kingdom
Puig North America, Inc.	Puig North America, Inc.	USA
	Puig USA Inc.	USA
	Carolina Herrera Ltd.	USA
	Penhaligon's Inc.	USA
	Lendemain Distribution Inc.	USA

02.

CONSOLIDATED MANAGEMENT REPORT

A HOME OF LOVE BRANDS,
WITHIN A FAMILY COMPANY,
THAT FURTHERS WELLNESS,
CONFIDENCE AND SELF-EXPRESSION,
WHILE LEAVING A BETTER WORLD.

1. Corporate information

We are a home of love brands. Our love brands resonate with and are loved by consumers, creating strong emotional bonds with them.

We are a family business with 110 years of history. The Puig Family is the backbone of the Company's values, which have been passed on for the last three generations, as well as its vision, which has defined the pillars of our strategy. This vision allows us to focus on the long-term perspective for our brands, our Company, and our stakeholders.

We want our brands to foster wellness, make our consumers and followers feel more confident, and empower them to express their true selves better. And all this, with a deep-rooted commitment to leaving behind a better world for future generations.

Who we are: our Premium Love Brands

We are a global player in the premium beauty industry, present in the Fragrances and Fashion, Makeup and Skincare business segments. We have a portfolio of premium love brands, consisting of 17 global brands from ten different countries with a strong and authentic identity as well as strategic complementarity.

We have carefully built our brand portfolio over decades by nurturing our own brands and partnering with visionary founders with whom we have established successful and long-lasting relationships through shared values and an aligned brand-building vision to integrate these brands into our portfolio, while maintaining the authenticity of each of these brands. We have curated our portfolio to provide strategic complementarity and diversification, as well as to achieve long-term growth.

Puig portfolio includes our brands Rabanne, Carolina Herrera, Charlotte Tilbury, Jean Paul Gaultier, Nina Ricci, Dries Van Noten, Byredo, Penhaligon's, L'Artisan Parfumeur, Uriage, Apivita, Kama Ayurveda and Loto del Sur as well as the beauty licenses of Christian Louboutin, Banderas and Adolfo Dominguez, among others. Additionally, after December 31, 2023, we have added another brand to our portfolio (Dr. Barbara Sturm).

We are a scaled, global business

We manage our worldwide presence from our Barcelona headquarters, supported by three regional hubs located in Paris, London, and New York. We have six manufacturing facilities in Europe and one in India, with brand headquarters and subsidiaries in 32 countries and employ over 11,000 people. We also have robust commercial reach through distributors and retailers, and more than 270 own stores around the world, resulting in our products being sold in more than 150 countries.

We conduct our business in three geographic segments: EMEA, the Americas and Asia-Pacific, which represented 54%, 35.8% and 10.2%, respectively, of our net revenues in 2023.

We sell our products through (i) physical channels (brick and mortar), such as department stores, selective retailers, pharmacies, drugstores, travel retail, spas and our own stores (276 and 241 own stores as of December

31, 2023 and 2022, respectively); and (ii) digital channels, such as e-commerce connected with our physical channels, online only retailers (pure players) and our brands' own e-commerce platforms.

We are committed to sustainability
Leaving a better world behind for the next generations is core to our purpose, and we are committed to maintaining and improving our sustainability performance. We have a clear ESG strategy across material topics, including a Net Zero emissions commitment by 2050. We transparently report on our progress, and have received external validation of our performance (by way of example, Ecovadis: 70/1001 Gold Medal1; Sustainalytics: 20.7 score).

2. Business evolution

Business context 2023

2023 was a positive year for the global beauty market despite an environment marked by uncertainty and certain adverse factors, such as:

- An uncertain environment due to geopolitical stress, rising interest rates, rising energy prices, high inflation, all of which impacted slowing economic growth.
- The deceleration of international trade.
- The continued disruption in the supply chain which has had a global impact since 2020, and the consequent shortage of materials causing difficulties in the production and distribution of products.
- A slower-than-expected recovery in China due to continued weakness in the housing market, contraction in domestic consumer spending and slow recovery in the travel retail market.

Results for the annual years ended December 31, 2023 and 2022

(millions of euros, except %)	2023	Y23/Y22 % Variation	2022
Net income	**4,304.1**	**18.9**	**3,619.6**
Cost of sales	(1,088.9)	(17.5)	(927)
Gross profit	3,215.2	19.4	2,692.6
Distribution expenses	(217.7)	1.8	(221.7)
Advertising and promotion expenses	(1,338.1)	(21.7)	(1099.7)
Selling, general and administrative expenses	(966.4)	(15.8)	(834.8)
Operating profit	**693.0**	**29.2**	**536.5**
Other operating income and expenses	(13.8)	68.4	(43.5)
Operational result	**679.2**	**37.8**	**493.0**
Financial result	(87.4)	(150.4)	(34.9)
Result from associates and joint ventures and impairments of financial assets	51.3	(7.7)	55.6
Profit before tax	**643.2**	**25.2**	**513.7**
Income tax	(143.3)	(41.6)	(101.2)
Net profit for the year	**499.9**	**21.2**	**412.5**
Non-controlling interers	(34.7)	(166.9)	(13.0)
Net profit attributable to the Company	**465.2**	**16.5**	**399.5**

Net revenues

In 2023, net revenues increased 18.9% to €4,304.1 from €3,619.6 million in 2022, continuing the positive growth trajectory from previous years, reflecting (i) strong organic growth in our core markets across all business segments due to the desirability of our brands and the strong demand of our products; (ii) continued growth within the global beauty industry, which was partially offset by the impact of inflation and higher interest rates on demand; (iii) our success in effecting global price increases to pass through the impact of inflation (with the impact of foreign currency exchange having an opposing influence; and (iv) the contribution to our net revenue of Byredo, Kama Ayurveda and Loto del Sur for a full year in 2023 following our acquisition of control during 2022.

Organic growth (Like for Like) reflects our organic growth by adjusting net revenues for the impact of (i) changes in scope/perimeter, by deducting from net revenues for the relevant year the amount of net revenues generated over the months during which the acquired entities/brands were not consolidated in the prior year and (ii) exchange rates fluctuations, calculated as the difference between net revenues for the relevant year at that year's exchange rates against the euro and net revenues in the that same year at the prior year's exchange rates against the euro, using the annual average exchange rate.

(millions of euros, except %)	**2023**	**2022**	**Growth**
Net revenues	4,304.1	3,619.6	18.9%
Net revenues related to Increases in scope/perimeter	(88.6)		(2.4%)
Net revenues related exchange rate effect	82.1		2.3%
Organic growth ("like for like") in net income	**4,297.5**	**3619,6**	**18.7%**

The strength of our organic growth during the periods under review is 18.7% in 2023 (Like for Like). The impact of exchange rate fluctuations accounted for a 2.3% net revenue reduction in 2023, while changes in scope of consolidation accounted for 2.4% of net revenue growth in 2023. Together they account for the difference between net revenue growth of 18.9% in 2023.

The net income from changes in the consolidation perimeter for fiscal year 2023 corresponds to the deduction of the net income of Byredo, Kama Ayurveda and Loto del Sur during the months in which these companies were not consolidated in 2022.

Net revenues by business segment

The following table presents our net revenues by business segment for the years indicated together with the percentage change between years:

(millions of euros, except %)	2023	Y23/Y22 % Variation	2022
Fragrances and fashion	3,115.0	16.6	2,671.5
Make-up	773.1	23.5	626.0
Skin care	430.9	30.9	329.1
Eliminations	(14.9)		(7.1)
Total	**4,304.1**	**18.9**	**3,619.6**

Net revenues grew at double digits across all our business segments in 2023, with Fragrance and Fashion being the main contributor in absolute terms (an increase of €443.5 million, or 16.6%, compared to 2022), followed by Make-up (an increase of €147.1 million, or 23.5%, compared to 2022) and Skincare (an increase of €101.7 million, or 30.9%, compared to 2022) as further described below.

The growth in our Fragrance and Fashion business segment during the period under review was primarily due to the growth of our Prestige brands, whereas growth in our Make-up and Skincare business segments was primarily due to the growth of Charlotte Tilbury. Additionally, revenue growth over this period benefited from the impact of the incorporation to our brand portfolio of Byredo on Fragrance and Fashion and the incorporation of Loto del Sur and Kama Ayurveda on Skincare. The overall increase in net revenues reflects the diversification of the portfolio by business segment and the connections between the segments. Many of the brands, while maintaining their core business in one segment, have expanded into other segments over the years.

Fragrances and fashion

In 2023, net revenues in the Fragrance and Fashion business segment increased by 16.6% to €3,115.0 from €2,671.5 million in 2022. In Fragrance (with Fashion representing less than 5% of our net revenues in 2023), this increase was primarily driven by:

i. an increase in net revenues from the Prestige portfolio category, particularly in North America and EMEA, driven by the success of existing products in brands such as:
    - Rabanne, which surpassed €1 billion in net revenue for the first time in 2023, driven by the blockbuster "1 Million" and continued positive growth thanks to the releases of "Phantom" and "Fame" in 2021 and 2022, respectively;
    - Carolina Herrera with "Good Girl", which continued presenting the line from previous years; and
    - Jean Paul Gaultier, which continues to build momentum with the successful launches of new products in 2023 and the success of existing products (including fragrances such as "Les Males" and "Classiques");

ii. significant growth in net revenues coming from the Niche portfolio category, primarily from:
    - Byredo, which has grown at a double-digit rate and whose main impact in 2023 came from its consolidation in our annual results for a full year; and
    - Dries Van Noten and Penhaligon's, both of which showed strong growth. Dries Van Noten is the fastest growing Niche brand in our portfolio. Following the launch of its first perfume and beauty collection in 2022, Dries Van Noten opened a dedicated perfume, beauty and accessories store in Paris this year. Meanwhile, Penhaligon's finished 2023 by paying tribute to its founder with the launch of its "Potions & Remedies" collection;

Make-up

In 2023, net revenues in the Make-up business segment increased 23.5% to €773.1 from €626.0 million in 2022. This reflected an increase in net revenues primarily as a result of:
i. the success of Charlotte Tilbury, with new launches, such as "Matt Beauty Blush Wands" and "Airbrush Flawless Lip Blur", and the continuous success of its existing product lines "Pillow Talk" and "Hollywood Flawless Filter"; and

ii. new product launches across Puig's existing brands, including Rabanne's launch of its first make-up collection with "Famous Black Mascara" and "Mini and Handbag Palette", promoting a strong feminization of the brand in line with the brand's identity as defined by the fashion segment; Carolina Herrera's launches of "Good Girl Blusher" and "Good Girl Maxi Glaze"; and Byredo's launch of its new collection with Lucia Pica.

Skin care

In 2023, net revenues in Skincare, our fastest growing business segment, increased 30.9% to €430.9 from €329.1 million in 2022. This increase was primarily driven by:

i. the continued growth of Charlotte Tilbury, mainly in North America and in EMEA, with "Magic Cream", its star franchise in the Skincare business segment. The Magic Skin range was strengthened in 2023 with the launches of "Magic Water Cream" and "Magic Body Cream";

ii. Our Dermo-Cosmetics brands Uriage and Apivita growing at double-digit rates, primarily in EMEA;

iii. the performance of our two Skincare Wellness brands, Kama Ayurveda, which opened a flagship store in Notting Hill in London (its first store outside of India), and Loto del Sur, which we first consolidated for a full year in 2023; and

iv. new product launches (other than those of Charlotte Tilbury mentioned above) including Apivita's launch of "Beevine Elixir line" an anti-aging range that restores the skin's collagen balance driven by the Propolift complex, a new patented technology developed after seven years of research; Uriage's launch of "Serum booster H.A"; and Kama Ayurveda's launches of "Eye contour renewal" and "Kumkumadi" day cream.

Net Revenue by Geographical Segment

The following table presents our net revenues by geographical segment for the years indicated together with the percentage change between years:

(millions of euros, except %)	2023	Y23/Y22 % Variation	2022
EMEA	2,322.1	18.5	1,959.9
Americas	1,543.0	17.6	1,311.9
Asia-Pacific	439.0	26.2	347.8
Total	**4,304.1**	**18.9**	**3,619.6**

In 2023, net revenues grew across all of our geographic segments. EMEA was the main contributor in absolute terms (an increase of €362.2 million or 18.5% growth compared to 2022), followed by the Americas (an increase of €231.1 million or 17.6% growth compared to 2022) and Asia-Pacific (an increase of €91.2 million or 26.2% growth compared to 2022), which was our fastest-growing geographic segment.

EMEA

In 2023, net revenues in EMEA increased 18.5% to €2,322.1 from €1,959.9 million in 2022, reflecting above-market growth in 2023. In particular, growth was led by the selective fragrance segment.

A key highlight in this region was Charlotte Tilbury's continued leadership position in the UK, and its expansion to Poland and Sweden. Additionally, Kama Ayurveda opened a flagship store in Notting Hill in London, and Dermo-Cosmetics brands Uriage and Apivita grew at double-digit rates in this region in 2023. Europe is the home market for the majority of our brands, which reinforces our positioning on this continent. Our net revenues grew in the main markets of the region, which by decreasing size are the UK, Spain and France, with these three markets being within our top five worldwide.

In the Middle East, there was a notable evolution in fragrances of the Niche category, and we strengthened our structure in the region with the establishment of a subsidiary in the UAE (Puig Emirates) to capitalize on growth opportunities. In our Make-up business segment, Charlotte Tilbury continued showing strong performance in the region, now also including a presence in Saudi Arabia.

Americas

In 2023, net revenues in the Americas increased 17.6% to €1,543.0 from €1,311.9 million in 2022, driven by our three main markets: the U.S., Brazil, and Mexico. All three are among our top ten markets worldwide.

The Americas geographical segment is divided into two areas with distinct characteristics:

i. in North America (the U.S. and Canada), our top market in terms of net revenues is the U.S. (the largest beauty market in the world), where we are considered the fastest-growing company in the sector. In this region, Fragrance and Fashion remains our main business segment, although in 2023 we expanded our Make-up business segment thanks to the launch of Rabanne's make-up offering as part of our strategy to expand and elevate Prestige brands. The increase in the Make-up business segment was primarily driven by the success of Charlotte Tilbury; and

ii. in Latin America, the Fragrance and Fashion business segment was the most significant, and the main markets by net revenue ranking were Brazil, Mexico and Chile.

Carolina Herrera remained the leading brand of our Prestige portfolio in this region, thanks to "Good Girl,", followed by Rabanne and Jean Paul Gaultier. The consolidation of Loto del Sur strengthened our significant positions within the Skincare Wellness category in the region, primarily in Colombia, where the brand has more than 20 own stores.

Asia-Pacific

In 2023, net revenues in Asia-Pacific increased 26.2% to €439.0 from €347.8 million in 2022. The presence of our brands in this geographical segment is highly differentiated depending on the characteristics of each market. Charlotte Tilbury continued to remain the largest brand in the Asia-Pacific in our portfolio and Byredo was the fastest-growing brand. Furthermore, we continued to increase our presence by opening new stores for Carolina Herrera, Penhaligon's, L'Artisan Parfumeur, Byredo, and Christian LouboutinLIC.

The consolidation in our annual results of the Indian brand Kama Ayurveda, acquired in 2022, reinforced our presence in the Skincare Wellness category and the brand's position in India and the Asia-Pacific geographic segment, in addition to expanding our DTC presence with more than 60 own stores.

Operating profit

Operating profit increased 29.2% to €693.0 million from €536.5 million in 2022.

(millions of euros, except %)	2023	Y23/Y22 % Variation	2022
Fragrances and fashion	587,2	23,9	473,9
Make-up	62,2	77,2	35,1
Skin care	43,6	58,6	27,5
Total	**693,0**	**29,2**	**536,5**

Fragrance and fashion

In 2023, operating profit for Fragrance and Fashion increased 23.9% to €587.2 from €473.9 million in 2022. This increase primarily reflects the continued positive performance of our Prestige brands, particularly in our core markets in EMEA and the Americas, where we have a strong presence and leadership positions thereby contributing to greater profitability.

Make-up

In 2023, operating profit for Make-up increased 77.2% to €62.2 million from €35.1 million in 2022. This increase primarily reflects the continued positive performance of Charlotte Tilbury, partially offset by the fact that several of our other brands within the Make-up business segment are in early stages of development and therefore have not reached the scale necessary to obtain greater profitability. For example, the recent launch of Rabanne's make-up offering requires higher levels of investment as we start to build its presence in this business segment, which limits profitability in the short-term.

Skin care

In 2023, operating profit for Skincare increased 58.6% to €43.6 million from €27.5 million in 2022. This increase primarily reflects the continued positive performance of Charlotte Tilbury and the achievement of economies of scale benefiting our expense levels for both advertising and promotion and selling, general and administrative.

3. Treasury shares

In May 2023, Puig Brands acquired 21,000,000 of its shares from its sole shareholder, Puig, S.L., for a total amount of 344,775 thousand euros.

All transactions carried out with treasury shares are detailed in note 22 of the consolidated report.

As of December 2023, Puig Brands holds 6,450,627 of treasury shares amounting to 105,907 thousand euros.

4. Financial risk management

Foreign currency exchange rate risk management

The Group operates in an international environment and therefore is exposed to exchange rate risk on transactions in currencies, especially with regards to the USD and the GBP (being the euro the functional currency of the Group and the currency of the parent company). Currency risk is associated with future commercial transactions, recognized assets and liabilities, and net investment in foreign currencies.
Puig has a significant portion of sales to customers and to their own subsidiaries as well as certain purchases in currencies other than their functional currency (euro). Hedging instruments are used to reduce the foreign exchange risks arising from the fluctuations of currencies different from the companies' functional currencies.

Before the end of the year, as part of the budget preparation, Puig companies are responsible for identifying the exposure to foreign currency cash flows. The Group centrally analyzes the exposure and arranges the appropriate hedges. The identified foreign exchange risks are hedged using forward contracts or options.

Puig has implemented a strict policy to manage, measure and monitor these risks. The activities are organized based on a clear segregation of duties between the front office, middle office and back office which are responsible for the measurement, hedging and administration and financial control. The hedging strategy must always be presented to the top management for approval.

The financing obtained by Puig is mainly in Euros representing 95% of the total debt (2022: 96%).

Derivative instruments entered into hedge for foreign exchange are accounted for in accordance with hedge accounting principles.

Puig has arranged exchange rate hedges to cover potential fluctuations in foreign currency. Note 28 of the consolidated report presents the effect on our income statement and equity resulting from an appreciation or depreciation of the US dollar and the pound sterling, respectively. Our sensitivity to sterling is mainly due to Charlotte Tilbury's strength in the UK, our largest European market.

Interest rate risk

Puig's interest rate risk arises from current and non-current borrowings with banks. The objective of Puig is to have a high proportion of borrowings at fixed rate or floating interest rates hedged by interest rates swaps (IRS). The main objective of the management is to protect net profit from the impact of significant changes in interest rates.

Puig uses derivative financial instruments (interest rate swaps) to cover the risk of changes in the interest rates on some loans. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value at December 31, 2023 amounts to 14,891 thousand euros (2022: 42,078 thousand euros).
An increase of 2% in the market interest rate could result in a financial interest expense increase of 5.9 million euros (2022: 5.7 million euros).

Credit risk

Credit risk is the risk to which Puig is exposed in the event that a customer or counterparty fails to pay its obligation.

To mitigate this risk Puig has a credit policy and manages its exposure to collection risk in the normal course of its operations. Puig evaluates the credit given to all its customers above a certain amount. Likewise, Puig has a credit insurance for most of its accounts receivable.

The Group recognizes impairment based on its best estimate of the expected losses on trade and other receivables. The main impairment losses recognized are due to specific losses relating to individually identified risks. At year end, these impairment losses are immaterial.

The maximum exposure to credit risk in relation to trade receivables is the amount shown in Note 18 above amounting to 501,861 (2022: 405,946 thousand euros). Puig customers are reasonably fragmented, so individually none of them represents more than 10% in the overall amount of trade receivables.

Puig has undrawn amounts from credit facilities that can be used to cover operating cash deficits.

Also, to mitigate this credit risk, the Group has transferred this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. To mitigate this credit risk, the Group only works with banks with strong credit ratings as qualified by international rating agencies. The solvency of these institutions, as indicated in each institution's credit ratings, is reviewed periodically in order to perform active counterparty risk management.
The assets subject to exposure to credit risk recognized in the balance sheet are detailed in note 28 of the consolidated report.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure where possible, that it always has sufficient liquidity to settle its obligations at the maturity date.

Puig uses financial planning techniques to manage liquidity risk, taking into consideration the maturity of financial assets and liabilities and cash flow projections. Puig objective is to balance structural requirements and exceptional needs of cash with the loans and overdrafts taken out, to ensure that it will be able to use them depending on its liquidity situation.

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

Puig has undrawn amounts from credit facilities that can be used to cover operating cash deficits.

The maturities of the main financial liabilities are detailed in note 28 of the consolidated report.

Capital risk management

Puig's objective is to safeguard its capacity to continue managing its recurring activities and the capacity to continue to grow, by optimizing the debt-to-equity ratio and to create value for the shareholder.

The main purpose of Puig capital management is to ensure a financial structure that can optimize capital cost and maintain a solid financial position, in order to access to the financial markets at a competitive cost to cover financing needs.
Puig manages its capital to ensure that certain financial ratios are appropriate to develop its business, maintaining a high level of solvency so that it can provide appropriate returns to its shareholders. The net debt ratio, as well as its calculation, are detailed in note 28 of the consolidated report.

The volume of capital is determined according to existing risks, making the corresponding adjustments to capital in accordance with changes in the economic environment and managed risks.

5. Information on the average payment period to suppliers

The average payment period to suppliers of Spanish companies in accordance with current legislation is detailed in note 29.3 of the attached consolidated report.

Average payment period to suppliers: It will be understood as the weighted average between the ratio of paid operations and the ratio of unpaid operations.

Ratio of paid operations: It will be understood as the weighted difference between the calendar days that have elapsed since the date of receipt of the goods or services (however, in the absence of reliable information about the moment in which this circumstance occurs, the date of receipt of the invoice) until the material payment of the operation.

Ratio of transactions pending payment: It will be understood as the weighted difference between the calendar days that have elapsed since the date of receipt of the goods or services (however, in the absence of reliable information about the moment in which this circumstance occurs, it will be will take the date of receipt of the invoice) until the last day of the period to which the annual accounts refer.

6. Non-financial information statement

In accordance with the provisions of article 49 of the Commercial Code, Puig includes the consolidated Non-financial Information Statement in the consolidated Management Report, opting to prepare a separate Statement.

7. Production, research and development activities and social aspects

Production costs

We require high quality raw materials in order to manufacture our products, such as essential oils and alcohols, and also glass containers and packaging components for packaging, which we purchase from various third parties. The market price for raw materials that we require for our business depends on a wide array of factors that are out of our control and that are very difficult to predict, such as scarcity, competition between suppliers, fluctuations in raw materials indices, and inflation. As a result of the COVID-19 pandemic and the war in Ukraine, the market experienced global supply chain challenges resulting from industry-wide component shortages and transportation delays. In this context, for example, we experienced considerable price inflation for glass during 2022 due to higher energy costs but were still able to obtain an adequate supply for our needs with a robust supply chain featuring long-term relationships with suppliers.

We have usually managed to pass-through such additional costs to our consumers by adjusting our prices in accordance with changes in the price we pay for our raw materials. We have limited exposure to energy and commodity costs, which do not make up a large part of our operating expenses, and strong pricing power among consumers due to the high margins that characterize the premium segment of the beauty industry.

Research and development activities

As part of our strategy to lead innovation within the industry, Puig consistently promotes the entrepreneurial spirit of the brands and of the people who are part of the company.

Developing and launching new products helps maintain the appeal of Puig brands, increases customer loyalty, and encourages purchasing. The company's focus on this area is a critical component of its growth plan and its performance will depend, in part, on its ability to continue to be innovative and launch new products.

Product design is conducted internally, together with key partners, to ensure consistency and strengthen the character and identity of each brand. The process starts with an innovative idea at the core of the brand, which is worked on hand-in-hand with innovation and development teams to bring it to reality.

In 2023, Puig continued to activate its brand partnerships with start-ups and leading agencies to test new technologies that deliver new consumer experiences such as:

a. Charlotte Tilbury launched its first app in June, designed to reach everyone everywhere regardless of their level of beauty expertise.
b. To celebrate the new Good Girl Blush fragrance, Carolina Herrera expanded its digital horizons with a new collection of non-fungible tokens (NFTs).
c. Rabanne introduced Rabanne Virtual Try-On, a market-first innovation that uses hyper-realistic 3D animations to deliver a truly immersive beauty shopping experience.
d. Penhaligon's continued the launch of the Re-use & Make New Refill program by leveraging recharging technology developed in collaboration with the Puig Technologies team.

People

The most valuable asset that Puig has is its people. 2023 was marked by the review and launch of a new version of the Ethical Code, which establishes the framework for the behavior expected of everyone who works at Puig, as well as third parties who work with Puig.

The success of Puig as a company lies in the talent of the people who work for it. As the company faces new challenges, it becomes necessary to capture what is happening in the world and bring new and diverse perspectives.

For this reason the updated version of the Ethical Code, launched in 2023, reaffirms the Puig determination to become a benchmark for sustainable change, prioritizing environmental sustainability, diversity awareness, and respect.

Puig is aware of the critical importance of attracting, developing and retaining talented employees, and that the Puig working environment is characterized by a human rights-friendly, inclusive and non-discriminatory culture, as well as the need to adapt to a changing world.

In line with these commitments, a number of milestones have occurred in 2023:

- Adoption of measures that reinforce the Puig commitment to human rights and to inclusion and non-discrimination, such as the approval of the Human Rights Policy.
- Update of the Harassment Prevention Protocol in the Spanish business units and follow-up on the measures within the framework of the Equality Plan in Spain.
- Launch of the Leaders In Transition leadership training program (LIT) to empower organizational leaders with the skills needed to drive the transformative change that derives from the Puig strategic plan.
- Opening of a regional hub in Miami (US), consolidating the Puig presence in the Latin American market and leveraging the growth of the Travel Retail business. The Miami headquarters allows local talent to elevate the region's leading Prestige brands and drive a careful expansion of the Niche portfolio. This location increases the ability of Puig to attract the talent needed.
- Growth in the number of subsidiaries and increased organizational structure with greater international presence outside Europe, especially in the Americas and in Asia where subsidiaries have opened in Japan and South Korea.
- Expansion of the Barcelona corporate headquarters with the opening of a second building which represents the Puig commitment to continue growing and reflects its purpose and values, as well as the commitment to continue offering the best possible experience in Puig.

7. Subsequent events

Note 32 of the consolidated financial statements details the significant events that occurred after the closing date of the 2023 financial year.

The Board of Directors of Puig Brands, S.A., as of March 19, 2024, prepares the consolidated annual accounts in accordance with the International Financial Reporting Standards adopted by the European Union (composed of the consolidated balance sheet, the consolidated income statement , the consolidated statement of comprehensive income, the statement of changes in consolidated net worth, the consolidated statement of cash flows, the consolidated annual accounts report and the consolidated management report) corresponding to the annual year ended on December 31, 2023.

Mr. Marc Puig Guasch
President

Mr. Manuel Puig Rocha
Vicepresident

Mr. Rafael Cerezo Laporta
Member of the Board

Mr. Patrick Raji Chalhoub
Member of the Board

Mr. Jordi Constans Fernandez
(identified in your passport as Jorge Valentín Constans Fernández)
Member of the Board

Ms. Ángeles Garcia-Poveda Morera
Member of the Board

Mr. Daniel Lalonde
Member of the Board

Ms. Christine Ann Mei
Member of the Board

Mr. Nicolas Mirzayantz
Member of the Board

Mr. Josep Oliu Creus
Member of the Board

Mr. Yiannis Petrides
(identified in his passport as Loannis Petrides)
Member of the Board

Mr. Jordi Puig Alsina
Member of the Board

Ms. Marian Puig Guasch
Member of the Board

Mr. Xavier Puig Alsina
Member of the Board

Puig Brands, S.A.
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08902 L’Hospitalet de Llobregat, Barcelona, Spain.

www.puig.com
www.instagram.com/puig_official
www.linkedin.com/company/puig

PUIG

Report 2023

A home of Love Brands, within a family company, that furthers wellness,

rabanne | CAROLINA HERRERA | CharlotteTilbury

Jean Paul GAULTIER | NINA RICCI | BYREDO

PENHALIGON'S EST. LONDON 1870 | L'ARTISAN PARFUMEUR | DRIES VAN NOTEN

confidence
and self-expression
while leaving
a better world.

PUIG

1

Message from the Chairman and CEO

Sustainable growth for a long-term future

This has been a year of spectacular growth for Puig, once again surpassing the sales and profit targets set and reaching record highs in revenue and net profit for the third consecutive year. It is also the third consecutive year of growth above the market.

Puig closed 2023 with net revenue of €4,304 million (+19% vs 2022), EBITDA of €849 million, and net profit of €465 million. These results will allow a dividend to be paid in the first half of 2024 of €186 million. If we look back, we can say proudly that these are the best results in **Puig** history, but I would like to put this data into perspective to really understand the scope of these numbers. In 2021, we said we were going to double our 2020 sales in three years (which meant reaching €3 billion by the end of 2023) and we would triple them in five years (€4.5 billion by the end of 2025). The reality is that we doubled sales in two years instead of three, and we finished 2023 not far off the results we had expected to achieve in 2025.

This was by no means an easy thing to accomplish in an environment that became increasingly difficult as the year progressed. It has not come about by chance either, but rather thanks to the magnificent work, dedication, and passion of the more than 11,120 people who are part of **Puig**.

These results are the consequence of decisions we took to back certain alternatives, and these decisions have brought us to where we are today. Firstly, the commitment to increasing the portfolio, and to expansion and internalization; it is worth remembering that 20 years ago 47% of our sales took place in Spain. Secondly, the commitment to owned brands (which now account for more than 90% of revenue), and to the Niche category. And finally, our expansion into other categories of the beauty sector through acquisitions in order to carefully construct a portfolio by partnering with visionary founders with whom we share values and a vision of brand building.

Despite an environment strongly marked by uncertainty, our entrepreneurial and creative spirit, coupled with the passion of our collaborators and the innovation of our Premium Love Brands, have in 2023 propelled **Puig** across all the business segments in which we participate: fragrances and fashion, makeup, and skincare.

These results were recognized with the WWD Honor for Best-Performing Beauty Company, Large Cap, at the 2023 WWD Honors in October in New York.

Editors of prestigious media highlighted that "the company's constant injection of creativity has driven sales to the stratosphere". According to Jenny B. Fine, executive editor of Beauty, WWD and Beauty Inc., "**Puig** is not riding the wave of beauty, it's creating it."

[1] These sources include official and publicly available publications, as well as confidential third-party sources, such as Euromonitor, NPD Group, and other third-party panel data (Company Industry Sources).

In addition, designer Dries Van Noten, whose eponymous brand joined our portfolio in 2018, was honored as Designer of the Year for his unique and colorful approach not only to his garments, but also to his accessories and beauty line.

We have closed the third and final year of the 2021-23 strategic plan working with a well-established organizational structure, which was strengthened with the addition of Marc Toulemonde as President of Derma, and with the appointment of Marine de Boucaud as **Puig** Deputy Corporate Human Resources Officer, and who succeeds Eulalia Alfonso as Chief Human Resources Officer on January 1, 2024.

Our fragrance and fashion segment posted a 17% increase in net revenue and gained market share thanks to the good performance of the iconic 1 Million from Rabanne and Good Girl from Carolina Herrera, and the successful launches of Jean Paul Gaultier's Le Male Elixir and Gaultier Divine. Rabanne has been the first of our brands to reach the €1 billion mark in revenue, and Jean Paul Gaultier is the brand that has experienced most growth this year. Thanks to these milestones, we estimate that our market share increased to 11% globally in the selectively distributed fragrance business in 2023[1], having reached the 10% target for the first time in 2022.

Puig continued to focus on its Niche brands, a segment in which we aspire to become a global leader, in response to the growing number of sophisticated consumers who value luxury and craftsmanship and who are looking for products and fragrances with which they can identify personally, and who consume different products depending on the moment in which they find themselves.

The skincare business was the **Puig** business segment that grew most in 2023, increasing its net revenue by 31%. The success of Charlotte Tilbury's Charlotte's Magic Skin range, the science-based dermatological innovations of Uriage and Apivita, and the consolidation of Kama Ayurveda and Loto del Sur in our portfolio have been key to this growth.

The makeup business increased net revenue by 23% and continues to be led by Charlotte Tilbury, celebrating 10 years of history with extraordinary results in its local market of the UK, in North America, and in Europe. Another highlight was the launch of the makeup line from Rabanne.

Moreover, these strong results were repeated across all regions. We are investing in regions with great growth potential for our brands and in those where we have established a strong presence such as India, the Middle East, and, more broadly, Asia. At the same time, we continue to strengthen all our main markets, both in Europe and the Americas as a whole.

I want to highlight the activity in the US since this country is the largest beauty market in the world and the top country by income ranking for **Puig**. We have created a regional hub in Miami to intensify the development of the travel retail channel in the area, and we have seen Good Girl become the best-selling perfume in the US in December 2023, an unprecedented historical milestone for **Puig**.

In terms of channels, sales in travel retail had more measured growth than in previous years (this slowdown was mainly seen in Asia), points of sale increased, and online sales were strengthened with our brands' greater digital presence through their own e-commerce activity.

In 2023, we invested in new offices in Paris, London, and New York (the latter two opening in 2024), in addition to the Travel Retail hub in Miami already mentioned, and we increased our presence in Barcelona with the opening of the new 20-story **Puig** Tower, which expands our corporate headquarters and demonstrates once again our legacy and commitment to the city of Barcelona.

We continue to implement our ESG roadmap to becoming an industry benchmark in sustainability, as that is the mandate we have received from our shareholders. This means valuing environmental sustainability, a diverse and inclusive society, and good governance criteria in all our decisions and daily activity. It also involves continuing to contribute globally to two ambitious sustainability goals: that of limiting global warming to 1.5 °C by 2030 in line with the Paris Agreement, and to being net zero by 2050.

Our agenda is aligned with the most recognized international standards and goes beyond the most demanding legal requirements and international standards to maximize our contribution to the Sustainable Development Goals (SDGs). It includes ambitious objectives in three dimensions: planet, people, and ethics.

In 2023, we achieved the integration of all **Puig** businesses into our 2030 ESG Agenda, made progress in engaging our leaders by including ESG criteria in their annual compensation, and joined the Sustainable Markets Initiative Fashion Task Force project.

We continued to evaluate the impact of **Puig** activities through different international certifications and registered significant progress. We retained the EcoVadis Gold Medal, increasing our score from 67 to 70/100. We also made progress in Sustainalytics, which places **Puig** in ninth position out of 104 companies in our industry, an improvement of 42 places compared to 2022.

And for the first time, we have been recognized with an A in the Climate Change category by the CDP (Carbon Disclosure Project). This places **Puig** in the top 2 of more than 21,000 companies listed worldwide. Kama Ayurveda was also recognized with the Positive Luxury certification and Apivita's B Corp certification score is one of the highest in the industry.

In the area of social responsibility, we celebrated the 8th edition of the Makers initiative which is part of Invisible Beauty, the **Puig** social action program that supports co-creation between social entrepreneurs and internal company teams, generating synergies and alliances that promote equality, female empowerment, and responsible production and consumption. We also partnered with the PhotoVogue Festival 2023, a fashion photography festival that highlights new talent to help foster a more inclusive world. And all our own brands have differentiated environmental or social objectives associated with their brand purposes.

In the area of governance a new compliance model has been implemented that reinforces the area of regulatory compliance, and a new version of the Ethical Code has been approved and launched which is aligned with the new ambitions of the company and applies to all **Puig** businesses around the world.

We are also proud of our partnership with the 37th America's Cup, including the first edition of the **Puig** Women's America's Cup, to be held in Barcelona in 2024. This agreement has special significance for **Puig** as it reflects our local identity as a company born in Barcelona, our rich maritime sporting heritage, and our global presence, as well as promoting gender equality within the sport of sailing.

Puig is a family company guided by the values and principles that define who we are. We are a home to our Premium Love Brands, strong brands full of personality and potential, that allow us to look to the future with excitement and confidence, and we have a unique, engaged, and enthusiastic team.

In 2024, we celebrate 110 years of history, and while the environment remains uncertain, the future is exciting. We will continue to work with passion and dedication for the success of our company and our brands.

— Marc Puig
Chairman and CEO

€4,304 M	(+19% vs 2022) Best-Performing Beauty Company (WWD Honor Award)
€465 M	Net profit (+16% vs 2022)
16	Premium Love Brands from nine different countries
32	Brand and subsidiary headquarters globally
7	Production plants in four countries
-9%	GHG emissions (tCO_2e) from net revenue (€M) vs 2022
11,124	Direct collaboration with professionals in 36 countries
2024	Global Partner 37th America's Cup and First **Puig** Women's America's Cup
ESG	at the heart of our strategy. **Puig**, a company committed to being an ESG benchmark in the industry

Score:
Climate (A)
Water (A-)
Forest (B paper) /
(B palm oil)

Score of 70/100
Gold Medal

Score of 20.7
(Medium Risk –
ESG Risk Rating)

2

Company profile


E06.04

A home of Love Brands

Our purpose

A home of Love Brands, within a family company, that furthers wellness, confidence and self-expression while leaving a better world.

Our values

- **Restless Curiosity**
  Restlessly looking for opportunities and ideas that shape tomorrow, balancing boldness and wisdom to deliver excellence.

- **Entrepreneurial Audacity**
  A house of founders, promoting entrepreneurship from every chair to disrupt and innovate, in a way which is agile, action-oriented and resilient.

- **Contagious Enthusiasm**
  Endless energy, creativity and a can-do attitude that make us feel empowered to achieve more and express our authentic selves.

- **Fairness and Respect**
  Always treating each other with fairness, with integrity, transparency and genuine respect for our commitments guiding all our interactions.

- **Shaping tomorrow**
  Committed to long-term value creation and acting as a force for sustainable change for both people and planet, building a company that is fit for years to come and leaves a lasting legacy.

Puig is a home of Love Brands that create strong emotional bonds and a lasting commitment to consumers through great storytelling.

It is a family company with 110 years of history, and the family behind it all provides the backbone of the company's values which have been passed down over the last three generations, as well as its vision, which defines the pillars of business strategy. It is this vision that enables **Puig** to set long-term goals for the company, its brands, and the community.

For more than a century, each generation of the **Puig** family has been committed to leaving behind a better world and a more solid company than the one it inherited, guided by a way of doing business — the **Puig** way — that has been passed from generation to generation.

Today, the company continues to build on this legacy in accordance with the **Puig** ESG Agenda (Environmental, Social and Governance) aligned with the United Nations SDGs, and by remaining true to the purpose and values that have guided the company throughout its history, and which are reflected in the Ethical Code.

Since 1914, the company's entrepreneurial spirit, creativity, and passion for innovation have made **Puig** a benchmark in the field of beauty and fashion. With a presence in the fragrance and fashion, makeup, and skincare business segments, the **Puig** portfolio features 16 Premium Love Brands from nine different countries, all strategically complementary, and each with a strong, authentic identity.

The competitive and disruptive approach to building **Puig** businesses, along with each brand's own roots and cultures, have made it possible to have a powerful and attractive portfolio. Over recent decades, **Puig** has carefully built this portfolio, backing its owned brands and partnering with visionary founders with whom it has established successful and lasting relationships through shared values and an aligned brand building vision.

Visionaries such as Paco Rabanne, Carolina Herrera, and Jean Paul Gaultier have been part of **Puig** for over 50, 30, and 10 years respectively. The success of these historic partnerships demonstrates the ability of **Puig** to integrate brands within its portfolio and strengthen the company's solidity, key to attracting a new generation of iconic founders such as Dries Van Noten, Charlotte Tilbury, Ben Gorham (founder of Byredo), Vivek Sahni (founder of Kama Ayurveda), and Johana Sanint (founder of Loto del Sur).

Puig is a Home of Creativity, a warm place that allows the potential of its brands and people to flourish, encouraging audacity, imagination, and nonconformity.

Portfolio

The **Puig** portfolio is structured as follows:

- **Three types of brands:**
  owned, licensed, and associated/joint ventures.

- **Three business segments:**
  fragrance and fashion, makeup, and skincare.

- **Five categories:**
  Prestige, Niche, Dermo-Cosmetics, Skincare Wellness, and Lifestyle.

Premium Love Brands Portfolio

	Brand	Fragrance and fashion	Makeup	Skincare
Prestige	**Carolina Herrera**	•	•	
Prestige	**Charlotte Tilbury**		•	•
Prestige	**Jean Paul Gaultier**	•		
Prestige	**Nina Ricci**	•		
Prestige	**Rabanne**	•	•	
Niche	**Byredo**	•	•	
Niche	Christian Louboutin Beauté	•	•	
Niche	**Dries Van Noten**	•	•	
Niche	**L'Artisan Parfumeur**	•		
Niche	**Penhaligon's**	•		
Skincare Wellness	**Kama Ayurveda**			•
Skincare Wellness	**Loto del Sur**			•
Dermo-Cosmetics	**Apivita**			•
Dermo-Cosmetics	**Uriage**			•
Lifestyle	Adolfo Dominguez	•		
Lifestyle	Banderas	•		

Color code:
- **Owned brands**
- **Licenses**

In addition to the Premium Love Brands portfolio, **Puig** has other owned and licensed beauty brands including Shakira, United Colors of Benetton, Victorio & Lucchino, Agatha Ruiz de la Prada, Heno de Pravia, Agua Lavanda **Puig**, Agua Brava, and Quorum.

[2] Companies in which Puig has associated investments and joint ventures do not consolidate sales, but they do consolidate the part corresponding to the % share of their net income.

Puig also has associate and joint-venture investments in other beauty companies such as[2]:

	Brand	Fragrances and fashion	Makeup	Skincare
Associate and joint ventures	**Granado**	•		•
Associate and joint ventures	**Isdin**			•
Associate and joint ventures	**Scent Library**	•		
Associate and joint ventures	**Sociedad Textil Lonia**	•		

Premium Love Brands

Puig cultivates its Premium Love Brands and stories with care, passion, restless curiosity, and creativity, and invests in them consistently. Each brand has its own purpose and identity, all of which share the brand-building values and vision of **Puig**.

The different categories of the **Puig** portfolio are defined based on a combination of the specific characteristics of the beauty and fashion products offered by each brand, the type of distribution used, and the target audience.

Prestige category

Prestige brands represent exclusive and high-quality premium beauty products. The distribution network for **Puig** Prestige brands' products covers around 20,000 points of sale (department stores, specialty stores, and travel retail).

rabanne

We Galvanize Young Generations to forge a more Inclusive and Creative Future

Founded by Paco Rabanne in 1966 and acquired by **Puig** in 1987, although **Puig** has held the license for its beauty business since 1968. In 2023, the brand debuted a new visual identity, becoming Rabanne, and launched its first makeup line, while surpassing €1 billion in net revenue. Rabanne operates in the fragrance and fashion and the makeup business segments. The fashion business is led by Creative Director Julien Dossena. Its most iconic product is the famous 1 Million fragrance.

CAROLINA HERRERA

Building Confidence with *Alegría de Vivir*
Celebrating women in the arts

Founded in 1981 by Carolina Herrera and acquired by **Puig** in 1995, although **Puig** has held the license for its beauty business since 1987. In 2020, the brand launched its makeup line. Carolina Herrera operates in the fragrance and fashion and the makeup business segments. The fashion business is led by Creative Director Wes Gordon. Its most iconic product is the Good Girl fragrance.

Charlotte Tilbury

Give everyone, everywhere the right beauty wardrobe and they can conquer their world

Founded by Charlotte Tilbury MBE in 2013 and acquired by **Puig** in 2020. Charlotte Tilbury operates in the makeup and skincare business segments, guided by the more than 30 years of artistic experience of its founder, Charlotte Tilbury MBE. The brand's signature products include its Charlotte's Magic Cream moisturizer, Airbrush Flawless franchise, and the entire Pillow Talk collection.

Jean Paul Gaultier

Celebrating Differences (All Cultures, All Bodies, All Genders) Since 1976

Founded by Jean Paul Gaultier in 1982 and acquired by **Puig** in 2011 (fashion business). In 2016, the fragrance business was added to the **Puig** portfolio. Since the designer retired, the brand has collaborated with various guest designers such as Julien Dossena (Rabanne Creative Director), Haider Ackermann, and Olivier Rousteing among others. Jean Paul Gaultier operates in the fragrance and fashion business segment. Its most iconic products are Le Male and Classique fragrances.

NINA RICCI

Magnifying Femininity for a more Poetic World

Founded in 1932 and acquired by **Puig** in 1998. Nina Ricci operates in the fragrance and fashion business segment. The fashion business is led by Creative Director Harris Reed. Its most iconic products are L'Air du Temps fragrances and the renowned Nina, launched in 2004.

Niche category

The Niche brands represent high-quality, artisanal, limited-distribution beauty products with less than 2,000 points of sale. They operate both DTC[3] and wholesale distribution.

[3] Direct-to-consumer.

BYREDO

Bold Explorer of Culture & Identity through Modern Luxury

Founded by Ben Gorham in 2006 and acquired by **Puig** in 2022. Byredo is a modern luxury and cultural maison that translates memories and emotions into objects and experiences, and operates in the fragrance and fashion and the makeup business segments. The brand's signature products include Bal d'Afrique, Gypsy Water, and Mojave Ghost.

Christian Louboutin

Step into the Allure of Confidence

Puig has held the exclusive global license to Christian Louboutin's beauty product line since 2018. Founded in 1991, it operates in the fragrance and fashion and the makeup business segments. Its most iconic product is the Rouge Louboutin lipstick. Christian Louboutin Beauté embodies glamorous, luxurious beauty.

DRIES VAN NOTEN

Respectful and authentic art of making

Founded in 1986 and acquired by **Puig** in 2018, in 2022 it launched its line of fragrances and makeup. Dries Van Noten operates in the fragrance and fashion and the makeup business segments. The brand's creative director is its founder, Dries Van Noten. With his artistic influence, Dries Van Noten represents the art world through his collections.

L'ARTISAN PARFUMEUR

Celebrating Craftsmanship *à la française*

Founded in 1976 and acquired by **Puig** in 2015, L'Artisan Parfumeur operates in the fragrance business segment. Its most iconic products are Passage D'Enfer and Mûre et Musc fragrances. Rooted in French perfume tradition, L'Artisan Parfumeur embodies craftsmanship and elegance.

PENHALIGON'S

EST. LONDON 1870

Celebrating British Eccentric and Creative Heritage

Founded in 1870 and acquired by **Puig** in 2015, Penhaligon's operates in the fragrance business segment. Some of its most iconic products are Blenheim Bouquet and the Portraits collection. Penhaligon's represents fragrance heritage linked to British culture and history.

Dermo-Cosmetics category

The Dermo-Cosmetic brands focus on highly effective, science-based skincare products sold through pharmacies. They include some products prescribed by dermatologists.

APIVITA

Born of bees, raised by science

Founded in 1979, acquired by the **Puig** family in 2017, and incorporated into the **Puig** portfolio in 2021, Apivita offers natural, science-driven skincare. Apivita operates in the skincare business segment. Taking advantage of the power of patented beekeeping products combined with natural dermatological active ingredients, Apivita formulas, incorporated into the exclusive Queen Bee and Beevine Elixir lines, offer the perfect balance between efficacy and naturalness. B Corp company since 2017.

URIAGE

EAU THERMALE

Sharing, with care and science, the power of the most unique therapeutical water

Founded in 1992, acquired by the **Puig** family in 2011, and incorporated into the **Puig** portfolio in 2021. Uriage operates in the skincare business segment. Born in the heart of the French Alps, Uriage combines 30 years of dermatological experience with 200 years of skin disease treatments until cure. The brand has developed a unique and patented triple skin barrier science, and has a multi-category, targeted product portfolio that includes prescription and daily skincare products. Xemose, Bariederm Cica-Cream, Hydra / Hot Water Spray and Age are some of the best-selling lines from Uriage.

Skincare Wellness category

Skincare Wellness brands approach skincare from a wellness perspective and bring local concepts to the global consumer. These brands operate DTC, including through their own stores.

KAMA AYURVEDA

Bringing Ayurveda to the World

Founded by Vivek Sahni in 2002 and acquired by **Puig** in 2022, Kama Ayurveda operates in the skincare business segment. The brand's iconic products include Kumkumadi Face Oil and Bringadi Hair Oil. The brand is based on the principles of Ayurveda, a holistic healing system originating in India 3,000 years ago. Kama Ayurveda offers Ayurvedic products made from natural ingredients following specific recipes and techniques defined in Ayurvedic texts, with the aim of promoting general well-being.

LOTO DL SVR

Celebrate Latin American Culture, Customs and Biodiversity

Founded by Johana Sanint in 1999 and acquired by **Puig** in 2022, Loto del Sur operates in the skincare business segment. Based in the Colombian market, Loto del Sur uses natural botanical ingredients from Latin America in its product formulas, showcasing Latin America's rich cultural and botanical heritage to offer products that tell stories and provide deeply rooted experiences in the region's native traditions and flora.

Lifestyle category

Lifestyle brands aim to build an emotional connection through beauty products targeting a wider consumer market.

ADOLFODOMINGUEZ

Nurture a return to our senses. Let nature be.

Founded in 1973, **Puig** has held the exclusive global license for the Adolfo Dominguez fragrance line since 2000. Adolfo Domínguez operates in the fragrance and fashion business segment. The brand's signature fragrances are Agua Fresca de Rosas and Agua Fresca.

BANDERAS

Celebrate your own success

Puig has held the global license for Hollywood star Antonio Banderas's fragrance line since the beginning of the Banderas brand in 1997. Banderas operates in the fragrance business segment. The brand's signature fragrances are Blue Seduction for Men, Golden Secret and Icon.

The **Puig** story

Puig was founded by Antonio Puig Castelló in 1914 as a family-owned company operating in the cosmetics and fragrance industry.

In 1950, his sons joined the business, and it is now the third generation of the **Puig** family which leads and forms part of the company.

The main milestones in **Puig** history are:

- **1914** Antonio Puig Castelló founded Antonio **Puig**
- **1922** Launch of Milady Lipstick, first lipstick made in Spain
- **1940** Launch of Agua Lavanda **Puig**, the brand's defining perfume
- **1950** Antonio, Mariano, José María, and Enrique Puig Planas, the second generation of the **Puig** family, join the company

  Puig begins its international expansion with its first subsidiary in the US
- **1968** Acquired license for Paco Rabanne's beauty business and launched its first fragrance Calandre
- **1987** **Puig** acquires the rest of the Paco Rabanne business, including the fashion and accessories division

  Acquisition of the license for the Carolina Herrera beauty line
- **1988** Launch of the first Carolina Herrera perfume
- **1995** Acquisition of the fashion business of Carolina Herrera New York
- **1998** Acquisition of the Nina Ricci perfume and fashion business
- **2004** Marc Puig, a third-generation member of the family, is named CEO
- **2008** **Puig** closes the year with €1 billion in net revenue
- **2011** **Puig** acquires a majority stake in French fashion house Jean Paul Gaultier
- **2015** **Puig** begins building its Niche portfolio of brands with the acquisition of Penhaligon's and L'Artisan Parfumeur
- **2016** **Puig** incorporates Jean Paul Gaultier fragrances into its brand portfolio

- **2018** **Puig** acquires the fashion house Dries Van Noten and the global long-term license to build the Christian Louboutin beauty business

- **2019** **Puig** closes the year with €2 billion in net revenue

- **2020** **Puig** acquires a majority stake in the Charlotte Tilbury makeup and skincare brand

- **2021** Incorporation into the **Puig** portfolio of the Apivita and Uriage skincare brands (both acquired by **Puig** family investment companies in 2011 and 2017, respectively)

- **2022** **Puig** acquires the Niche Byredo brand and Skincare Wellness brands Kama Ayurveda and Loto del Sur

  Puig closes 2022 passing the expected milestone of €3 billion in turnover one year ahead of expectations, adding more than €1 billion annually in the previous two years

- **2023** The company ends 2023 with €4,304 million in net revenue, surpassing the target of €3 billion in net revenue set in 2021

Business model

To bring **Puig** products to market, the company integrates each step in the value chain, ensuring that the quality and identity of each brand is reflected at each stage, and relies, when necessary, on the knowledge and infrastructure of market leading suppliers, distributors, and retailers.

Product design and development → **Production** → **Distribution and logistics** → **Advertising and promotion**

- **Product design and development**
Conducted internally, together with key partners, to ensure consistency and strengthen the character and identity of each brand. The process starts with an innovative idea at the core of the brand, which is worked on hand-in-hand with innovation and development teams to bring it to reality. During this stage innovations and improvements in product packaging are also carried out by the teams, with the aim of finding more durable, cost-effective, and eco-friendly packaging options, maintaining safety, efficiency, and user-friendliness. The company also prioritizes enhancing the consumer experience by ensuring packaging is practical and aesthetically pleasing.

- **Production**
Mostly owned, it is carried out in the company's seven production plants in Europe and India: Vacarisses (Spain), focused on skincare; Alcala de Henares (Spain), and Chartres (France), focused on fragrances; Echirolles and Uriage-les-Bains (France), focused on Uriage products; Athens (Greece), focused on Apivita products; and Tamil Nadu (India), focused on Kama Ayurveda products. **Puig** takes advantage of the synergies between the different brands, outsourcing a small part of production to third parties. The main raw materials used in the manufacture of our products are primarily essential oils, alcohols, and specialty chemicals. We purchase these raw materials from various third parties and assemble the final products in our manufacturing facilities.

- **Distribution and logistics**
Primarily performed through the network of global subsidiaries and logistics outsourced to specialized providers. Products reach the end-customer through physical channels, owned and third-party stores (department stores, pharmacies, drugstores and travel retail), and through digital channels, brands' own e-commerce, e-tailing of distributors who have stores and distributors with exclusively online sales (pure players).

- **Advertising and promotion**
  Puig intends to elevate the consumer experience and attract new consumers, build loyalty, drive consumer advocacy and address the transformation of consumer shopping behaviors. The advertising and promotional approach is adapted depending on the identity, distribution, product focus, main consumer, and local relevance of each brand, leveraging the local knowledge of each country to optimize the resources allocated to each media and retailer. This includes strategically introducing brands and adapting product assortment and communications to fit local consumer tastes and preferences. Most of our creative advertising and promotion work is led in-house and in collaboration with external third parties.

Geographic presence

Puig manages its global presence from its headquarters in Barcelona with support from three regional hubs located in Paris, London, and New York. In 2023, **Puig** invested in new offices in these three cities (London and New York will be active in 2024), as well as in a Travel Retail hub in Miami, and increased its presence in Barcelona by doubling the size of the headquarters with the opening of a new 20-story building, thus demonstrating its legacy and commitment to the city in which it was born.

The company has six production plants in Europe and one in India, with brand and subsidiary headquarters in 32 countries and more than 11,120 employees. **Puig** has a strong commercial network through distributors and retailers and around 280 owned stores globally, permitting the sale of its products in more than 150 countries.

Global presence:

Argentina	•	Mexico	•
Australia	•	Netherlands	●
Austria	•	Panama	•
Belgium	•	Peru	•
Brazil	•	Poland	•
Canada	•	Portugal	•
Chile	•	Russian Federation	•
China	•	Saudi Arabia	•
Colombia	● •	Singapore	•
France	● ◦	South Korea	•
Germany	•	Spain	○ ◦
Greece	● ◦	Sweden	●
India	● ◦	Switzerland	•
Italy	•	UAE	•
Japan	•	United Kingdom	● •
Malaysia	•	United States	● •

○ Headquarters
● Brand Headquarters
◦ Production Plant
• Subsidiary

Corporate governance

Over the years, a governance structure has been established that aspires to the highest standards applicable to governance bodies, reflecting the ethical commitment and ESG criteria of **Puig**.

The company's leadership team includes both leaders and founders, guided by a long-term vision of innovation, creativity, and sustainability.

Board of Directors

As our highest governance body, the Board of Directors is responsible for approving our general policies and strategies and for overseeing the management of the company, among other tasks.

This body is made up of proprietary, independent, and executive directors. At the end of 2023, the **Puig** Board of Directors was made up of the following members:

Chairman	Marc Puig
Vice Chairman	Manuel Puig
Board members	Patrick Raji Chalhoub Jordi Constans Ángeles Garcia-Poveda Daniel Lalonde Christine A. Mei Nicolas Mirzayantz Josep Oliu Yiannis Petrides Jordi Puig Marian Puig Xavier Puig
Lead Director	Rafael Cerezo
Board Secretary (non-director)	Joan Albiol
Board Vice Secretary (non-director)	Francisco Blanco

The Board of Directors
has three delegated committees:

- **Audit and Compliance** Committee

Chairman	Yiannis Petrides
Members	Rafael Cerezo Daniel Lalonde
Secretary (non-director)	Francisco Blanco

- **ESG** Committee

Chairman	Manuel Puig
Members	Patrick Chalhoub Nicolas Mirzayantz Yiannis Petrides Marc Puig
Secretary (non-director)	María Antonia Ruiz

- **Talent** Committee

Chairman	Rafael Cerezo
Members	Jordi Constans Christine A. Mei Ángeles Garcia-Poveda
Secretary (non-director)	Álvaro Sanz de Oliveda

Executive Committee

This is the body that determines strategy, makes decisions, and manages the day-to-day running of the business.

Chairman and CEO	Marc Puig
Vice Chairman and Chief Sustainability Officer	Manuel Puig
Chief Human Resources Officer	Eulalia Alfonso
Chief Financial Officer	Joan Albiol
Chief Communications Officer	Eugenia de la Torriente
President Beauty & Fashion	Jose Manuel Albesa
Chief Executive Officer Charlotte Tilbury	Demetra Pinsent
President Derma	Marc Toulemonde
Chief Operating Officer Beauty & Fashion	Javier Bach

In December 2023, Marine de Boucaud joined the company. On January 1, 2024, she succeeds Eulalia Alfonso to lead the human resources function at **Puig**.

Other corporate functions

- **Puig** General Auditor, François Xavier Billaud. Reports hierarchically to the Chairman of the Audit and Compliance Committee and administratively to the Chairman and CEO.

- Chief Compliance Officer, Manuel Duplá. Reports hierarchically to the Audit and Compliance Committee and administratively to the Chairman and CEO.

The day-to-day management is carried out by senior management and the subsidiaries' governing bodies.

Business context

Global situation 2023

2023 was a positive year for the global beauty market despite an environment marked by uncertainty and certain adverse factors.

- An uncertain environment due to geopolitical stress, rising interest rates, rising energy prices, high inflation, all of which impacted slowing economic growth.
- The deceleration of international trade.
- The continued disruption in the supply chain which has had a global impact since 2020, and the consequent shortage of materials causing difficulties in the production and distribution of products.
- A slower-than-expected recovery in China due to continued weakness in the housing market, contraction in domestic consumer spending and slow recovery in the travel retail market.

Current trends

- The general rise in inflation causing reductions in consumer spending.
- Uncertain levels of economic growth, with risk of recession in some parts of the world.
- Consumer focus on a limited number of beauty brands, demonstrating great loyalty in the category.
- Growing demand for premium beauty products (market premiumization), driven by increased awareness, brand education, and the pursuit of exclusivity.
- Rapid growth in demand for holistic wellness-inspired products (wellness).
- Gen Z's major influence on consumer habits with a preference for brands and products with customized solutions and differentiated service experiences and offerings, and a prioritization of authenticity, sustainability, and inclusion.
- Greater sustainability integration across the value chain, with consumers more willing to buy more sustainable products at a higher price.
- The need to maintain a multichannel strategy to deliver a 360º experience and achieve a higher level of consumer engagement.

Puig milestones in 2023

- Spectacular results, with €4,304 million in net revenue and a return of €465 million in net profit.
- WWD Honor Award as Best-Performing Beauty Company, Large-Cap, for **Puig** and Designer of the Year Award for Dries Van Noten.
- Partnership with the 37th America's Cup as Global Partner of the event and naming the first **Puig** Women's America's Cup.
- Appointment of Marc Toulemonde as new Derma President in June 2023.
- Addition of Marine de Boucaud to lead the human resources functions at **Puig**, effective January 1, 2024.
- Opening of a second tower at the Barcelona headquarters, new offices in Paris and new Travel Retail hub in Miami. New offices also in London and New York, ready in 2024.
- Update of the Ethical Code, aligned with the new ambitions of the company and applying to all **Puig** businesses around the world. Acceptance rate at 93.3% of the company.
- Approval of Human Rights Policy for employees and applying to all **Puig** businesses around the world.
- First year including ESG criteria in the annual remuneration of **Puig** leaders, linking them to the sustainability priorities of the 2030 ESG Agenda.
- Adherence to Sustainable Markets Initiative Fashion Task Force.
- Complete integration of all businesses into the **Puig** ESG Agenda.
- Partnership with PhotoVogue Festival 2023, a fashion photography festival that promotes new talent to help foster a more inclusive world.
- The 8th edition of the Makers initiative, part of Invisible Beauty, the **Puig** social action program promoting co-creation between social entrepreneurs and internal teams.

3

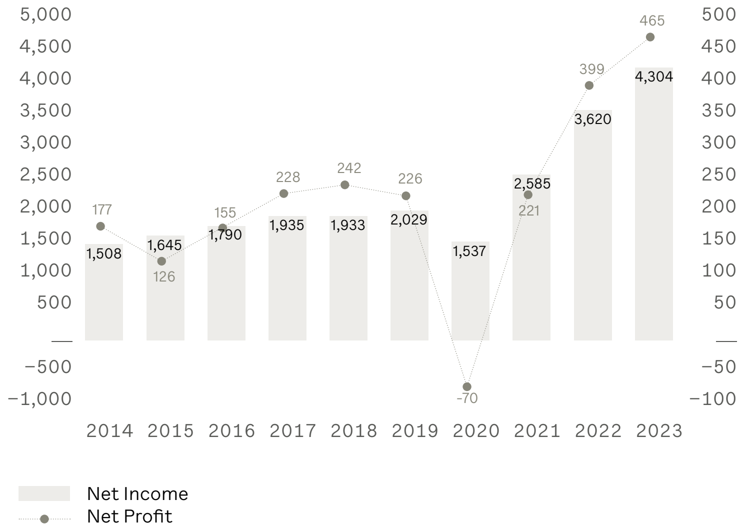
Performance

2023 Main figures

Net Revenue	€4,304 M +19% compared to 2022
EBITDA	€849 M +33% compared to 2022
Net Profit	€465 M +16% compared to 2022

Growth over time (in M€)

Puig has a long track record of profitable growth.

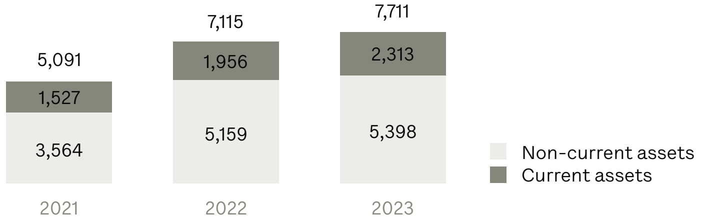


Financial indicators

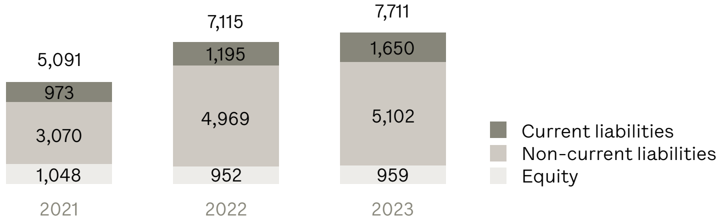
Income Statement (in €M)	2021	2022	2023	Growth 22—23
Net Income	**2,585**	**3,620**	**4,304**	**19%**
Gross profit	1,885	2,693	3,215	19%
Gross margin (%)	72.9%	74.4%	74.7%	0.31 pp
Operating profit	**352**	**536**	**693**	**29%**
Operating margin (%)	13.6%	14.8%	16.1%	1.28 pp
Profit before tax	**353**	**514**	**643**	**25%**
Profit margin before tax (%)	13.6%	14.2%	14.9%	0.75 pp
Profit after tax	**199**	**413**	**500**	**21%**
Profit margin after tax (%)	7.7%	11.4%	11.6%	0.22 pp
Net profit attributable to Puig Brands	**221**	**399**	**465**	**16%**
Net profit margin attributable to **Puig** Brands (%)	8.6%	11.0%	10.8%	-0.23 pp
EBITDA	**493**	**638**	**849**	**33%**
EBITDA margin (%)	19.1%	17.6%	19.7%	2.1 pp

Balance sheet (in €M)

Assets



Liabilities



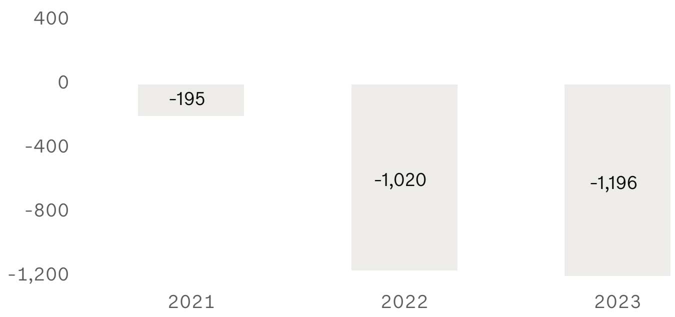
Cash flow

Cash Flow Statement (in €M)	2021	2022	2023
Profit after tax	199	413	500
Depreciation and other operating adjustments	245	166	251
Change in working capital	67	-158	-194
Net cash flow from operating activities (I)	**511**	**420**	**556**
Investment in tangible fixed assets and intangible assets (CAPEX)	-77	-151	-177
Acquisitions, divestitures and others	-102	-899	-57
Dividends received and other investment activities	0	20	-65
Net cash flow from investing activities (II)	**-179**	**-1,030**	**-298**
Treasury shares	0	0	-108
Dividends	-20	-132	-181
Lease debt payment and others	-57	-82	-117
Net cash flow from financing activities (III)	**-77**	**-214**	**-407**
Net cash flow due to exchange rate fluctuations (IV)	**-1**	**0**	**-28**
Net Increase in cash during the year (I+II+III+IV)	253	-825	-176
Net cash at the end of the period	-195	-1,020	-1,196

Treasury Position[4]

[4] Excluding lease liabilities.

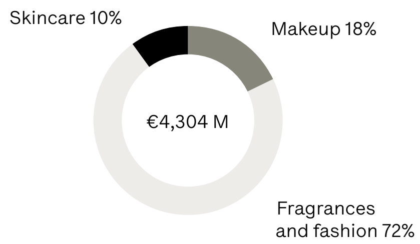
Net cash (in €M)



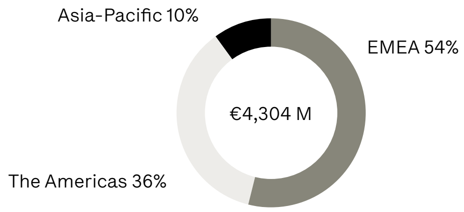
Diversification[5]

[5] The breakdown of net revenue by channels has been calculated based on information provided by Puig retailers and distributors, along with the company's own information (company market estimate).

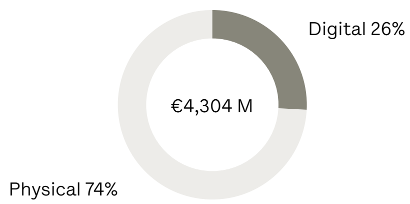
Net revenue by business segment (% of total)



Net revenue by geographic segment (% of total)



Net revenue by channels (% of total)



Business segments

[6] This data only includes selective fragrances. Data from Euromonitor (company industry sources).

[7] Data from Euromonitor (company industry sources).

[8] This data corresponds to selective skincare. Data from Euromonitor (company industry sources).

Puig organizes its activity into three business segments: fragrance and fashion, makeup, and skincare.

Many of the brands, while maintaining their core business in one segment, have branched out into others over the years. Carolina Herrera has a line of fragrances and fashion, and a few years ago she also started her journey in the makeup business. Charlotte Tilbury offers a complete catalog of makeup and skincare products. Dries Van Noten is one of the most respected fashion designers in the industry, and in 2022 the business launched a beauty line comprising perfume and makeup. Rabanne, which introduced a new brand identity in 2023, also expanded within the makeup segment with the launch of its new Rabanne makeup line.

2023 was a spectacular year for **Puig** in all segments, with double-digit growth in overall net revenue compared to 2022 which was also above the market average. Fragrances and fashion grew by 17%, compared to the 13%[6] increase of the market; makeup registered an increase of 23%, compared to the market's 13%[7] ; and skincare grew 31% compared to 2022, against a market average of 9%[8] . This growth reflects the strong demand for the **Puig** portfolio brands, as well as their ability to withstand inflationary pressures while maintaining the margins that characterize the premium segment of the beauty industry.

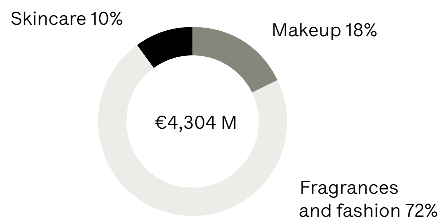
Top 3 Puig brands in 2023

- Rabanne
- Charlotte Tilbury
- Carolina Herrera

Highlights (All data refers to net revenue)

- Business Segments:
  - Double-digit growth from 2022 in all segments.
  - Fastest growing segment: skincare (+31% vs 2022).
  - Largest segment: fragrances and fashion (72% of total).
- Fastest growing brand: Jean Paul Gaultier.
- The portfolio by business segments remained diversified.

Net income by business segments (% of the total)



Fragrances and Fashion

Fashion has been a true enabler of the fragrance industry, especially in the premium market category, with more than 73%[9] of the top 15 premium fragrance brands being inspired by fashion brands. The basis of creativity and innovation that is inherent to the fashion market has a strong impact on the ability to drive brand loyalty to the fragrance market as well.

In the fragrance market, premium products constitute approximately two-thirds of the total fragrance sales globally[10], and is expected to be the key growth engine as consumers upgrade to higher-end market categories, niche, and fashion-led brands. In 2023, the global fragrance market continued to grow across all regions (the selective fragrance business segment grew 13% vs 2022)[11]. The fragrance industry in China is expected to benefit from growing penetration, as it currently represents less than 5% of the total beauty market in Asia-Pacific. The Americas represent another potential area for growth, where fragrance accounts for only 21% of the total market, compared to 24% in EMEA[12].

In this context, **Puig** saw accelerated above-market growth in the segment, with an increase in net income of 17% compared to 2022.

Puig estimates that it increased its global market share to 11%[13] in the selective distributed fragrance business in 2023, after reaching 10% for the first time in 2022. This achievement has been driven by the strong growth of its major owned brands, which have continued to captivate and inspire the market.

Puig Prestige brands recorded great performance for yet another year.

Rabanne continues its ascent as the world's fastest growing Prestige fragrance brand and became a €1 billion revenue brand in 2023.

Carolina Herrera consolidated itself as the number 6 fragrance brand globally[14].

Jean Paul Gaultier continued to push forward thanks to the successful launch of Le Male Elixir and its new feminine fragrance Gaultier Divine.

Niche brands' growth has been led by Dries Van Noten, the fastest-growing Niche brand within the **Puig** portfolio, and Byredo, which had double-digit growth despite a slowdown in Travel Retail Asia and particularly in China.

The segment's operating margin grew by more than one percentage point to 19% in 2023. This increase was due to the Prestige brands' growth in the European and American markets.

9 Data from Euromonitor.

10 Data from Euromonitor.

11 Company industry sources, latest available data.

12 Data from Euromonitor.

13 Company industry sources, latest available data.

14 Company industry sources, latest available data.

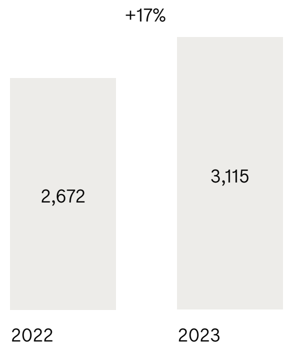
[15] Intersegment eliminations of net revenue are not included.

[16] Company industry sources, latest available data.

[17] Company industry sources, latest available data.

[18] Company industry sources, latest available data.

Net revenue (€M)[15]



	2022	2023
% **Puig**	74%	72%
Operating profit %	18%	19%

Fragrances highlights

- Rabanne is ranked number 2 in selective male fragrances, primarily thanks to 1 Million, which entered the top 4 globally[16].
- Carolina Herrera's Good Girl reached the top 2 in women's fragrances globally, thanks to Good Girl Blush[17].
- Gaultier Divine, Jean Paul Gaultier's new feminine fragrance, is among the best female launches of the year[18].
- Penhaligon's closed 2023 paying tribute to its founder with the Potions & Remedies collection. The five new fragrances are loaded with ingredients inspired by William Penhaligon's work and creations to improve mood and cure illnesses.
- Following the introduction of its first collection of perfumes and beauty in 2022, in 2023 Dries Van Noten opened a store dedicated specifically to perfumes, beauty, and accessories in Paris.
- Byredo launched Animalique eau de parfum, which quickly became the number 5 best-selling fragrance in most markets after the first month of launch, and also launched Night Veils Rouge Chaotique extrait de parfum.
- L'Artisan Parfumeur successfully launched Soleil de Provence, À Fleur de Pêche and Cuir Grenat.

Top launches of **Puig** Fragrance Brands

Carolina Herrera	Good Girl Blush Bad Boy Extreme
Jean Paul Gaultier	Gaultier Divine Le Male Elixir
Rabanne	1 Million & Lady Million Royal Invictus Victory Elixir Olympea Flora Fame & Phantom Parfum
Byredo	Animalique Night Veils Rouge Chaotique
L'Artisan Parfumeur	Soleil de Provence À Fleur de Pêche Cuir Grenat
Penhaligon's	Potions & Remedies Solaris The Omniscient Mr Thompson
Adolfo Domínguez	Colección Oriental
Banderas	The Icon Woman

Puig boosted its performance in fashion, reaching historic revenue figures for the second consecutive year, and achieving one of 2023's priorities: to accelerate the growth of the segment and consolidate it as the brands' symbol of identity and creator of their global image.

Fashion highlights

- Success at in-person fashion shows.
- Dries Van Noten was awarded Designer of the Year by WWD magazine for his unique and colorful approach to not only his garments but also his accessories and beauty line, launched in 2022.
- Nina Ricci returned to Paris Fashion Week after three years away. The approach to gender-fluid fashion under Harris Reed's creative direction placed the House's fashion show top of the Paris Fashion Week inclusion index, according to Vogue Business. Nina Ricci opened several pop-ups in the US, United Kingdom, and Japan with this collection (Fall/Winter 2023).
- Carolina Herrera chose Rio de Janeiro, Brazil, to present its first fashion show outside of New York, featuring the Resort 2024 collection. CHNY opened its third fashion boutique in Palm Beach, Florida.
- Rabanne collaborated with H&M and showcased the collection at an event in Paris during Fashion Week. Julien Dossena, Creative Director of the brand, was the guest designer at Jean Paul Gaultier's Fall/Winter 2023/2024 haute couture collection.
- Jean Paul Gaultier made several significant collaborations this year, including the partnership with London brand KNWLS and the collection alongside Jimmy Choo.

Makeup

[19] Company industry sources, latest available data.

[20] Company industry sources, latest available data.

The global makeup market grew by 13%[19] in 2023 compared to 2022, accelerating in the Middle East and Latin America. North America continues to be the largest market. Given that Asia is the market with the highest growth potential in the category the lockdowns in China affected the business, although the impact on **Puig** was less than that on the industry as a whole.

The makeup segment at **Puig** grew by 23% compared to 2022. This is a very dynamic sector, and changing trends require companies to use data and technology to adapt continually to consumer needs so they can innovate and remain relevant. Social media has become a very important platform for brands, enabling them to connect directly with consumers and build or strengthen their awareness.

Charlotte Tilbury and Christian Louboutin Beauté are the brands which contribute the most to the makeup segment in the **Puig** portfolio.

Charlotte Tilbury is the leader of makeup segment expertise at **Puig** and acts as the driver for the introduction of makeup in brands already consolidated in other segments. 2023 marked 10 years of Charlotte Tilbury, which the brand celebrated by remaining the number 1 prestige makeup brand in its local market of the UK for another year, whilst reaching the top 5 in the US[20].

The segment's operating margin stood at 8% of total net revenue, increasing the profitability obtained in 2022 by more than two percentage points. This increase was due to the development of Charlotte Tilbury's business. The level of profitability of the segment is below the company average as it has several brands whose makeup businesses are in the initial phases of expansion.

Makeup highlights

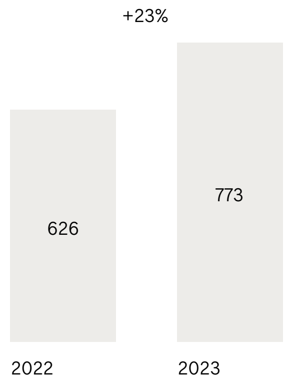
- Charlotte Tilbury continues to drive the industry and create trends with its innovative launches, whilst growing and breaking records with its iconic product lines such as Pillow Talk and Hollywood Flawless Filter. This year, Charlotte Tilbury collaborated with the Disney 100 initiative to celebrate its centennial and supported The Rocket Fund driven by the Elton John AIDS Foundation to reach new audiences.

- Rabanne launched its first makeup collection, driving a strong feminization of the brand whilst remaining in tune with the identity of the Maison defined by the fashion segment.

- Byredo collaborated with Jean Paul Gaultier to create the makeup looks of his Spring/Summer 2023 fashion show designed by Haider Ackermann.

[21] Intersegment eliminations of net revenue are not included.

Net revenue (€M)[21]



	2022	2023
% **Puig**	17%	18%
Operating profit %	6%	8%

Top launches of **Puig** Makeup Brands

Carolina Herrera	Good Girl Blusher Good Girl Maxi Glaze
Charlotte Tilbury	Matt Beauty Blush Wands Airbrush Flawless Lip Blur
Rabanne	Famous Black Mascara Mini and Handbag Palette
Byredo	New collaboration with Lucia Pica
Christian Louboutin Beauté	Rouge Stiletto Lips Teint Fetiche Le Baume de Teint

Skincare

[22] Company industry sources, latest available data.

[23] Isdin is not majority owned by the Group and is therefore accounted for using the equity method and is not consolidated in the Group's results. Source: Company industry sources according to the latest available data and considering the European countries where our Dermocosmetic brands have a presence through an affiliate. The pharmacy channels includes physical stores and e-commerce.

[24] Company industry sources, latest available data.

The selective skincare category grew globally by 9%[22] in 2023 compared to 2022. Asia remains the largest market, followed by North America.

Increasing attention to self-care and wellness, combined with the democratization of educational content on social media, have been instrumental in driving demand for organic and herbal products and functional and hybrid skincare solutions such as dermocosmetics, clean beauty, and anti-aging solutions.

The skincare sector is characterized by slower growth than the rest of the beauty industry, in part due to the fact that product development takes longer since more research and development time is required.

In 2023, **Puig** grew 31% in net revenue in this segment, focusing mainly on products with natural and vegan formulas.

At Uriage and Apivita, investment in innovation and technology was accelerated to continue developing science-based skincare products that respect the environment.

These two brands are mostly distributed through pharmacy and parapharmacy channels. **Puig** estimates that it is the third largest European player in the dermocosmetic segment in the pharmacy channels (including Isdin[23]).

This year, the Uriage team presented the brand and its products at the World Congress of Dermatology (WCD) in Singapore and at the European Academy of Dermatology and Venereology (EADV) Congress in Berlin. These events were unique opportunities for Uriage to exchange, share, and establish links with the community of doctors who endorse the brand around the world, with the aim of continuing to develop increasingly innovative and effective treatments.

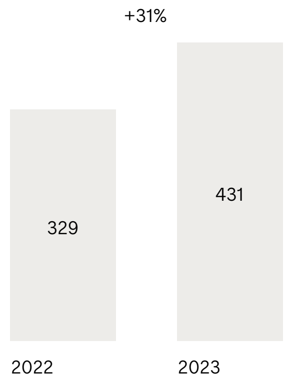
Charlotte Tilbury's star product in this segment continued to be Charlotte's Magic Cream, with more than one sale per minute worldwide[24]. The Magic Skin franchise was reinforced in 2023 with the launches of Charlotte's Magic Water Cream, Charlotte's Magic Hydrator Mist, and Charlotte's Magic Body Cream.

Kama Ayurveda and Loto del Sur are established as two high-potential Skincare Wellness brands, having joined the **Puig** portfolio in 2022. Both brands have their own stores, and so bring a different model to that of Uriage and Apivita.

The segment's operating margin stood at 10% over net revenue, increasing the profitability obtained in 2022 by almost two percentage points. This increase is due to the positive growth of Charlotte Tilbury's skincare business.

[25] Intersegment eliminations of net revenue are not included.

Net revenue (€M)[25]



	2022	2023
% **Puig**	9%	10%
Operating profit %	8%	10%

Skincare highlights

- Uriage introduced Hyseac 3 Regul+, an acne treatment based on patented Microbiome Technology, developed in-house after years of research.
- Apivita launched Beevine Elixir, a powerful anti-aging line that restores the skin's collagen balance. It is driven by a new technology patented after seven years of research: the plant collagen-boosted Propolift Complex.
- To support the launch of Charlotte's Magic Water Cream, Charlotte Tilbury launched a Pro Skin Analysis Tool, which provides customers with a personalized skincare routine in less than 60 seconds.
- After more than 20 years of success, Kama Ayurveda opened their first own store outside India in Notting Hill, as well as a personalized space and treatment room in Harrods (both in London, UK), and a new sales website.

Top launches of **Puig** Skincare Brands

Charlotte Tilbury	Charlotte's Magic Water Cream Charlotte's Magic Hydrator Mist Charlotte's Magic Body Cream
Kama Ayurveda	Kumkumadi facial cream Kumkumadi facial oil Eye contour renewal
Apivita	Beevine Elixir anti-aging range
Uriage	Serum booster H.A

Geographic segments

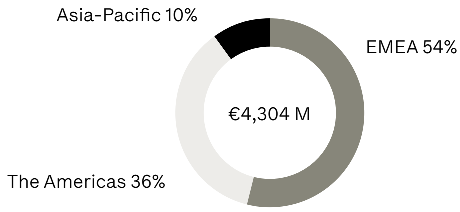
In 2023, **Puig** net revenue grew by over 18% compared to 2022 in all its main regions. The EMEA region saw the largest growth in absolute terms.

Puig activity is organized into three geographic segments. In order of size, they are:

1. EMEA (Europe, Middle East, and Africa)
2. The Americas
3. Asia-Pacific

Puig created specific units in its subsidiaries for the Niche brands since it is one of the categories with the highest growth and projection.

Net revenue by geographic segment (% of total)



EMEA

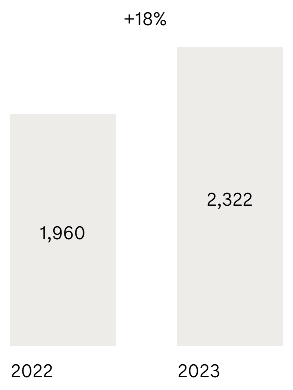
In 2023, **Puig** recorded 18% growth in net revenue in EMEA compared to 2022, an excellent result despite global disruption, geopolitical tensions, and inflation. The goal in this region is to promote the major Prestige brands, accelerate the penetration of Niche brands, increase makeup distribution, such as through the expansion of Charlotte Tilbury into new EMEA countries (including Poland, Sweden, and Saudi Arabia) and expand the presence of Skincare Wellness brands, started with the opening of Kama Ayurveda's first flagship store in Notting Hill, UK.

Puig grew above the market in 2023, capturing market share in this region for three consecutive years, where it is considered one of the industry leaders[26]. This growth was led by the selective fragrance segment in Europe, where **Puig** estimates that it has a market share of 12%[27].

Europe is the market of origin for most **Puig** brands, which helps to reinforce their position on this continent. Net revenue grew in the region's main markets, which by size are the UK, Spain, and France; three markets that are within the **Puig** top 5.

Growth continued in the Middle East following the reinforcement of the **Puig** structure with the opening of the UAE subsidiary (**Puig** Emirates) in 2022, and a significant evolution was seen in Niche fragrances and the makeup business.

Net revenue (€M)



% Puig	54%	54%

[26] Company estimate of the market, latest available data.

[27] Company estimate of the market, latest available data.

The Americas

In the Americas, in 2023 **Puig** recorded an 18% increase in net revenue compared to 2022, driven by the three main markets, US, Brazil, and Mexico. All three are in the company's top 10 markets worldwide.

This geographic segment is divided into two areas with different characteristics, North America and Latin America.

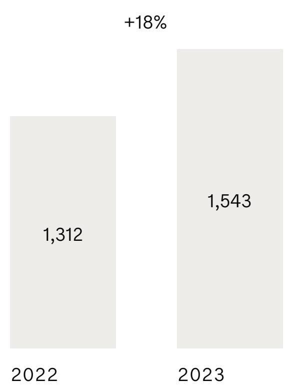
In North America and the Americas as a whole, the outright leader is the US, the market which contributes the most net revenue to **Puig**, and where **Puig** had significant growth in 2023. In the selective fragrance market, we estimate that it achieved 8% of the market share (+1.1 pp[28] vs 2022)[29] . Fragrances remain the main business in the region, although in 2023 there has been an increase of the makeup offerings thanks to Carolina Herrera and the launch of Rabanne makeup, following the strategy of expanding and promoting the Prestige brands. The increase in the makeup business was driven by the potential of Charlotte Tilbury, which became the top 5 prestige makeup brand in the US.

In Latin America, the largest business segment was fragrances, and the main markets in terms of net revenue were Brazil, Mexico, and Chile, countries in which **Puig** consolidated itself as the absolute leader in the segment in 2023.

The addition of Loto del Sur to the portfolio consolidated **Puig** in significant positions within the Skincare Wellness category of the region, especially in Colombia where the brand has more than 20 own stores.

Puig opened its new regional Travel Retail Americas hub in Miami, which plays a key role in its strategy to consolidate its presence in the Latin American market and leverage travel retail growth on the continent.

Net revenue (€M)



% Puig	36%	36%

[28] Percentage point.

[29] Company industry sources, latest available data.

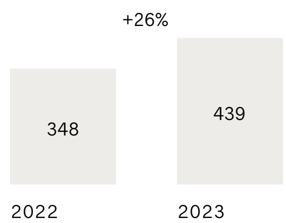
Asia-Pacific

In 2023, **Puig** recorded net revenue growth of 26% compared to 2022 in the Asia-Pacific geographic segment. In China, whose market grew less than expected in 2023, **Puig** achieved 27% growth in net revenue. The rest of Asia-Pacific performed similarly, with growth of 25% compared to 2022.

In Asia-Pacific, the presence of **Puig** brands is highly differentiated depending on the characteristics of each market. In China, for example, the market mainly focused on makeup and Niche brands. Charlotte Tilbury once again consolidated itself as the largest brand in the region and Byredo as the fastest growing. In addition, **Puig** continued to increase its presence by opening new doors for Carolina Herrera Beauty, Penhaligon's, L'Artisan Parfumeur, Byredo and Christian Louboutin Beauté.

It is worth noting the consolidation of the Indian brand Kama Ayurveda acquired in 2022, which reinforces the **Puig** presence in the Skincare Wellness category in India and in the Asia-Pacific region as a whole, as well as increasing the direct-to-consumer focus with more than 60 of its own stores.

Net revenue (€M)



% Puig	10%	10%

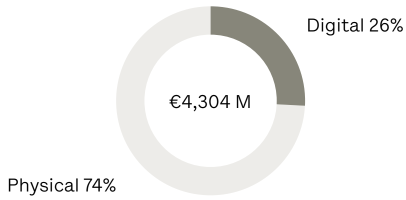
Channels

Puig products reach the end customer through physical or digital points of sale (either owned or those of distributors). In 2023, consumers' return to physical shopping continued, with more measured growth in travel retail. This slowdown was mainly seen in Asia. There was also continued growth in the digital presence of **Puig** brands with their own e-commerce.

Highlights

- Heightened traffic in the travel retail business, except in Asia.
- Increase in the network of owned points of sale.

Net revenue by channels (% of total)

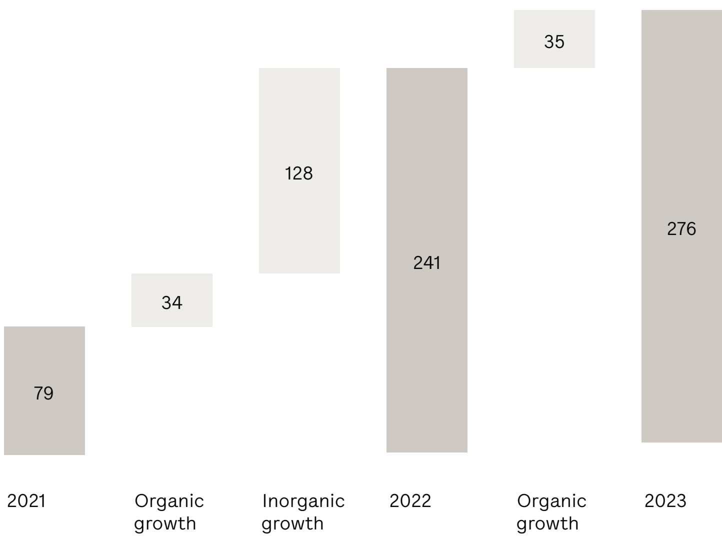


Physical (Brick & Mortar)

The company estimates that 74%[30] of sales correspond to the physical channel. In this channel **Puig** sells its products through department stores, selective retailers, pharmacies, parapharmacy, travel retail and its own stores.

In 2023, the number of own stores increased driven by the organic growth of the Niche category, mainly thanks to Byredo, Penhaligon's and L'Artisan Parfumeur, and Skincare Wellness with Kama Ayurveda. A total of 35 **Puig**-owned stores have been added compared to 2022.

Number of **Puig** own stores



[30] The breakdown of net revenue by channel has been calculated based on information provided by Puig retailers and distributors, along with the company's own information (company market estimate).

Travel retail

Due to its global reach, the travel retail channel is an ideal platform for building brands. **Puig** has continued to reinforce and transform this channel by elevating the Carolina Herrera and Rabanne Prestige portfolios. At the same time, the Niche category has seen an accelerating expansion in the number and productivity of openings.

In 2023, **Puig** slightly increased its global market share in travel retail[31]. Europe and the Americas led the growth in the channel.

All regions returned to 2019 traffic levels except for Asia-Pacific, whose recovery has been hampered by the delay in reopening international traffic to the Chinese market where **Puig** has less of a presence.

Digital

Puig estimates that digital sales account for 26%[32] of the total.

Puig has a digital presence through three channels: the brands' own e-commerce platforms, e-tailing of distributors that have physical stores, and distributors with exclusive online sales (pure players). The goal in 2023 has been to improve social media effectiveness and the implementation of CRM systems[33].

The brands apply the same One Brand strategy to the digital channel, unifying it with the physical channel through a global portal that provides a complete, immersive, and personalized consumer purchasing experience.

Globally, **Puig** brands grew 15% respect to 2022 on their own e-commerce platform thanks to the results achieved by the brands' strategies, the geographic expansion of existing e-commerce, and the opening of new portals such as Kama Ayurveda's first international website, Nina Ricci's global digital flagship, and the dedicated Charlotte Tilbury Arabia online site.

[31] Company Industry Sources, latest available data.

[32] The breakdown of net revenues by channel has been calculated based on information provided by our retailers and distributors, along with our own "Company Industry Sources" information.

[33] Customer Relationship Management.


DM03

Innovation

Promoting new technologies in the industry

As part of its strategy to lead innovation within the industry, **Puig** consistently promotes the entrepreneurial spirit of the brands and of the people who are part of the company.

Developing and launching new products helps maintain the appeal of **Puig** brands, increases customer loyalty, and encourages purchasing. The company's focus on this area is a critical component of its growth plan and its performance will depend, in part, on its ability to continue to be innovative and launch new products.

In 2023, **Puig** continued to activate its brand partnerships with start-ups and leading agencies to test new technologies that deliver new consumer experiences.

Charlotte Tilbury launched its first app in June, designed to reach everyone everywhere regardless of their level of beauty expertise. The app harnesses the power of founder Charlotte Tilbury MBE's artistry expertise, as well as the capacity of leading beauty tech tools to educate, inspire, and reward new and existing customers. In 2023, the app was downloaded more than 640,000 times.

To celebrate the new Good Girl Blush fragrance, Carolina Herrera expanded its digital horizons with a new collection of non-fungible tokens (NFTs). The design of these NFTs embodies the essence of the Good Girl line, highlighting the style and dynamism of the modern woman.

Rabanne introduced Rabanne Virtual Try-On, a market-first innovation that uses hyper-realistic 3D animations to deliver a truly immersive beauty shopping experience. The result is an interactive tool with advanced facial tracking technology that allows users to discover, experience, and define their unique and individual Rabanne makeup, anytime, anywhere.

Penhaligon's continued the launch of the Re-use & Make New Refill program by leveraging recharging technology developed in collaboration with the **Puig** Technologies team. The service is offered in nine boutiques across the UK.

Puig leader in olfactory innovation

In 2023, **Puig** has expanded its olfactory ecosystem, reinforcing its position as a leader in olfactory innovation.

This year there have been significant developments and collaborations, which have improved the customer experience when purchasing fragrances both online and offline.

This expanded reach across countries, retailers, brands, and tools has enabled the company to develop a robust intelligence network that provides valuable insights into real-time consumer preferences.

The **Puig** effort to lead innovation has been recognized globally, with 10 prestigious awards, including the Luxury Innovation Award, curated by Richemont and LVMH.

WikiParfum, a digital platform providing precise, objective, and independent fragrance information, was developed by **Puig** in collaboration with Fragrances of the World in 2022. It allows the user to discover how a perfume smells before trying it on and to understand which fragrance notes they usually use, and so search for other similar products. The platform continues to provide consumers with deeper insights into the perfume universe and to offer better recommendations.

WikiParfum in figures	25 languages 1,400 ingredients 1,200 brands over 25,000 listed perfumes

AirParfum, a technology patented by **Puig** in 2018 which solves the problem of how to try various fragrances without reaching olfactive saturation, continued its global implementation with more than 65 active installations in 2023.

Some AirParfum accomplishments in 2023 were:

- Patents awards in the US and China.
- Technical certification and deployment across five continents in the flagship stores of luxury brands and retailers.
- Expansion into new categories, such as “flavours” in collaboration with Hennessy, and cultural experiences at the Prado Museum in Madrid, Spain, and at Christie’s in London, UK.
- AirParfum’s initial participation in the first clinical trial for early Alzheimer’s and Parkinson’s detection, moving towards the final clinical phase.

4

Commitment to Sustainability

Our Guide
Ethical Code

Our Ambition
To be a sustainable company

Our Roadmap
The 2030 ESG Agenda

As a home of Love Brands, **Puig** furthers wellness, confidence, and self-expression. As a family business, it is committed to leaving a better world for generations to come and becoming a driving force for sustainable change to build a prosperous world for people and the planet. As a global company, knowing that to produce its products it needs natural resources — flowers, cotton, pigments, honey, and thermal water — **Puig** aims to promote a more sustainable, equitable, and inclusive world.
In recent years, **Puig** values, commitments, and principles have been clearly described and reflected in its Ethical Code to ensure that everyone across the organization knows and shares this same culture. The Ethical Code is the **Puig** guide and frame of reference for everything it does as a business.

Puig is committed to becoming a sustainable business and in 2021 the company defined its roadmap: the 2030 ESG Agenda. Through this roadmap, **Puig** ensures that environmental sustainability, a diverse and inclusive society, and the criteria of good governance are at the center of all its decisions and daily activity, working across three dimensions:

- Planet. Preserving the environment, respecting the communities in which it operates, and creating value for society.

- People. Respecting human rights inside and outside the company and becoming a place where diverse talent can reach its potential.

- Ethics. Complying with the law, promoting good business practices, and upholding the highest standards of corporate governance.

[34] Score awarded to **Puig**, S.L.

The **Puig** commitment to sustainability goes beyond legal requirements, contributing globally to two ambitious sustainability goals:

- **Helping limit global warming to 1.5 °C by 2030**
- **Becoming a net zero organization by 2050**

The company has also aligned its strategy with the most recognized international commitments, standards and certifications.

Score: Climate (A)
Water (A-)
Forest (B paper), (B palm oil)

Apivita

Score of 70/100 Gold Medal[34]

Score of 20.7 (Medium Risk — ESG Risk Rating)

- Integration of all businesses into the **Puig** ESG 2030 Agenda.

- Expansion of the ESG Team led by Chief Sustainability Officer. At the end of the year, it consisted of members from the Sustainability, Human Resources, Operations, Finance, and Compliance areas.

- Approval and release of the new version of the Ethical Code, with 93.3% acceptance by **Puig** employees.

- More than 80% of **Puig** long-term bank loans are linked to sustainable criteria, in line with the 2030 ESG Agenda.

- **Puig** global re-evaluation with EcoVadis, achieving a score of 70/100 (+3p), and receiving the gold medal[35].

- **Puig** global reassessment with Sustainalytics. Score of 20.7 (medium risk), successfully reducing score to near low risk[36].

- Appearance for the second consecutive year in the Financial Times 500 European climate leaders ranking[37].

- Addition to the Sustainable Markets Initiative Fashion Taskforce[38].

- First year including ESG criteria in the remuneration of directors of all business units, both in the LTIP[39] and in the annual bonus, after its approval in 2022.

- Positive Luxury Certificate for Kama Ayurveda.

Environment

- Draft definition of the Supply Chain Decarbonization Plan.

- Second evaluation of the overall group in the three CDP (Carbon Disclosure Project) formats (Climate, Water, and Forest)[40].

- Task Force on Climate-Related Financial Disclosures (TCFD[41]) and first-time Taskforce on Nature-related Financial Disclosures (TNFD[42]). These assessments contribute to identifying actions to adapt to potential impacts derived from climate change.

- Presentation to the Science Based Targets (SBT[43]) initiative of revised emissions reduction targets, incorporating the entire business, along with the official commitment to the net zero target.

- Acceleration of the Dry Factory project at the Vacarisses plant.

Highlights

35 Score awarded to Puig, S.L.

36 Sustainalytics ESG risk levels: negligible (0-10 points), low (10-20), medium (20-30), high (30-40), and severe (more than 40).

37 https://www.ft.com/climate-leaders-europe-2023.

38 Private sector coalition aimed at accelerating the transition to a more sustainable future in the global fashion, textiles, and apparel industry.

39 Long Term Incentive Plan.

40 Pending score by CDP at year-end.

41 Task Force on Climate-related Financial Disclosure.

42 Task Force for Nature-related Financial Disclosure.

43 Science Based Targets.

- Decision to back self-generated solar energy with the expansion of the photovoltaic park.
- Approval and communication of Forest, Water, and Waste Policies.

Social

- Approval of Human Rights Policy for employees.
- Launch of Leader In Training program (LIT) for leaders in the organization.
- Inauguration of new, more versatile corporate spaces for a better work experience.
- Increased number of subsidiaries and growth of organizational structure.

Governance

- New compliance model as of January 1, 2023.
- ESG (Environmental, Social and Governance) assessment of suppliers with EcoVadis and/or Sedex for the whole group.
- Approval of an on-site ESG audit plan to suppliers.
- Creation of the Sustainable Business Committee at Charlotte Tilbury.

The 2030 ESG Agenda

Puig started by identifying the five areas with the greatest impact on planet, people, and development:

Emissions

Materials, ingredients, and waste

Biodiversity

Water

Fair sourcing

The implementation plan is structured around six pillars and applies to the entire business:

Product Stewardship

Innovating to manufacture products of natural and sustainable origin and apply eco-design criteria to packaging.

Sustainable Sourcing

Working together with suppliers to build a strong and sustainable supply chain.

Responsible Logistics

Transforming logistics to decarbonize the transportation of products.

Responsible Manufacturing and Facilities

Being meticulous and demanding in the company's facilities, focusing on water, energy, and waste management.

Conscious Living

Promoting best practices through awareness, participation, and training for employees and stakeholders.

Nature Stewardship

Working to preserve the balance of nature and generate a positive impact on biodiversity.

These six pillars are developed through 16 programs with specific objectives which address the most significant sustainability issues in the industry. These programs are implemented internally through various initiatives with a clear objective for 2030, with an implementation and accountability schedule, and have a direct impact on the United Nations Sustainable Development Goals.

The following table presents the details of each of the six pillars, 16 programs, and the **Puig** 2030 ESG Agenda initiatives, as well as their level of achievement in 2023.

SDGs where **Puig** impacts its 2030 ESG Agenda actions

Indicator Description	2030 Objective	2023 Results	2023 Reported Business	SDGs where **Puig** impacts its 2030 ESG Agenda actions*																
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Product Stewardship																				
1. Accelerate transition towards clean and natural formulation																				
Formulas that comply with **Puig**'s ingredient safety and sustainability policies. Reformulations	100%	86%	F			●						●			●	●				
New launches starting in 2022 in fragrances and skincare with a minimum of 90% ingredients of natural origin.	100%	93%	F 2023 only			●						●			●	●		●		
2. Reduce weight and/or volume of packaging																				
Reduction in Fragrance Business Packaging Volume vs 2019	20%	5,5%	F									●			●	●				
3. Boost adoption of sustainable materials in packaging																				
Packaging complies with at least one of the following criteria: • 30% of eco-components1 within packaging • 80% product recyclability • Rechargeable system	100%	47%	Ap, CT, F									●			●	●	●	●		●
4. Promote circular economy and end of life principles																				
Number of products with a B+ score assessed on the internal CVA (life cycle analysis).	100%	45%	F[5]		●						●			●	●	●	●		●	
Sustainable Sourcing																				
5. Expand mapping, assess and follow-up on ESG impact of suppliers																				
Purchase volume from supplier inventories evaluated with EcoVadis or Sedex	90%	88%	Ap, CT, F, M	●	●	●		●			●		●		●	●			●	●
Purchase volume from suppliers non-inventories evaluated with EcoVadis or Sedex	80%	31%	F, M, CT	●	●	●		●			●		●		●	●			●	●
Suppliers assessed with a score greater than 45/100[2]	100%	90%	F, CT	●	●	●		●			●		●		●	●			●	●
Suppliers assessed with a score greater than 75/100[2]	30%	25%	F, CT	●	●	●		●			●		●		●	●			●	●
6. Enhance traceability and increase amount of certified raw materials. Key certified raw materials																				
Paper: FSC	100%	88%	AP, CT (direct only), DVN, F, RBN	●		●					●		●		●	●		●		●
Palm oil and derivatives: RSPO[3]	100%	99%	AP (direct only), F (third party only)	●		●					●		●		●	●		●		●
Alcohol: SAI (Sustainable Agriculture Initiative)	100%	73%	AP (direct only), F	●		●					●		●		●	●		●		●
Responsible Logistics																				
7. Extend mapping and expand ESG risk assessment T&W suppliers																				
Spending on logistics providers evaluated by EcoVadis or Sedex	100%	92%	F	●	●	●		●			●		●		●	●			●	●
8. Invest in the decarbonization of logistics and supply chain																				
Shipping occupancy rate	>85%	64%	F, CT									●		●	●	●				●
Reduction of emissions generated by air freight vs 2022	20%	18%	Ap, CT, F[11]							●		●		●	●	●				●
Cargo transported by road with more sustainable alternatives	50%	15%	Ap, CT, F[11]							●		●		●	●	●		●		●

				SDGs where **Puig** impacts its 2030 ESG Agenda actions*																
Indicator Description	2030 Objective	2023 Results	2023 Reported Business	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Responsible Manufacturing and Facilities																				
9. Reduce waste across the value chain and maintain high waste valorization																				
Facilities that send zero waste to landfill	100%	19%	**Puig**[8]						●			●		●	●	●		●		
10. Reduce emissions and improve energy efficiency of all facilities and installations																				
Renewable electricity consumed	100%	82%	**Puig**							●		●		●	●	●		●		
Renewable thermal energy consumed	100%	10%	**Puig**							●		●		●	●	●		●		
Self-generated energy of total consumed	20%	1%	**Puig**							●		●		●	●	●		●		
11. Invest in water usage reduction and reutilization systems																				
Reduction in water consumption in factories vs 2022	40%	11%	**Puig**[9]						●			●		●	●	●	●	●		●
Conscious Living																				
12. Promote education and awareness on sustainability along the value chain																				
Launch an annual ESG engagement action with a minimum percentage of employee participation	>40%	54%	F, M[6]				●				●				●	●				●
13. Minimize environmental footprint of employees																				
Fleet of electric and hybrid vehicles	100%	53%	Ap, F[10]							●				●	●	●				
Nature Stewardship																				
14. Work towards a positive or neutral impact on biodiversity																				
Zero deforestation in the supply chain of key raw materials	100%	In definition													●	●		●		●
15. Roll-out carbon insetting programs within the value chain																				
Insetting projects funded within the value chain	>1	In definition									●	●			●	●	●	●		●
16. Offset emissions through natural climate solutions and other carbon credits																				
Investment in carbon credits to accelerate climate action through projects with a positive impact on nature	100%	100%	**Puig**	●	●	●	●	●			●		●			●		●		●

It does not include Uriage data in any indicator.
Legends: Ap (Apivita), CT (Charlotte Tilbury), DVN (Dries Van Noten). F (fragrances), RBN (Rabanne).

1 Components of recycled, biodegradable, natural or bioplastic origin, avoiding polyoxymethylene resin (POM) and acrylonitrile butadiene styrene (ABS).

2 Does not apply to fashion houses as they use SEDEX, which does not provide scoring.

3 RSPO mass balance or higher.

4 More sustainable alternatives include dual EVARM technology, natural gas, or multimodal transportation that primarily combines road with train and/or sea.

5 Only implemented in fragrance business.

6 Invisible Beauty has only been launched in fragrance and fashion businesses so far.

7 The eco-score is an internal methodology that assesses the environmental impact of **Puig** products, considering packaging and formula, giving a score of A as the highest and D the lowest.

8 Only applies to offices and production plants.

9 Only applies to production plants.

10 Charlotte Tilbury does not have a fleet.

11 We do not have primary data from Byredo, Kama Ayurveda, Loto del Sur, and Uriage.

* 1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduce inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnership for the goals

Environment
Decarbonization of our activity

[44] See list of ISO certifications in Annex 4.

Since the launch of the first **Puig** sustainability plan in 2014, the company has been committed to reducing its carbon emissions into the atmosphere, which has meant working in an integrated way across all areas of the business and value chain.

Aware that any action, however small, is a step forward in achieving the objectives of its 2030 ESG Agenda, in 2023 **Puig** launched new initiatives and extended existing ones to other business units of the company.

- Supply chain decarbonization plan, with a pilot in three of the main purchasing categories and in the main suppliers.
- Definition of the ESG Plan for Retail, to extend sustainability criteria to the points of sale specific to the fragrance business, which will be implemented after 2024. The objective is to ensure the commitment of the **Puig** point-of-sale professionals and stakeholders to the company's objectives. The first phase of the plan is to measure the carbon footprint of point-of-sale materials so that, based on the information obtained, goals for improvement can be set. In 2023, the first workshops were held with the brands, markets, and suppliers.
- Collaboration with DHL Global Forwarding on a marine transport decarbonization project through the use of the more sustainable option of biofuels. In 2023, it was implemented on the Barcelona-New York route.

  Project for the optimization of carbon footprint calculations, which entailed:

  - Reviewing the contribution calculations of the participating companies to the **Puig** footprint.
  - Improved calculation, minimizing the amount of estimated data.
- Definition of an ESG strategic plan in Carolina Herrera with the collaboration of an external consulting agency, with the aim of extending the lessons learnt to the rest of the **Puig** fashion business in the future.
- ISO 14001 (Environmental Management System) certified at Champs-Élysées (Paris) offices[44].

The path to net zero and the contribution to 1.5 °C

In mid-2023, after the presentation of the 2022 report, a project was launched to review the key emission factors to calculate the **Puig** carbon footprint. Carbon footprint data has been revised for 2022 based on updating some emission factors and replacing certain estimates with primary data. This project led to a reformulation of the 2022 footprint to ensure comparability and consistency of published data. The recalculated footprint remained at 612,257 tCO_2e, a reduction of 33,016 tCO_2e (-5%) compared to that presented in the previous report.

Puig carbon footprint

In 2023, **Puig** increased its footprint by 8%, a value well below the increase in net revenue of 19%. This evolution of the footprint below that of the business demonstrates the efficiency of the management of **Puig** activity as a result of the optimization measures implemented in the various pillars of the 2030 ESG Agenda. Consequently, the net revenue ratio has decreased to 154 tCO_2e/€M, down 9% compared to the 2022 recalculation.

The 8% increase is determined by scope 3, due to an increase in turnover, a review of emission factors, and a significant increase in category 4 (transportation and distribution upstream)[45].

In 2023, **Puig** has collaborated in two carbon credit investment initiatives to accelerate climate action[46].

GHG Emissions [tCO_2e]

	2022[47]		2023	
Total scopes 1+2	6,674	1.1%	6,449	1.0%
Total scope 3	605,583	98.9%	655,458	99.0%
Total	**612,257**		**661,907**	

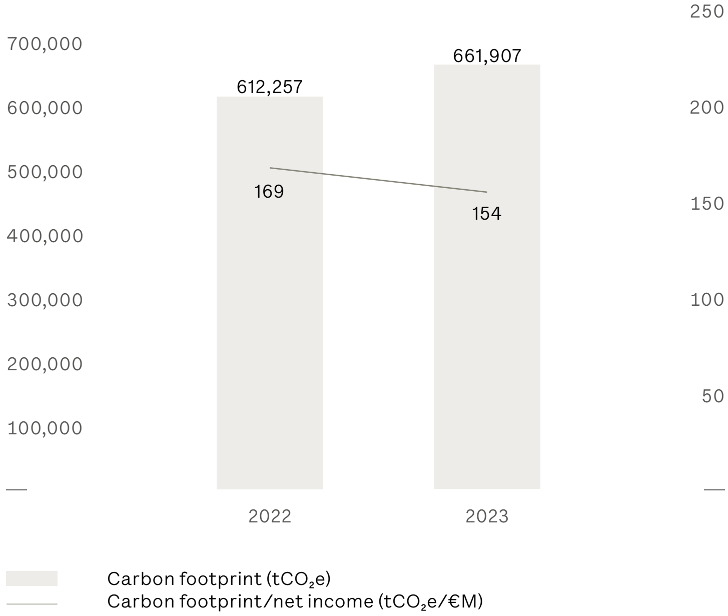
[45] The breakdown of the Puig carbon footprint and relevant impact analysis can be found in Annex 2.

[46] Initiatives explained in the Nature and Biodiversity section.

[47] The verified data presented in the 2022 Report were as follows

Scope 1	Total energy consumption	
	kWh	12,119.827
Scope 2	Electricity	
	kWh	23,088,153
	Steam and heating	
	kWh	64,752
Scope 3	Water	
	m3	258,559
	Paper	
	kg	309,869

Evolution of **Puig** carbon footprint (tCO_2e)



Responsible and sustainable products

All stages of **Puig** products' lifecycles are monitored and actions defined to optimize them in order to align the portfolio with the highest standards, respond to customer and consumer expectations and minimize their environmental impact.

Puig is a member of two important international initiatives to improve the environmental performance of cosmetic products:

1. SPICE[48]: Starting from the product design phase, **Puig** uses its methodology to calculate the environmental impact of packaging in the fragrance, skincare and makeup businesses and suggest improvements to the development teams.

2. EBS Consortium[49]: **Puig** is involved in the development of a methodology to assess the environmental impact of cosmetic products. With the project now approaching its conclusion, **Puig** teams have worked on an internal evaluation (eco-score) of products in terms of formulation and packaging in order to define improvement plans. In the future, this proprietary methodology will be aligned with that of EBS.

In addition, **Puig** actively participates in Cosmetics Europe, CTPA (Cosmetic, Toiletry & Perfumery Association), Stanpa, Hellenic Cosmetic Association, Cosmetic Valley and FEBEA[50], among others.

[48] SPICE: an initiative by cosmetics companies involving leading brands globally to develop methodologies and collect data to improve environmental performance decision-making across the entire packaging value chain.

[49] EBS Consortium: an initiative that works with the objective of defining a common methodology to measure the environmental impact of the formula and packaging of products in the cosmetic industry.

[50] Fédération des Entreprises de la Beauté.

Highlights

[51] Forest Stewardship Council, a global nonprofit organization dedicated to promoting responsible and sustainable forest management.

[52] Calculated using data from the fragrance business, Rabanne fashion business, and Dries Van Noten, Apivita, and Charlotte Tilbury brands.

[53] Roundtable on Sustainable Palm Oil.

[54] Direct purchase of the fragrance and accessories business and Apivita brand, and purchases from third parties in the fragrance and accessories business.

- 93% of new fragrance developments and their lines have a minimum of 90% ingredients of natural origin.
- 73% of Uriage products have more than 80% ingredients of natural origin.
- 88% of Apivita's new launches have a minimum of 90% ingredients of natural origin.
- Increase in refillable containers.
- Increased in the percentage of FSC[51] paper (88% of expenditure)[52] and RSPO[53] for palm oil (99% of expenditure) certification[54].

Ingredients

[55] With the exception of the hair color line and the Bee Sun Safe Suncare.

[56] Awarded by the Leaping Bunny Program, the most recognized global standard for certification of cruelty-free cosmetic, personal care and household cleaning products. More information at https://www.leapingbunny.org/.

Puig holds itself to stricter standards than required by applicable regulations to maximize the safety of its products, and monitors research on ingredient safety to update its protocols accordingly. From a scientific point of view, all ingredients must be at the correct dosage to ensure their safety, which is why **Puig** studies and tests each of them to choose only those with the highest quality standards for human and environmental safety.

The fragrance, makeup, and skincare business segments have developed ingredient policies which apply to all new products and to the progressive reformulation of existing products. The goal is twofold: to ensure the company's human and environmental safety obligations are met, and to improve the product footprint.

Since 2022, **Puig** has worked to achieve a minimum usage of 90% naturally derived ingredients in the fragrance business, provided this does not pose risks to health.

Charlotte Tilbury initiated the introduction of naturally derived ingredients into new skincare developments in 2023. In addition, most Apivita products incorporate more than 90% natural origin ingredients[55].

In the fashion business, **Puig** is focusing its efforts on increasingly incorporating a greater number of certified raw materials. In 2023, 25% of Carolina Herrera's raw materials were sustainably sourced.

All ingredients used by **Puig** are purchased from suppliers that comply with its Sustainable Sourcing Policy, whilst regular internal controls are conducted to ensure compliance with applicable cosmetic laws.

Additionally, **Puig** has not used animal testing for more than four decades, ensures that it is not carried out in its supply chain, and strongly supports initiatives that combat this type of testing. Charlotte Tilbury has been Leaping Bunny certified since 2021[56].

Packaging

[57] Post-Consumer Recycled Material.

In 2023, substantial progress has been made in replacing packaging materials with more sustainable alternatives, with actions such as:

- Progressive implementation of plastic-free solutions for Lifestyle brand trays.
- Accelerating the use of PCR[57] materials in all categories. In the Le Male, Lady Million, and Good Girl fragrances 15% of the glass used is PCR.
- Use of monomaterial cellophane film, which improves recyclability.
- Establishment of a minimum 30% use of PCR origin plastics in Charlotte Tilbury. In addition, plastic was removed from all gift sets in 2023.
- Reduced weight of containers in Apivita: 44% in the New Beevine Elixir line, for example.
- 100% recyclable low-density polyethylene in Dries Van Noten shipping bags.
- Targeting the minimum 40% of materials with better sustainability attributes than current ones (recyclables, certificates, etc.) in Rabanne's fashion business.
- Plastic removal in all Prestige fragrance *coffrets*.

Up to date on regulatory issues

Due to the growing regulation to which packaging is subject, **Puig** collaborates with different international initiatives to ensure full alignment with any potential changes and participates in Cosmetics Europe's packaging and residual waste groups.

In 2023, work has been done on incorporating recycling pictograms in accordance with French regulation to help consumers properly separate waste and adapt to Chinese regulations on packaging.

Packaging Optimization

Puig has continued to work on reducing packaging volume in all product categories with different actions:

- Decrease in the volume of the packaging boxes, which has resulted in optimizing the pallet load.
- Reduced space between primary and secondary packaging in the fragrance business segment, and volume in gift formats in Charlotte Tilbury.
- Disposal of boxes in the Intimate Hygiene line in Apivita.
- Achievement of 75% of flat shipping packaging at Dries Van Noten.

- Project to decrease the volume and packaging range in Rabanne Fashion.

Refillable containers

[58] It does not apply to the fashion business.

Thanks to the actions initiated in 2022 in this area, in 2023 the number of product references with refillable formats in the fragrance, makeup and skincare business segments has substantially increased[58].

Charlotte Tilbury has launched 16 new refillable products and closed the year with another four in development. Since the beginning of 2023, the assessment of refillable options has been incorporated into all brands' new product development processes.

The fragrance business has launched refillable formats of Good Girl, Bad Boy, Gaultier Divine, and some Aguas de Adolfo Domínguez, among others, and the makeup lines of Carolina Herrera and Christian Louboutin Beauté.

Penhaligon's now have five of its outlets with refilling machines available to customers.

Traceability

[59] Isolated RSPO: RSPO certified sustainable palm oil from different certified sources that is kept separate from the common palm oil throughout the supply chain.

Tracing the source of all raw materials and materials is a key aspect at **Puig** to ensure their origins are sustainable and environmentally and human rights friendly. In 2023, the focus was on:

- Increasing the volume of raw materials and sustainably certified materials such as FSC for paper and RSPO for palm oil. Penhaligon's has been a member of the RSPO since 2017 and only uses palm oil and its isolated RSPO certified derivatives[59].

- Creation of the Sustainable Business Committee in Charlotte Tilbury to further integrate ESG strategy across the brand's value chain, including monitoring new raw material options and monitoring compliance with current ones to advance aspects of traceability, sustainability, and certifications.

- Carolina Herrera's collaboration with Givaudan's Sourcing4Good initiative, which promotes transparency in supply chains to ensure traceability.

Responsible supplier management

Puig implements actions on an ongoing basis to ensure optimal ethical, environmental, and social behavior in the supply chain and to align it with the 2030 ESG Agenda.

Highlights

- New supplier evaluation campaign with EcoVadis and Sedex, reaching 55% of total purchase volume[60].
- Second CDP Supply Chain campaign, in which we invite **Puig** suppliers across all business segments to respond to the questionnaire. In this way, the supplier's environmental behavior is known in detail.
- Approval of the global ESG on-site supplier audit plan, across all product categories, with the first phase led by Charlotte Tilbury.
- Launch of the Supplier Sustainability Pack in Charlotte Tilbury, consisting of the Supplier Code of Conduct (updated this year to align with ETI[61]), the tracking program, and the brand's Responsible Sourcing Policy (with requirements for key raw materials)[62].

In 2023, the Sustainable Sourcing Policy was updated to align it with new, more stringent global purchasing standards, applicable to all suppliers of the company. **Puig** conducts an annual supplier monitoring program through EcoVadis documentary audits and on-site audits. For the latter, in 2023, a global audit program was approved using Sedex's SMETA[63] methodology.

In addition, Carolina Herrera collaborates with Givaudan's Sourcing for Shared Value initiative, which aims to ensure integrity in the way raw materials are produced from a social, environmental, and governance standpoint.

[60] Total group purchases except Uriage and non-inventories of Apivita.

[61] Ethical Trading Initiative.

[62] Aligned with Puig's Sustainable Sourcing Policy.

[63] SMETA is an audit that helps companies understand the work, health and safety, environmental performance, and ethics standards within their own operations or those of a supplier.

Evaluation

In order to monitor the ESG performance of the suppliers, EcoVadis and Sedex have continued to be used, depending on the product categories.

- Seventh evaluation campaign with EcoVadis, covering 93% of inventory[64] purchases and 33% of non-inventory purchases[65]. The average score was 62 points (61 in 2022), 16 points above the EcoVadis average.
- Second evaluation campaign with Sedex with Carolina Herrera and Dries Van Noten and expansion to the remainder of **Puig** fashion houses.
- Second CDP Supply Chain campaign in the fragrance business, with a response rate of 73% (+4 pp vs 2022).

[64] For fragrance and accessories businesses, Charlotte Tilbury and Apivita brands.

[65] For fragrance and accessories businesses and the Charlotte Tilbury brand.

Audits

The **Puig** Annual Internal Audit Program includes suppliers of raw materials, packaging and subcontracted third parties (second-party audits) and is conducted on-site. All related aspects are included in the Integrated Management System: quality management, good manufacturing practices, environment, and occupational health and safety.

The main objectives of the audits are to:

1. Verify suppliers' ability to meet **Puig** requirements and their regulatory compliance.

2. Define action plans to reduce gaps and improve trust.

3. Develop mutually beneficial relationships with suppliers.

4. Add value to strictly regulatory or certification audits.

The selection criteria for the suppliers and the frequency of audits are determined based on the relevance, risk, and date of the most recent audit.

In 2023, a total of 54 audits were carried out on suppliers and third parties, located in Europe, Asia, and Latin America, in which the availability of environmental certifications, membership in the EcoVadis evaluation system, practices, and processes for the protection of the environment, measures for the protection of workers, risk prevention, good manufacturing practices, and the quality of processes and products were reviewed.

When any deviation is detected, the supplier must propose an action plan for its resolution.

Audited Group	2023
Logistics with third parties	1
Manufacturing and outsourcing third parties	30
Packaging and point of sale suppliers	23
Total	**54**

[66] For those suppliers who do have not had a current audit with Sedex.

In 2023, a global ESG audit plan was defined and approved that applies to suppliers across all **Puig** product categories. These audits will be conducted from 2024 following Sedex's[66] SMETA methodology and will be conducted by external auditors.

In 2023, a first phase has been implemented at 14 Charlotte Tilbury suppliers, of which a total of 20 factories have been audited.

The audit plan will allow **Puig** to identify ESG risks applicable in all countries in which it operates, have more visibility into its performance, and define corrective actions.

Proximity

Working with local suppliers is a relevant criterion for **Puig** since it increases efficiency in working together, contributes to the economic dynamization of the environment, and reduces the carbon footprint.

In services such as restoration, cleaning, safety, and certain quality aspects, proximity is a determining factor. For products that occupy a large volume, such as *coffrets*, the criteria for choosing the handling supplier are important due to the distances that the products travel between the different centers.

Circularity

[67] Due to the type of activity carried out by Puig, food waste is not a material issue.

In 2020, the European Commission approved the new Circular Economy Action Plan within its commitment to sustainable growth and, at the end of 2022, a new European regulation came into effect to end packaging waste and promote reuse and recycling to address exponential waste growth.

Puig adheres to these goals, with actions focused on three axes:

1. **Waste Reduction[67]**

Significant Actions for Plastic Reduction:

- Study for replacing plastic with paper to wrap pallets at the Alcalá de Henares plant.
- Study for the replacement of plastic in the transport trays of glass suppliers at the Alcalá de Henares plant.
- Optimization of the separation of the different types of plastic in the Chartres plant, which has led to around 20% less waste to incineration and, therefore, approximately 20% more valued product.
- Disposal of single-use bottles in the showroom and at Dries Van Noten fashion shows, and at Échirolles facilities.
- Replacement of plastic with biodegradable plastic in Uriage Thermal Center treatments.

Significant actions in production processes:

- Reuse of residual propolis from the production process of Apivita's Beewine Elixir facial line, in the production of branded soap bars, and vine leaf extract as fertilizer.
- Installation of a barrel compactor at Uriage, with the aim of reducing the number of containers and improving recyclability and value.
- Production exclusively on demand for samples and garments at Carolina Herrera.
- Study to reduce the number of fragrance bottles discarded at the Chartres plant.
- Testing for the reuse or recycling of the fabrics and leftovers from previous seasons in the fashion houses of Rabanne and Jean Paul Gaultier, which will be mandatory in the European Union in 2025.
- Workshops with cross-sectional equipment to minimize waste from collections in Rabanne fashion.

[68] Excludes Byredo, Kama Ayurveda, and Loto del Sur. Uriage and fashion houses with estimated data.

Actions to reduce paper consumption:

- Digitization of invoices and receipts, implementation of a CT system for product receipt and shipments, reuse of silk paper from raw materials as fill for shipments at Dries Van Noten.
- Deployment of the paperless initiative at Apivita offices.

Actions to reduce office waste:

- Study for the reduction of organic waste at the Barcelona headquarters.
- Incorporation of reusable cutlery in the Welcome Kit at Paris offices.
- Project to improve waste management in Uriage offices to be implemented in early 2024.
- Replacement of Rabanne and Nina Ricci fashion aluminum coffee capsules with ground coffee.

2. **Increased waste valuation**

- Five of the eight factories with zero waste to landfill.
- Valuation rate of 83%[68].

3. **Extend product life to delay arrival at landfill**

- Increase in refillable formats in all product categories.
- Carolina Herrera fashion collaborates with Fabscrap to recycle leftover fabric. In 2023, 1,766 kg was prevented from ending up in landfill.
- Creating a newsletter in Uriage to raise consumer awareness of bathroom waste management.

Efficiency

In 2023, **Puig** continued its ambitious efficiency optimization program across operations, with the aim of maintaining the best results with the lowest energy consumption. This optimization is done by incorporating sustainable management and technology models and responsible habits.

Highlights

- Increase in photovoltaic park.
- Completion of the preparatory phase for the launch of the Dry Factory project.
- Opening of the **Puig** Tower-T2 building at Barcelona headquarters, meeting the highest ESG standards.

Energy

Reduced consumption

Deployment of measures and technology to optimize consumption:

- Replacement of conventional lighting with LED technology in different areas in Alcalá de Henares and the François 1er building (Paris). Complete replacement in Apivita and pilot for LED installation with sensors in the company warehouse.
- Replacement of old compressors with more efficient ones at the Vacarisses plant.
- Deployment of a project to connect the lighting to the owner's BMS[69] and change in lighting to one with adjustable intensity depending on the external luminosity in the Champs-Élysées offices.
- Installation of individual power meters on Apivita production lines.
- Optimization of the HVAC system at the Barcelona headquarters, Champs-Élysées, Av. Montaigne (Paris), Chartres, and Vacarisses plants, and Dries Van Noten offices.

Renewable Energy

Also contributing to reduction is the transition to cleaner energy, both green and self-generated. At the end of 2023, 59% of the total energy consumed, and specifically 82% of electricity, came from renewable sources.

In 2023, self-generation options have continued to be expanded with a clear preference for photovoltaic energy. Actions have been taken at several centers including the installation of 980 kWh of solar power at the Vacarisses plant (in operation by early 2024).

[69] Business Management System.

[70] Detail in Annex 2.

- Approval of the solar panel installation in 2024 at the Chartres plant, which will account for 20% of the factory's total electricity consumption.

- Completion of 73 kWh solar panel installation at Apivita.

- Installation of solar panels in Kama Ayurveda, which in 2023 provided 10% of the total electricity consumed.

  Puig calculates carbon footprint scope 2 by both the location-based and market-based method to analyze the impact of renewable energy consumption[70].

Water

In 2023, **Puig** accelerated different activities to optimize its consumption:

- Sensor tap: installation in 2023 in the offices of Washington Plaza (Paris), some areas of François 1er/ Av. Montaigne (Paris), Alcalá de Henares and Apivita plant.

- Rainwater collection system in Kama Ayurveda to be reused in other uses in the factory.

- Monitoring of the water system of Alcalá de Henares and Vacarisses plants to prevent leaks.

- Change in irrigation system to drip system and technology to optimize Kama Ayurveda garden pressure.

- In all facilities, **Puig** uses network water and has different water treatment and reuse systems depending on the facility.

  In 2021, **Puig** started a project at the Vacarisses plant to reuse 100% of industrial wastewater in a closed circuit to take advantage of it in other maintenance and HVAC processes, incorporating tertiary treatment.

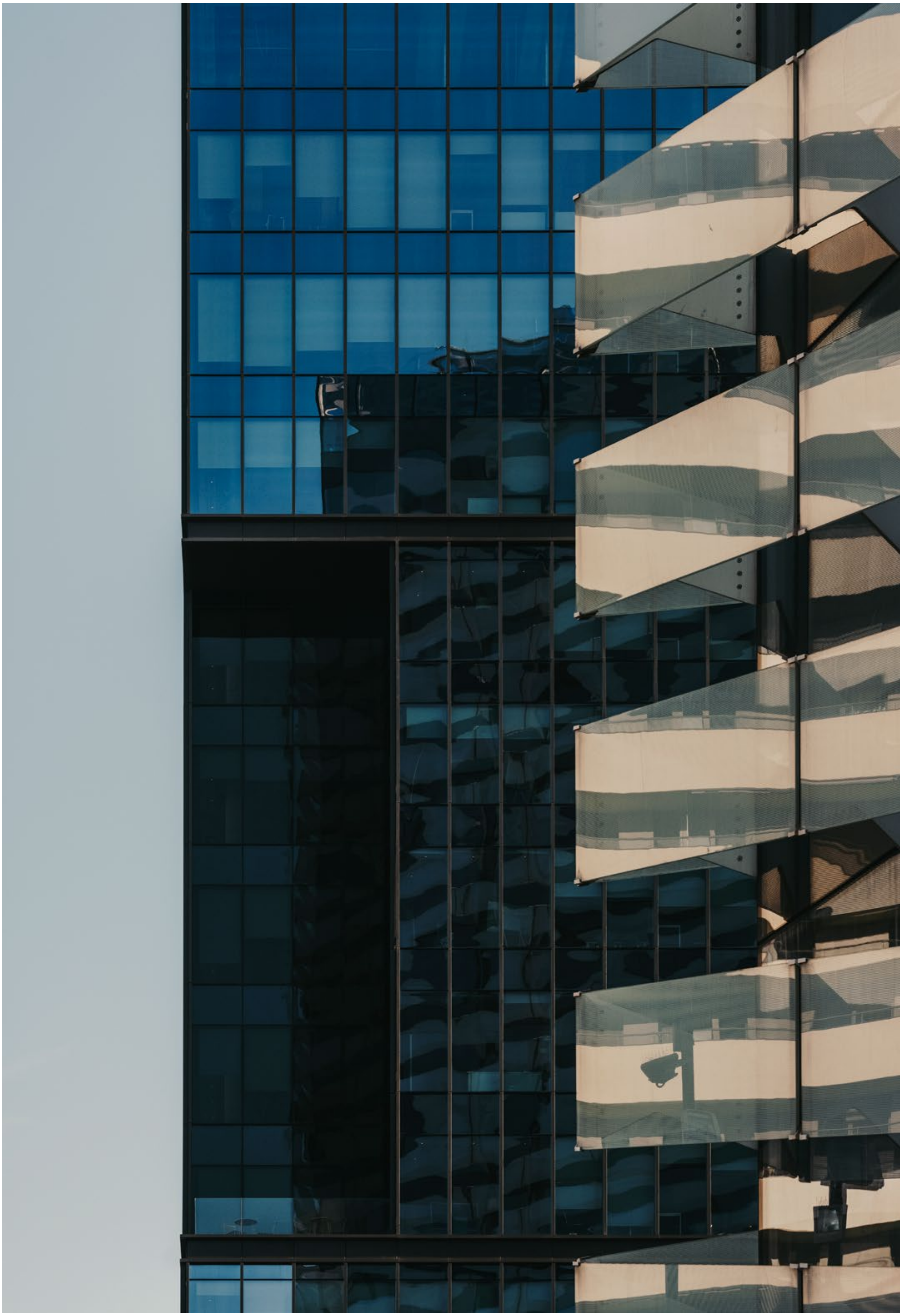
  This project, aligned with one of the **Puig** 2030 ESG Agenda objectives, is called Dry Factory. In 2022, the supplier was selected for the pilot and in 2023 an industrial test was carried out to verify the technologies offered; the contract was signed with the supplier and the development of the executive project began.

Efficient facilities and processes

Puig implements actions on a regular basis to make its facilities more efficient:

- Waterproofing of the Alcalá de Henares plant deck (cold roof system) to optimize building efficiency.
- Air destratifiers to improve the perception of heat at the Alcalá de Henares plant.
- Green roof and bee garden renovation providing additional shade and insulation zones in Apivita.
- Energy audits at the Barcelona headquarters, Uriage, and Champs-Élysées, from which actions have been defined to reduce and improve efficiency.
- Insulation in places not covered by the Apivita factory steam system.
- Search for a new maintenance provider, prioritizing environmentally friendly aspects at the two fragrance centers in Paris.
- Construction of the canteen, dining room, fitness center, and break area with low-impact materials such as mud tile roofs, bricks made from recycled materials, bamboo walls, and handcrafted Athangudi tile floors in Kama Ayurveda.
- ISO 22716:2008 Good Manufacturing Practices for Cosmetics certification at the Apivita facilities.

Puig has civil liability insurance that includes a specific clause on the environment.



The new corporate space in Barcelona, the **Puig**-T2 Tower

In 2023, **Puig** expanded its corporate headquarters in Barcelona with the opening of a second building next to the current one. This is a 20-story building that has prioritized efficient and low-environmental impact construction, and has received a LEED Gold certification.

The main features are:

- Intensive use of energy-efficient technologies.
- Larger office spaces with greater layout flexibility.
- Energy efficiency label: rating A.
- State-of-the-art high-efficiency air filters, removing 90% of contaminants.
- BMS management.
- Natural light and panoramic views throughout.
- Continuous air-renewal ventilation.
- State-of-the-art air filtering system with high-efficiency filters, purifying against bacteria, viruses and microparticles.
- Measures for minimizing CO_2 consumption and emissions.

Other data of interest:

- 100% of the wood used is certified as coming from responsibly managed production.
- 70% of the materials used are recyclable, they can be used for a second time.
- 99.6% of the waste assessed.
- Among the top 15 buildings in Spain for energy efficiency.

[71] BREEAM In-Use is a clearly defined method for continuous improvement in the operational and environmental performance of existing buildings, the health and well-being of their occupants, resilience to climate transition, social value, the circular economy, and decarbonization.

[72] Leadership in Energy and Environmental Design is a certification created by the E.S. Green Building Council. It is the most widely used green building rating system in the world.

[73] Energy Star is a program administered by the US Environmental Protection Agency (EPA) and the US Department of Energy (DOE) to promote energy efficiency.

[74] The NABERS Energy for Offices rating is an Australian rating system that measures the performance of buildings on a scale of zero to six stars. A zero star rating means the building is performing well below average and has a lot of room for improvement.

[75] Indian Green Building Council: a certification system for different types of buildings with sustainable criteria.

Certifications of the buildings in which **Puig** operates

BREEAM In-Use[71]	• Apivita: score 75.3%, first bioclimatic factory in Greece • Building in Washington Plaza (Paris) • Apivita and Uriage Lisbon offices • Apivita and Uriage Madrid offices
BREEAM Under Construction	• Uriage: Neuilly-Sur-Seine offices
LEED Gold[72]	• **Puig**-T1 Tower and **Puig**-T2 Tower, Barcelona headquarters • **Puig** office in Argentina (Buenos Aires) • **Puig** office in China (Shanghai) • **Puig** office in Miami
Energy Star Rating[73]	• **Puig** office in Miami (score 91)
NABERS Energy Rating[74]	• **Puig** office in Sydney (5.0 Star Score)
IGBC Green Factory Buildings[75]	• Kama Ayurveda — Platinum (Global Leadership) certification for the factory

Transportation

The transportation of finished materials and products represents a significant volume of emissions for **Puig** as at most industrial companies. The most significant actions of 2023 have focused on the optimization of loads, routes, and means of transport:

- Minimizing air transport at Charlotte Tilbury and prioritizing marine transport, which has resulted in a decrease in associated emissions despite moving a greater number of units.
- Expanding multimodal combinations adopted in 2022 for distribution to **Puig** customers.
- Marine transport of biofuel goods for journeys between the port of Barcelona and New York for the **Puig** subsidiary in the US. This has reduced emissions on this route by 68%.
- Implementation of a duo trailer system at the Alcalá de Henares plant, to reduce the number of trips between the site and the Castellar del Vallès warehouse. This action has resulted in an 83% reduction in traffic.
- Agreement for the use of electric vehicles or bicycles with a courier provider in Rabanne fashion.
- Uriage uses natural gas and electric vehicles for the internal transport of raw materials and semi-finished products between its two facilities.

In addition, transport optimization also benefits from actions on the other pillars of the **Puig** 2030 ESG Agenda such as the progressive extension of flat packages across fashion brands, full pallet loading, packaging size reduction and more efficient shaped packaging.

Nature and biodiversity

Puig is committed to contributing to the global nature positive goal. Consequently, in 2023, internal actions were carried out in the following areas:

- Ensure traceability and certification of raw materials and materials, ensuring the preservation of ecosystems and prioritizing regenerative agriculture practices.
- Promoting zero deforestation in the supply chain of key raw materials.
- Eliminate the use of invasive species in any of their locations.
- Collaborate with ecosystem conservation or recovery projects.
- Develop internal ecosystem recovery and regeneration projects throughout the supply chain.

In addition, we have taken an important step forward with the approval of three significant policies in the field of nature of great value for achieving the net zero objective:

- Water Policy: water is a vital component of **Puig** operations and products, so this document aims to integrate sustainable water resource management and contribute to SDG 6.
- Forest Policy: the relationship of **Puig** with forests materializes in the consumption of certain forest raw materials, mainly wood, paper and palm oil. They are also vital to mitigating climate change. Therefore, this policy establishes the lines for the consumption at **Puig** of raw materials of forest origin and contributes to SDG 15.
- Waste Policy: aims to reduce the generation of waste in our activities and exploit its value fully, promote circularity throughout the value chain, improve management, and contribute to SDG 12.

Several actions have been implemented in 2023, some of which have already been mentioned in previous sections of this report, such as traceability.

1. Kama Ayurveda has created a green belt around its factory, which has included planting more than 1,000 trees and plants. This helps to reduce CO_2 emissions and improve air quality.
2. Corporate-level investment in carbon credits to accelerate climate action through two projects, one in Brazil and one in Colombia.

Unitor REDD+ Project

Project created by 15 neighboring properties, totaling 99,035.20 hectares of forest area in Labrea (State of Amazonas, Brazil).

Objective: to avoid the deforestation of 25,329 hectares of Amazon rainforest in 30 years on private land, preserving Permanent Preservation Areas and Legal Reserves.

Benefits:

- Monitoring of illegal activities.
- Creation of 48 jobs per year.
- Gender equity tracking.
- Training on sustainable livestock and forest management.
- Health, wellness and nutrition workshops for employees and the community.

Verification standard: VCS.

Vichada Colombia ARR Project

Project combining forestation, reforestation, biodiversity protection and ecosystem regeneration actions.

Objective: transformation of the degraded savanna into a rich territory for hardwood and coal production.

Benefits:

- CO_2 capture and storage.
- Socioeconomic development of local communities with job creation and training (e.g. forest management).
- Increased economic resources from coal revenue.
- Entrepreneurship training for women.
- Equal employment opportunities in the project.

Verification standard: VCS and CCB.

- Loto del Sur is actively collaborating with Saving the Amazonas in a campaign to save the wax palm, an indigenous tree on its way to extinction. A special edition tote bag of the brand has been created. For each purchase, a seed is planted in the Saladito region, Valle del Cauca (Colombia). At the end of 2023, the brand has completed a forest of 1,500 palms.

- Charlotte Tilbury ensures its commitment to being a cruelty-free brand with the Leaping Bunny certification, which it successfully renewed in 2023.

- Apivita has created the Billion Bees program in collaboration with the 1% for the Planet organization, focused on regenerating bee populations, essential for preserving the biodiversity of flora, reducing climate change, maintaining the livelihoods of rural beekeeping communities, and promoting the quality and quantity of agriculture. In 2023, this collaboration has been extended to Spain and Belgium.

- Apivita is an active partner in the European program to ensure the preservation of rare or at-risk plant species, in collaboration with the University of Agriculture of Belgrade (Serbia), the University of Florence (Italy) and the University of Minho (Portugal).

- Uriage has maintained its collaboration with the 1% for the Planet organization on projects to rebuild the biodiversity in the Alps. Some of these collaborations were the sponsorship of teaching activities with children and the launch of a project to preserve their thermal water source with a French scientific entity.

- Adolfo Domínguez is committed to collaborating with the Reforest'Action organization on the planting of 50,000 trees. Between 2022 and 2023, 14,183 trees have been planted in Spain and Mexico.

- United Colors of Benetton fragrances have collaborated on a CoClima and Eco-Flora joint project in reforestation actions in Brazil.

The Vacarisses plant is located next to a protected stream. In 2006, the first plan to gradually reduce consumption and discharges was presented to the town council. Since then, **Puig** has worked continuously on different minimization plans. The Dry Factory project, explained in detail in the Water section, is one of the latest initiatives launched within these reduction plans.

Aspects related to society

Sustainable mobility

Puig encourages a transition to more planet-friendly mobility:

- Driving the use of more environmentally friendly vehicles:
  - Accelerating the hybrid and electric vehicle fleet across all units, ensuring all new acquisitions meet this feature. 100% of the fleet at Apivita.
  - Increase in electric vehicle charging points available to **Puig** employees. There are charging stations for 22% of the parking spaces at the Barcelona headquarters, 100% in Apivita, 24% in the offices of Uriage (Paris) and 10% in Kama Ayurveda.
  - Installation of bicycle and scooter charging points at the Barcelona headquarters.
- Actions to implement collective transport solutions: two corporate buses in Apivita and one corporate bus in Neuilly-Sur-Seine to the nearest metro stations.
- Other actions to promote alternatives to the private car: agreement with a bicycle rental provider in Uriage and Dries Van Noten, or financial aid to employees for the use of ecological transport in Apivita, Uriage and Rabanne fashion.
- Option to remote work two days per week in all units where positions permit, which contributes to the reduction of emissions from employees.

Getting employees involved

Puig has the desire to leave a better world for future generations, and consequently the entire organization works in an integrated way to ensure that the business continues to grow in the most responsible and sustainable way aligned with the shared values, priorities and principles expressed in the Ethical Code. Actions taken in 2023 aimed at **Puig** employees:

- First year in which **Puig** leaders' compensation has been linked to their ESG Agenda 2030, both in the LTIP and in the annual bonus.
- Launch of the ESG Library, an internal digital space accessible to **Puig** employees with the most relevant information about sustainability in the organization.
- Setting ESG targets for 100% of Apivita employees.
- Deploying the first module of the ESG training for Charlotte Tilbury and Uriage, as a continuation of the action carried out in 28 countries in 2022. The second module will launch in 2024.
- The eighth edition of the Makers program, in which the **Puig** teams selected six social and environmental organizations with which co-creation work is being carried out.
- Creation of the Employee Resource Group in the EMEA region, with the aim of having the professionals in the area, incorporate sustainability criteria on and off the job. Members are volunteers who will work with their leaders to define ESG-focused initiatives, with oversight from the Steering Committee created *ad-hoc* and support from corporate functions.
- Incorporation of ESG content into all internal corporate presentations.
- Introducing the **Puig** 2030 ESG Agenda to key clients, to align them with the objectives and gain their commitment.
- Specific training on the **Puig** ESG Agenda 2030 and sustainability aspects to 60 POS employees who participated in the **Puig** Academy 2023, an initiative in collaboration with the top five universities in Latin America.
- Celebrating Bee Month in Apivita with workshops aimed at raising awareness among teams about the importance of preserving these animals.
- Cleanup campaign in the Mediterranean marine ecosystems in Apivita, in collaboration with Aegean Rebreath, a member of the 1% for the Planet organization.

- Celebrating World Sustainability Week in Apivita and Uriage, with daily challenges related to the SDGs.
- Evolution of the Idea Bank in Apivita to the Sustainable Ideas Bank, in which the teams propose ideas related to sustainability. Creating an Ideas Mailbox in Uriage.

Certifications and Awards in 2023

In 2023 Kama Ayurveda achieved the prestigious Positive Luxury certification, known as the butterfly brand. This certification is only granted to luxury brands that meet strict social and environmental standards.

All ESG areas are certified, including climate, nature and water impact, professional management, community impact and ethical business management.

Certification	Unit	Accomplishment
CDP[76]	**Puig**	Climate (A), Water (A-) and Forest certification: paper (B) and palm oil (B)
EcoVadis	**Puig**	Gold Medal with a score of 70/100
Sustainalytics	**Puig**	Medium Risk with a score of 20.7/200
Positive Luxury	Kama Ayurveda	Achievement of the certification, with a score of 80/100
Sustainable Beauty Awards 2023[77]	Apivita	Runner-up (Silver) Award in the New Sustainable Products category with the new BEEVINE ELIXIR anti-ageing range
BW Supply Chain Competitiveness Awards 2023	Kama Ayurveda	Sustainable Supply Chain Leadership Award
BW Supply Chain Competitiveness Awards 2023	Kama Ayurveda	Outstanding Customer-Centric Supply Chain Award
Assocham Awards[78]	Kama Ayurveda	Winner in the “Best Green Initiatives” category
2nd Sustainability Conclave and Awards 2023	Kama Ayurveda	Winner in the “Best Overall Sustainable Performance in Health & Wellness” category

In 2017 Apivita became the first Greek company to receive B Corp certification, achieving a maximum score of 117.2 points in 2022.

[76] International non-profit organization that runs the global environmental disclosure system for investors, businesses, cities, states, and regions to manage their environmental impacts.

[77] The Sustainable Beauty Awards recognize companies that seek to push the boundaries of sustainability in the beauty industry.

[78] Associated Chambers of Commerce & Industry of India.

Social
People At **Puig**

The most valuable asset that **Puig** has is its people. 2023 was marked by the review and launch of a new version of the Ethical Code, which establishes the framework for the behavior expected of everyone who works at **Puig**, as well as third parties who work with **Puig**.

In addition, in 2023 **Puig** has taken a step forward in integrating its teams into Workplace, its main internal communication channel, incorporating employees from the business units of Dries Van Noten, Byredo, Loto del Sur and Uriage. In 2024, the integration of the Kama Ayurveda and Apivita teams is planned, thus making Workplace the key channel for managing effective global internal communication in the company.

The success of **Puig** as a company lies in the talent of the people who work for it. As the company faces new challenges, it becomes necessary to capture what is happening in the world and bring new and diverse perspectives.

For this reason the updated version of the Ethical Code, launched in 2023, reaffirms the **Puig** determination to become a benchmark for sustainable change, prioritizing environmental sustainability, diversity awareness, and respect.

The Ethical Code commitments related to professionals focus on:

- Respect and defense of universal human rights and the safety of people.
- Diverse talent: talent management processes are transparent, impartial and free from discrimination.
- Inclusion and equality: **Puig** employees have access to internal vacancies under conditions of equality. Decisions regarding internal promotions are made impartially and objectively, in light of the performance and potential of candidates.
- Working conditions: **Puig** promotes a working environment in which all people are treated with respect and dignity, and does not tolerate actions intended to harm, intimidate or humiliate.

Puig is aware of the critical importance of attracting, developing and retaining talented employees, and that the **Puig** working environment is characterized by a human rights-friendly, inclusive and non-discriminatory culture, as well as the need to adapt to a changing world.

In line with these commitments, a number of milestones have occurred in 2023:

- Adoption of measures that reinforce the **Puig** commitment to human rights and to inclusion and non-discrimination, such as the approval of the Human Rights Policy.

- Update of the Harassment Prevention Protocol in the Spanish business units and follow-up on the measures within the framework of the Equality Plan in Spain.

- Launch of the Leaders In Transition leadership training program (LIT) to empower organizational leaders with the skills needed to drive the transformative change that derives from the **Puig** strategic plan.

- Opening of a regional hub in Miami (US), consolidating the **Puig** presence in the Latin American market and leveraging the growth of the Travel Retail business. The Miami headquarters allows local talent to elevate the region’s leading Prestige brands and drive a careful expansion of the Niche portfolio. This location increases the ability of **Puig** to attract the talent needed.

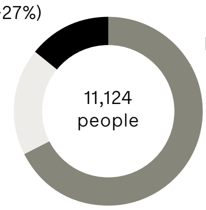
- Growth in the number of subsidiaries and increased organizational structure with greater international presence outside Europe, especially in the Americas and in Asia where subsidiaries have opened in Japan and South Korea.

- Expansion of the Barcelona corporate headquarters with the opening of a second building which represents the **Puig** commitment to continue growing and reflects its purpose and values, as well as the commitment to continue offering the best possible experience in **Puig**.

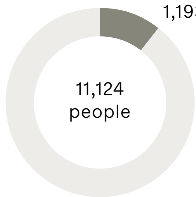
Puig employee data[79]

[79] The percentages (%) in parentheses correspond to the variation compared to 2022. Full list of indicators in Annex 3.

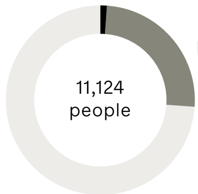
Employees by geographical area



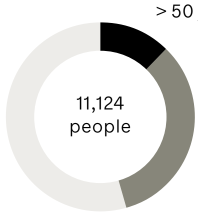
Breakdown by type of contract



Breakdown by gender



Breakdown by age range



Organization of working hours and work-life balance

Each **Puig** work center adapts its working hours to legal and collective bargaining obligations depending on the characteristics of the business.

In addition, **Puig** has established a number of measures in terms of working time organization that provide an opportunity for work-life balance and flexibility for employees.

These measures are:

- Time flexibility: gradual implementation of flexible entry and leaving times in offices, which each unit adapts to its environment. These measures have been implemented in the following countries: Spain, China, Australia, Singapore, Taiwan, Japan, India, Hong Kong, Greece, Belgium, Portugal, United Kingdom, Italy, Saudi Arabia, Germany, Austria, Switzerland, Russia, Mexico, Argentina and Chile.

- Hybrid system: implementation of remote work consisting of two days of remote work and three onsite days a week for those positions that allow it in most of the work centers of the different countries where **Puig** operates.

  Puig facilitates access to work-life balance mechanisms for all employees, depending on the applicable legislation in force and the employee's position. Whenever possible, additional measures have been implemented, such as teleworking and flexible entry and leaving times.

  Likewise, **Puig** has a global digital disconnection policy to ensure the appropriate use of new technologies and IT devices within the framework of the employment relationship and establishes that employees have the right to not respond to any professional communication once their workday is over, unless there are exceptional and urgent circumstances that require an immediate response. This policy also establishes a set of good practices to promote digital disconnection.

New corporate spaces for a better work experience

Puig has redesigned its workspaces with the goal of continuing to improve the employee experience in its current hybrid working model. The new offices in Barcelona, Paris and Miami (and those in London and New York for 2024) are designed with three objectives in mind:

- Achieving more versatile, dynamic and collaborative physical spaces that maximize the work experience in a pleasant and sustainable environment.

- Enhancing a new work culture, increasing team efficiency and improving communication with each other.

- Continuously digitizing the work of **Puig** employees, adopting the software and tools that simplify daily work life.

The goal of this new office concept is for **Puig** facilities to become destinations for collaboration, creativity and innovation, and a reflection of the company's values and culture.

Puig is firmly committed to the professional development of its people, as demonstrated by the variety of actions aimed at promoting the training of its employees.

There are different active development programs in the organization, ranging from global corporate programs to those focused on specific groups.

Leadership in Transformation (LIT)

Leadership in Transformation (LIT) is a training program that aims to equip the organization's leaders with the skills needed to drive the transformational change required by the three-year strategic plan. It is tailored and based on a leadership model co-created with a leading global coaching and leadership consultant, and is structured around three major axes: Listen, Inspire, Trust.

The deployment of the training is carried out in different groups according to the category of the leaders: Executive Committee, top management and other key senior management.

The total duration of the program is seven months and the program architecture includes one-on-one coaching sessions, instances of group co-development, group working sessions, and a three or three-and-a-half day in-person seminar depending on the category.

LIT was launched in September 2023 and 82 leaders have participated. In 2024, the program will continue to develop to include top management and other key senior management, comprising more than 500 leaders globally who will conduct training sessions in Europe, Asia, Latin America and the US.

Talent programs

These programs aim to identify and develop high potential professionals at all levels of the organization.

- Janus

Janus is the key program for talent development at **Puig**. With a duration of two years, its objective is to identify and prepare people who have the potential to take on future leadership roles in the organization. The third edition, inspired by the challenge of Mr. Mariano Puig to always "Aim High," was launched in 2021 with the collaboration of the IESE Business School. It was developed through in-person modules in Lausanne (with the IMD Business School), and in Paris, Antwerp and Seoul (with the Insead Business School), where the program concluded in 2023. Throughout the program, its 43 graduates have had the opportunity to learn about the values that have driven the growth of the business from its senior leaders, and they have experienced in person the *métier*, culture, and entrepreneurial spirit of **Puig**.

- Talent Program

  The goal of the Talent Program is to identify internal talent and prepare them to take on future roles of greater responsibility. In 2022, the fourth edition of the Talent Program was launched, under the motto "Are you future ready?", which ended this year 2023 with the participation of 55 people. The fifth edition of the Talent Program launches in early 2024.

- Graduate Program

  The program allows the incorporation of external talent without much professional experience and provides a pipeline of diverse and high potential talent for the future.

  In 2023, two significant initiatives have been carried out to continue enriching the participant experience and bring value to their journey through the company: sessions with external facilitators focused on personal and professional development, addressing issues such as self-awareness, personal branding and career planning, and sessions with internal speakers to learn more about **Puig**.

Programs for specific groups

- Training for Brand Ambassadors

  Training has been key to transforming the role of Beauty Advisor into that of Brand Ambassador, thanks to a wide range of training actions. In 2023, more than 1,000 Brand Ambassadors have had access to the Brand Experience App, where training courses have been provided in soft skills, sustainability and consumer insights.

- Interview skills

  In 2023, the expansion of Interview skills training has continued for managers who are in charge of hiring employees. It is a mixed program with online and onsite modules designed to equip them with the essential knowledge to hire the best talent in a fair and non-discriminatory manner.

[80] The 2022 perimeter was Apivita, Kama Ayurveda, Loto del Sur and Uriage. An effort was made in 2023 to improve information collection systems, including data from all **Puig** business units.

Hours of training by professional category[80]

	Women		Men		Undeclared/ non-binary	
	2022	2023	2022	2023	2022	2023
Top Executives	50	1,398	84	1,457	—	8
Marketing and sales	4,630	16,870	763	5,222	—	197
Brand Ambassadors	10,443	76,144	1,433	19,979	—	1,742
Technicians	3,319	15,939	1,711	7,760	—	154
Administrative professionals	506	592	246	144	—	11
Production	1,462	5,426	1,550	5,401	—	—

Health and Safety

With the aim of always providing a working environment in optimal conditions, **Puig** plans for continuous improvements and goes beyond legal obligations so that its workplaces meet different international standards.

In all units, constant monitoring and support is maintained for all teams so that the safety of all people is a priority and goes beyond strict regulatory requirements through continuous training, annual health monitoring and organization of voluntary vaccination campaigns, adaptation of jobs to achieve greater comfort and periodic monitoring of environmental and safety conditions in the offices and production plants.

In 2023, in the Alcalá de Henares and Vacarisses centers and in the new office building in Barcelona (all in Spain), work has been done to implement the necessary preventive measures to allow the high level of safety and comfort to be maintained in all jobs both in factories and in offices.

At the same time, the psychosocial aspects associated with work, in this case, of the staff located at the Barcelona headquarters, have continued to be re-evaluated.

The offices of Champs-Élysées, Paris, have achieved ISO 45001 (Occupational Health and Safety Management) certification. Additionally, as in Spain, the opening of the new offices in Paris entailed the implementation of all the necessary health and safety measures. In addition, several initiatives have been carried out within the framework of Quality of Life at Work Week, such as podcasts for stress management available to employees, psychological telephone support or training of First Aid in Mental Health.

Indicators related to health and safety at work are monitored on a monthly basis through continuous surveillance systems with teams of employees and specific management tools, and preventive actions are implemented proactively.

Social Relations and Dialogue

The ILO Declaration[81] on Fundamental Principles and Rights at Work recognizes freedom of association and collective bargaining as fundamental rights, amongst others. These rights, together with the promotion of social dialogue, are basic principles for the promotion of employee participation.

Puig guarantees social dialogue through the legal representation of the employees, with regular meetings, and through the employees themselves in those places where there is no such representation.

This guarantee is reflected in the Human Rights Policy approved in 2023.

The percentage of employees covered by collective bargaining agreements by country is as follows:

Spain	100%	of the workforce
France	100%	of the workforce
Austria	100%	of the workforce
Argentina	100%	of the Brand Ambassadors professional category and sales representative profiles
Belgium	100%	of the workforce
Brazil	100%	of the workforce
Peru	100%	of the workforce
Portugal	100%	of the workforce
Japan	90%	of the workforce. Management positions are exempt

In all other countries there are no applicable collective bargaining agreements and, therefore, social dialogue is governed by the laws in force in each case.

[81] International Labour Organization.

The revision of the Ethical Code and the approval of the Human Rights Policy in 2023 highlight the need to respect and defend universal human rights and people's well-being, taking into account the added value that diversity can bring.

Puig actively promotes equal treatment and opportunities and has mechanisms in place to avoid situations of discrimination. **Puig** launched a new reporting channel in 2023 that allows anyone to report any conduct that may be unethical or in breach of **Puig** internal legislation or regulations.

In Spain, the **Puig** Equality Plan includes measures related to different areas of labor relations, such as, selection, promotion, training, occupational health, remuneration, and work-life balance.

In 2023, the measures included in the Equality Plan were implemented, with periodic meetings by the monitoring committee, to ensure compliance and the effectiveness of the plan. There is also a protocol for the prevention of sexual harassment and actions to take in case of it occurring, as well as in cases of gender harassment and other types of harassment in Spain, which was updated in 2023.

In addition, the UK, France, US, Canada, China, Australia and Hong Kong have developed harassment and/or discrimination prevention documents that supplement the content of the Ethical Code. Specifically, the makeup business unit has a diversity and inclusion policy and an equal opportunity policy.

Training on diversity, inclusion and non-discrimination has also been organized, and in 2023 training on inclusive language has been carried out in the Human Resources department through reputable suppliers.

Likewise, awareness campaigns have also been carried out in this area in the US, Argentina and Brazil.

Puig ensures universal accessibility of people with disabilities across all its subsidiaries and across all its business units through the suppression of physical barriers and the adaptation of jobs.

Objectivity in the compensation setting process is one of the principles of **Puig**, which it implements using information tools provided by external consultants and which serve the Talent Committee, formed mostly of independent members of the Board of Directors, to define the general lines of the criteria set in relation to remuneration at **Puig**.

Puig employees are able to take legally available maternity and paternity leave, without discrimination, and their return to the company is guaranteed. In 2023, a total of 319 workers enjoyed such permits.

As stated in the Ethical Code: "**The culture in the Puig workplace is inclusive and non-discriminatory and makes employees feel valued and able to contribute. Our processes relating to the management of talent are transparent, fair, and free from discrimination."** **Puig** is sensitive to the integration of people with special needs in the company. In 2023, the following actions are worth noting:

- Employment of 166 people with a recognized disability within the legal parameters of each country.
- Hiring for the Alcalá de Henares plant through the Integra Foundation, which works to promote the employment of people at risk of social exclusion and people with disabilities.
- Promoting the employability of people with disabilities by outsourcing part of the production processes in Spain and France to Special Employment Centers as an alternative measure to the direct hiring of people with disabilities.

Supplier	Location	Contribution (in €M)	
		2022	2023
Dau Private Foundation	Barcelona	775,956	821,624
Arco Iris Foundation	Madrid	827,653	1,001,465
TPC	France	1,721,680	1,846,056
Trefemo, S.L.	Madrid	84,164	101,100
Total		**3,409,453**	**3,770,245**

Actions to maximize our impact

Puig seeks to maximize its ability to generate social impact, not only through economic contributions, but also by expanding the impact of its initiatives.

In 2023, these actions were structured along different lines:

- Makers initiative, within the Invisible Beauty social program, at a global level.
- Impact on the immediate surroundings.
- Local actions managed by each unit.
- Internal impact actions at **Puig** with employees.

Contributing to the local environment is another key element for **Puig**. This is done either by hiring more local employees in each country, hiring through local employment agencies to meet temporary needs at production plants, or by hiring proximity suppliers at production sites.

In addition, in 2023 **Puig** announced its partnership with the 37th America's Cup, both as Global Partner of the event and by being named sponsor of the first **Puig** Women's America's Cup, which will take place between August and October 2024 in Barcelona.

Invisible Beauty and Makers

In 2014, **Puig** launched Invisible Beauty as the company's social program, reflecting the family's business vision and the goal of leaving a better world for generations to come.

Within the framework of this program, **Puig** designed Makers as an initiative that allows it to share its expertise with social organizations for whom learning from the business experience of **Puig** could be valuable in helping them make a greater impact on people, society and the planet.

Since its inception, the Makers initiative has continually evolved and grown to ensure **Puig** continues to make an even greater social impact. Today, the initiative makes a clear contribution to the purpose of **Puig** and the 2030 ESG Agenda.

Makers generates an experience of great value both for **Puig** employees, from those who vote on the selection of initiatives to those who work in teams on the projects, and also for the brands and social organizations that are supported by the program.

The initiative is based on four pillars that allow the involvement of people at **Puig**:

- **Encourage conscious living.** Through Makers, the company promotes social and environmental awareness, and offers **Puig** employees the opportunity to channel their social concerns through **Puig**, and contribute to the business and family legacy by leaving a better world for future generations.

- **Share Puig know-how.** Through mentoring and the involvement of senior managers, **Puig** generously shares its business expertise and entrepreneurial audacity with the leaders of participating social projects to help them strengthen their business skills and knowledge, while identifying projects with a long-term vision that can be integrated into their business strategy on a social level.

- **Co-create with Puig teams.** Makers' differentiating value is that the initiative allows **Puig** people to work together on social projects, with greater engagement and commitment to find opportunities that can be implemented together. Co-creation gives **Puig** the opportunity to identify opportunities for improvement in their value chain and social projects to expand their impact.

- **Collaborate with Puig brands.** The idea behind collaboration with **Puig** brands is to align their brand DNA with the purpose of the social projects. Makers acts as a social project incubator that nourishes the social causes of the brands while helping them scale their visibility and social impact.

In 2023 **Puig** launched the 8th Makers edition, with a global live digital event to present the eight candidates to be part of the initiative. The projects that are in the co-creation phase with **Puig** are:

Project	Country of origin	Cause	SDGs
Beauty for Freedom	US	Empowering trauma survivors through the arts	5 & 12
Free Form Style	Spain	Create unrestricted, inclusive, and barrier-free fashion for people with functional diversity	10
Itinérance Méditerranée	France	Promote and improve the lives of women artisans in Mediterranean areas by giving visibility and value to their work	1, 5, 8, 10 & 12
MENOSTrash	Spain	Contribute to creating a fashion sector that reduces its impact on the environment	12 & 13
Mentoring Matters	United Kingdom	Bringing diversity and inclusion to the fashion and creativity industry	5, 8, & 10

What do people who have participated in the Invisible Beauty Makers experience say?

"For me, participating in the Makers initiative has been very rewarding, as I've met a truly inspiring group of people, whether they're the founders, their teams, or the great **Puig** team members from around the world, who gave their time and passion to help build amazing projects together. It has shown me that by spending even a small amount of time, with purpose and passion, we can contribute significantly to Makers. Together we can help build a better world."

Timothy Lee, Architecture & Visual Merchandise Director, Penhaligon's, Kama Ayurveda, Loto del Sur

"It means being able to learn and share my interest in improving the world by turning this, through innovation and entrepreneurship, into a sustainable, profitable and replicable business."

Omar Villagomez, Operations Director, **Puig** in Mexico

"Makers is an exciting project where solidarity and professionalism come together. It's a unique opportunity to get up close and personal with amazing initiatives and collaborate with colleagues in a completely different context. It's really nice to be able to participate."

Marta Raventós, Corporate HR & Legal Delivery Manager, **Puig** Tower T-1 (Barcelona)

"Partnering with the founders and Beauty for Freedom network to impact the lives of trauma survivors and see it flourish in real time is a powerful experience. Doing so with **Puig** colleagues from all over the organization gives it even deeper meaning."

Laurie Labesque, North America VP, **Puig** in North America

"I wasn't sure what participating as a co-creator would mean for me, but it has been a very constructive experience. Contributing my two cents on such a huge project with such a huge potential is very satisfying and working with such an incredible team... a super interesting, unforgettable and highly recommended opportunity; a UNIQUE experience."

Carmen América Torres, Packaging & Production Quality Control Manager, Vacarisses Plant

"I'm really proud and grateful to participate in Invisible Beauty Makers this year. This unique initiative allows me to give more purpose to my daily work, partnering with social organizations that support causes that matter deeply to me and spreading their messages throughout our organization. It's also a great opportunity to connect with my **Puig** colleagues and work together on a meaningful project."

Charlotte Fave, Strategic Projects Director, Champs-Élysées (Paris)

Local actions managed by **Puig** Brands and units

The brands and business units of each country have autonomy to implement social commitment actions. Below are some of the actions implemented in 2023:

Business unit	Action	SDGs
Apivita	• Billion Bees Program: launched in September 2023 of the Billion Bees program with a commitment to regenerate one million bees every year worldwide. • Bee Schools: collaborative project with The Bee Camp (member of the 1% for the Planet organization) that seeks to raise awareness among the younger generation about the importance of bees for humankind and nature. • For the third year in a row, more than 50 Apivita employees voluntarily moved to four Greek islands during the summer to conduct marine cleanup actions in collaboration with the Aegean Rebreath NGO.	11, 13 & 14
Byredo	Collaboration with the Ghett'up NGO to promote and incentivize the employability of young people from neighborhoods at risk of social exclusion, offering internships to four people.	8 & 10
Carolina Herrera	Within its "Mujeres en la Artes" (Women in the Arts) campaign, it presents a new cultural program celebrating creative women, with a number of initiatives: • Collaboration with the New York Fashion Institute of Technology (FIT) with a four-year fellowship for women who want to develop in the fashion industry. • Collaboration with Kode With Klossy, the organization of Good Girl's ambassador, Karlie Kloss, to train young women in programming. • Collaboration with Spectaculu, a non-profit organization specializing in professional training and guidance, to organize a new fashion and apparel course for 15 young people in Rio de Janeiro (Brazil). The collaboration was developed by **Puig** in Brazil. • Sponsorship of the "Maestras" (Female Masters) exhibit at the Thyssen-Bornemisza National Museum in Madrid. A tour of over one hundred works by 73 female artists spanning from the 16th to the 20th century. • Launch of the Walk Tall podcast, a space aimed at empowering the next generation of women to reach their full potential professionally.	4 & 5

Charlotte Tilbury	• Collaboration with the Elton John AIDS Foundation and as an official founding beauty partner of his The Rocket Fund initiative to support its fight against AIDS. The brand's holiday campaign helped raise awareness of the Rocket Fund's mission and featured brand founder Charlotte Tilbury MBE, singer Elton John and model Kate Moss.
	
	• Collaboration with The Prince's Trust, an organization that supports underprivileged youth around the world, through a variety of initiatives:
	
	  • Fundraising during The Prince's Trust Global Gala in New York.
	
	  • Sponsorship of the Amal Clooney Women's Empowerment Award event that recognizes the global impact of the work of emerging young women.
	
	  • Supporting young and diverse talent with two hires through the association's Get Hired program.
	
	  • Employee-led business workshops to train and help young entrepreneurs build their own businesses.
	
	  • Development of a limited-edition Coronation Red lipstick to celebrate the Coronation of Charles III (available in the UK and US) and whose profits have been allocated to the charity.
	
	• Partnering with Women for Women International on the development of a custom-made Christmas sock from Charlotte Tilbury to allocate some of the sales to the charity in its mission to help female survivors of political and social conflicts rebuild their lives.
		3 & 10

Dries Van Noten	Collaborating with Revol, craft porcelain, handmade and produced in France, to develop porcelain packaging for three brand fragrances: Soie Malaquais, Rock The Myrrh and Rosa Carnivora.	12
Jean Paul Gaultier	• Historical commitment of the brand with more than €200,000 donated to more than 15 LGBTQI+ associations worldwide through its activations during the "Pride Month", with the marketing of its Pride Limited editions in more than 25 markets. • Special projects to support local artisans in Mexico for the Day of the Dead to promote local tradition and craftsmanship.	5 & 10
L'Artisan Parfumeur	• Partnering with French craftsmen and women specializing in *papier marbré* (paper marbling) to create custom papers representing French regions, replicated in the packaging of the Les Paysages collection. • Collaborating with Carpenet French Ceramics to develop handmade candles in Limoges porcelain. • Event held at Manufacture de Sévres, an emblematic place in France celebrating craftsmanship, where the historical archives of L'Artisan Parfumeur were shared, with 150 participants from the Parisian creative scene.	12
Penhaligon's	• To support the brand's ESG mission, Penhaligon's became the lead sponsor of QEST, a UK-based organization that supports excellence in British craftsmanship. • Donation of 10% of the Highgrove Bouquet collection's net revenue to the Prince's Foundation (UK) in support of building communities for a more sustainable world.	12
Rabanne	Rabanne, in collaboration with Dazed, has launched the Arts Factory initiative, which aims to provide a platform for six emerging digital fashion and beauty creatives. All of them will have to create an artistic assignment and compete for the opportunity to collaborate with Rabanne on a creative project.	8 & 10

Uriage	Uriage has maintained its commitment to 1% for the Planet in projects to preserve water resources and regenerate the biodiversity in the Alps. One of these teaching projects was “Odyssées Agir à la Source” (Odysseys Acting at the Source), with the Water Family NGO, to raise awareness of the importance of water for 950 boys and girls across France.	13
Apivita and Uriage	A minimum of 0.2% of turnover in 2023 was returned to nature and the community through economic and in-kind donations and employee volunteer time through Corporate Responsibility programs.	17
Puig in Argentina	• Financial collaboration with the Alegría Intensiva (Intensive Joy) entities, working to improve the hospital experience of children and adolescents through arts and culture. • Economic collaboration with the Garrahan Foundation, which drives teaching, research, human resource training and continuing education tasks related to the health of children and adolescents across the country. • Economic collaboration with the Luzca bien, siéntase mejor (Look good, feel better) social program from the Argentine Chamber of the Personal Hygiene, Cosmetics and Perfumery Industry (Cámara Argentina de la Indústria de Cosmética y Perfumería, CAPA), whose mission is to strengthen the self-esteem of women with cancer by helping them improve their image and undergo cancer treatment with greater confidence. • Collaboration with the Argentine Special Olympics Association, which promotes the inclusion and rights in sports of people with intellectual disabilities, on interactive days with children with disabilities and **Puig** employees and through the donation of sports equipment and materials donated by the employees themselves.	3 & 10
Puig in Brazil	• Collaboration, along with Jean Paul Gaultier, with the LGBTQUIAP+ parade and the Parade Association, a non-governmental organization that promotes the LGBTQUIAP+ community through educational, social, and cultural activities. • Collaboration, together with Rabanne, with the Reprograma (Reprogram) association, a social impact initiative that aims to train cis and trans women who are in a situation of social and economic vulnerability to work with programming, thus seeking to reduce the large gender gap that exists in the technological market. • Collaboration, along with Rabanne, with the International Academy of Electronic Music (AIMEC), one of the nation’s reference schools for DJ training, through scholarships for 20 young people in social vulnerability. • Collaboration with Spectaculu, along with Carolina Herrera.	3, 5 & 10
Puig in Chile	Donation of sanitary materials (masks, alcoholic gel, etc.) to the María Ayuda entity, an association that helps children and adolescents at risk of social exclusion, and to the Quinta Normal Fire Department.	10
Puig in France	Collaboration with “Nos quartiers ont du talent” (Our neighborhoods have talent) supporting the employability of young people from neighborhoods at risk of social exclusion. Collaboration with three minority aid associations (“Energie Jeune” [Young Energy], “Estime” [Esteem] and “Refuge”.)	8 & 10

Impact actions at **Puig** with employees

Puig promotes the well-being of its employees through the #BeCampaigns initiative which is the **Puig** wellness program which aims to encourage employees to adopt practices that help them improve their well-being.

The program began as a pilot at the Barcelona headquarters in 2014, was extended to the Paris headquarters in 2016, and has since been implemented progressively in all **Puig** subsidiaries worldwide.

The #BeCampaigns initiative is structured around six pillars, with the aim of inviting people within the company to explore activities related to a healthy and sustainable lifestyle: #BeActive, #BeHealthy, #BeSustainable, #BeSociallyAware, #BeProud and #BeCreative.

Sponsorship of the 37th America's Cup

In June, **Puig** announced its partnership with the 37th America's Cup, both as a global sponsor of the event and as naming sponsor for the first **Puig** Women's America's Cup, which aims to provide female racers with a platform to showcase their skills and talents. The **Puig** collaboration with the America's Cup, which will be held from August to October 2024 in Barcelona, has a special significance, reflecting its local identity as a global company based in the city and its rich nautical heritage.

With a long tradition of sponsorships within the sailing world, **Puig** is proud to support this historic competition, strengthening the company's relationship with the nautical world and promoting excellence and innovation in the sport.

By supporting the **Puig** Women's America's Cup race, which looks to be one of the highlights of the 37th America's Cup, **Puig** demonstrates its commitment to promoting gender equality within the sport of sailing. As a global partner, it will have a significant presence throughout the event, connecting with sailing enthusiasts from around the world and strengthening its brand visibility globally.

Relationship with our consumers

The **Puig** ESG commitment is also reflected in the way it treats its consumers. To guarantee the safety of the products, the necessary mechanisms are put in place throughout the entire product development flow: ingredients and packaging, development of new formulas, manufacturing, final product, and labeling.

The entire portfolio of products is subject to several regulations, the most important one being Regulation (EC) No. 1223/2009 of the European Parliament and Commission, of November 30, 2009, applying to cosmetic products, which harmonizes the rules in the Community in order to achieve an internal market for cosmetic products while ensuring a high level of protection for human health. In addition, **Puig** goes beyond compliance with global legislation, and is also committed to rigorously respecting the recommendations of IFRA[82]54, and sets higher internal standards than those required by law. This internal policy includes the decision not to use certain ingredients that have not been evaluated by authorities to confirm their human and environmental safety.

The channels available to consumers to make complaints or queries follow protocols based on regulations from the European Union and other countries that impose post-marketing surveillance rules.

Characteristics of the service:

- Channels: chat, telephone, website, email, and social media.
- First response within 48 hours.

Complaints can be very diverse, from very specific minor reactions due to the normal use of cosmetic products (cosmetovigilance alerts) to quality issues or problems with orders from our direct customers. Cosmetovigilance alerts involve the conducting of a consumer survey through an external company to obtain all the information necessary to carry out a thorough investigation through which the alert can be classified as: possible, likely, very likely, questionable, or unlikely. In all cases the results are communicated to the consumer.

	2022		2023[83]	
	Total	% Over Units Sold	Total	% Over Units Sold
Number of consumer claims[84]	267,773	0.07368%	13,612	0.00448%
Number of cosmetovigilance alerts	383	0.00011%	724	0.00024%

[82] International Fragrance Association.

[83] Includes all **Puig** business units, except Charlotte Tilbury units sold outside of the online channel.

[84] In 2023, the claims collection process has been redefined, achieving a more precise number of claims. Categories reported in 2022 (consumer, customer and internal complaints) are included in the 2023 total complaints.

Governance
Human rights management

Puig takes a firm position on the defense of human rights. In 2021, it joined the United Nations Global Compact, an initiative that aims to connect the private sector with human rights. For the admission process, the company had to present its actions and strategies relating to the ten principles of the Global Compact. Failure to comply with any of the principles implies non-admission.

Principle 1 of the Global Compact specifies that "Companies must support and respect the protection of internationally recognized human rights within their sphere of influence."

Being part of the Global Compact and issuing annual reports for the organization's approval offers the greatest proof of the company's commitment to compliance with human rights.

Puig works constantly to detect possible deficiencies in the management of risks associated with human rights in relation to its activity: risks in connection with employees, customers, consumers, suppliers, local communities, and other potentially affected parties.

Moreover, in 2007, the Ethical Code made this commitment explicit in the "**Puig** and People" section, expressly stating that: "We respect and defend universal human rights and personal privacy." All of the company's policies and procedures derive from the Ethical Code and implement the commitments of the Code in day-to-day aspects of the business. This ensures that compliance with human rights is fully integrated into all internal functions and processes without inconsistency or contradiction.

This commitment to human rights is reflected by the approval of the Human Rights Policy by the Board of Directors in the last quarter of 2023. This policy expresses the **Puig** commitment to respecting the following human rights in the workplace: (i) elimination of forced labor, (ii) abolition of child exploitation, (iii) elimination of discrimination in employment and occupation, (iv) elimination of harassment, (v) freedom of association, (vi) safety and health, (vii) minimum employment conditions, all of which in accordance with international regulations. This policy serves as a tool to identify, prevent, and mitigate any negative impacts on employees' human rights that may arise during the course of their activities.

In 2023 the Board of Directors also approved the Sustainable Sourcing Policy that details the environmental, social and governance standards (with special impact on respecting human rights) that **Puig** requires from its suppliers.

Puig provides a reporting channel as one of various mechanisms in place to detect possible human rights breaches, whilst the Human Rights Policy and the Sustainable Sourcing Policy serve to mitigate and prevent such breaches. As of today, no breaches of human rights have been identified or demonstrated through these mechanisms.

Internal Control

In 2022, **Puig** created the Internal Control of Financial Information (SCIIF) function with the aim of strengthening the company's governance model, continuing to promote financial integrity and operational efficiency, and fostering trust among stakeholders in line with the commitments made in the Ethical Code. In 2023, existing controls and other additional controls that strengthen the model have been formalized and documented.

To ensure the proper functioning of the SCIIF function in **Puig**, the Board of Directors, through the Audit and Compliance Committee, has commissioned the creation and operation of a team of professionals who manage the SCIIF model. This team has a double organizational line: it is ultimately dependent on the Audit and Compliance Committee, but for its day-to-day responsibilities it reports to the Vice President of Financial Services.

The model created follows the guidelines of the COSO[85] Internal Control Framework.

The Internal Control team performs the following functions:

- Support the design and implementation of the SCIIF, aimed at ensuring the veracity of the information and financial statements prepared by **Puig**.
- Supporting the business in identifying the main risks of financial information affecting **Puig**, as well as assisting in the design and implementation of control activities necessary to mitigate them.
- Consideration of the materiality of the different **Puig** components to determine to what extent it is necessary to implement the Internal Control system and decide on any exceptions or scope adjustments.
- Training, education and support for the teams and individuals responsible for executing control activities to ensure they can fulfill their responsibilities as control owners.
- Periodic review of the effectiveness of control activities, identifying best practices.

The Internal Control function has to ensure that controls are in place, covering major processes and mitigating risks, and to that end they are reviewed annually.

[85] Committee of Sponsoring Organizations of the Treadway Commission.

- Formalization and documentation of controls in the main functions and entities.
- Annual review of the Risks and Controls Matrix.
- Deployment of specific software that serves as an evidence repository (Archer).
- Training more than 150 people across the company.
- Approval of the governance model of the Internal Control function on financial information by the Board of Directors.

Fiscal commitment

The **Puig** commitment to society involves complying rigorously with its fiscal obligations in the countries in which it operates.

The Fiscal Policy, revised in 2023, establishes the governance framework, principles, values, guidelines, and standards that guide the company's behavior on tax matters, as well as decision-making regarding fiscal matters[86].

	2022		2023	
in €M	Profit before tax	Corporate tax paid	Profit before tax	Corporate tax paid
US	74,109.4	13,372.8	74,030.0	15,182.4
United Kingdom	119,495.8	19,313.4	154,185.7	36,693.5
Spain	141,429,1	40,497.0	175,572.6	39,980.0
France	59,210.4	16,990.8	44,841.3	11,196.9
Brazil	21,200.3	13,998.9	23,145.0	6,489.0
Germany	3,764.0	4,098.4	4,340.1	-469.9
China	-39,222.1	-30.7	-12,315.8	0.0
Mexico	20,440.0	7,541.8	30,687.1	9,760.5
Italy	-717.9	273.6	1,595.9	984.9
Chile	13,891.0	4,277.9	11,248.0	3,243.2
Rest of world	135,232.7	16,487.3	142,566.6	31,740.3

Top 10 countries based on net revenue for **Puig**. They represent 62% of the total.

[86] The Fiscal Policy is available on Puig's website: https://secure.ethicspoint.eu/domain/media/en/gui/109738/taxPolicy.pdf.

In 2023 **Puig** received a total of €224,489 in public subsidies and invested €512,883 in sponsorship actions.

in €M	2022	2023
Public grants	383,907	224,489
Sponsorship actions	321,609	512,883

Compliance

In 2023, through the new corporate Compliance area, **Puig** continued to make progress in building an ethical and compliant culture based on the commitment and participation of everyone in the organization, and especially of those who hold positions of responsibility. This collective obligation is expressed in the idea of "Compliance starts with me." The corporate Compliance area reports to the Audit and Compliance Committee to ensure it can operate independently and autonomously, and is allocated its own resources.

During 2023 there have been three specific areas of action. Firstly, the company standards set out in the Ethical Code and the basic policies derived from it have been reviewed. Secondly, a new organization has been defined to facilitate the deployment of standards, and finally, processes have been developed to promote and monitor standards.

In June, the third version of the Ethical Code and new versions of existing or newly created corporate core policies were launched. In the second part of the year, the approval of new core policies that foster the values and commitments established in the Ethical Code was completed.

The revised version of the Compliance and Crime Prevention Policy along with the new Anti-Corruption Policy reinforces and promotes the company's commitment to compliance with the law and **Puig** ethical standards and expresses zero tolerance for corruption, bribery and money laundering.

The new version of the Sustainable Sourcing Policy promotes environmental, social and governance responsibility in our value chain.

The new Reporting Channel Policy sets out the "Speak Up" culture which encourages employees to report behaviors that may be unethical or breach internal or external regulations. The policy establishes the maximum guarantees of confidentiality for individuals making reports and provides protection for them as required by applicable law.

The new Ethical Code and basic policies were communicated to all employees, facilitating access to their content and raising individual awareness of the values and commitments they describe.

On June 12, 2023, a new reporting process was made available. This channel and process complies with current applicable law and is aligned with the **Puig** commitment to a “Speak Up” culture.

During 2023, a total of 30 reports were received. This can be seen in the context of 2022[87], in which nine reports were received through the “ethics@puig.com” channel. They can be classified by issue as follows: Human Rights (1), Bribery and Corruption (0), Money Laundering (0), and Others (8). These ‘Others’ referred to issues relating to the management of people, such as favoritism, dismissals and inappropriate vocabulary or treatment.

The increase in the number of complaints compared to 2022 is in part a result of the promotion of the culture of integrity and transparency through the new reporting channel (available at: puigreportingchannel.ethicspoint.com) and the Reporting Channel Policy and Procedure that allows reports to be made safely and confidentially. Reports can also be made anonymously if desired, and those making reports are protected from retaliation.

Finally, the criminal risk map has been redefined to permit its extension to the areas of regulatory compliance identified as priority, and to allow its deployment in all countries where the company has subsidiaries.

Management of the reporting channel in 2023[88]

Issues	Received		Closed	Open as of 12/31/23
Labor Issues	16	53%	10	6
Harassment	5	17%	1	4
Violation of Policy	5	17%	3	2
Misuse of Assets or Services	1	3%	1	0
Anti-trust Activity	1	3%	1	0
Accounting and Auditing Matters	1	3%	0	1
Others	1	3%	1	0
Total	**30**		**17**	**13**

[87] The 2022 Report did not use the current business perimeter when consolidating reports.

[88] The list of reported topics reflects the adopted internal nomenclature; no human rights violations have been verified to date. As of December 31, 2023, all reports for the year 2022 are closed.

Risk management model

Risk management is based on a top-down approach in which the Board of Directors defines the risks to be monitored based on the current strategic plan. The review of these risks, including their risk appetite, is updated annually. The current list is as follows:

- Succession plan
- Talent management
- China
- Digital and POS capabilities
- IT and cybersecurity
- Cash and Debt
- ESG
- Geopolitics and Macroeconomics
- Regulatory compliance
- Relevance of business categories
- Product development and supply

The implementation and monitoring of these risks in the organization is led by the Risk Manager, who reports to the General Auditor. Their responsibilities include the definition of the risk management methodology and its implementation and maintenance, and comprise the following phases:

1. **Identification**

   For each risk, a Risk Owner is defined, who together with the Risk Manager, identifies the different risk factors and prioritizes them based on their economic impact and probability. To monitor these factors, risk indicators (KRIs) are established, whose tolerance is linked to the predefined risk appetite.

2. **Valuation**

   Once the indicator is defined, the Risk Manager is responsible for collecting and consolidating the information of the risk indicators (KRIs). The result of these indicators is discussed with the Risk Owners and shared and validated in the various risk committees on a quarterly basis, and in which the Risk Manager participates together with the managers in charge of each business area.

3. **Mitigation plan**

   High-priority risk factors and high-risk indicators are monitored on a recurring basis in the committees. At this point, the business establishes and implements action plans to mitigate high-level risks.

4. **Monitoring**

   On an annual, periodic basis, the Risk Manager shares with the Audit and Compliance Committee and the Board of Directors the global status of risks.

Statistics at the end of 2023:

- 11 Global risks
- 30 Risk Owners
- 194 risk factors
- 269 risk indicators

Internal Audit

The purpose of the **Puig** Internal Audit area is to provide independent and objective support to the company, as well as to provide consulting services designed to create shareholder value. It helps **Puig** achieve its objectives by providing a systematic and disciplined approach to assessing and improving the effectiveness of governance, risk management and control processes.

In terms of key responsibilities and requirements, Internal Audit objectively evaluates the company's business processes, risks and the effectiveness of its risk management, ensures that the organization complies with applicable laws and regulations, analyzes the effectiveness of the Internal Control system, and makes recommendations on how to improve it.

The General Auditor is tasked with competent oversight of internal audit operations in strict compliance with the Internal Audit Charter and in accordance with the International Standards for Professional Practice (IPPF) of Internal Auditing, and of possessing, along with their team, the necessary professional certifications and qualifications.

Members of the **Puig** Internal Audit team also meet the professional requirements of acquiring certification and hold several which recognized globally such as CIA, CISA, CRMA, RIMS, COSO IC, COSO ERM and GRI. This is the optimal way to demonstrate the knowledge, skills and competencies required to carry out effectively the professional responsibilities deriving from internal audit and risk management activities.

In order to continuously improve our Internal Audit activity and with the support of the **Puig** Board of Directors and Audit and Compliance Committee, in late 2022 the Internal Audit team initiated for the first time an External Quality Assessment conducted by the Institute of Internal Auditors (Instituto de Auditores Internos, IAI) of Spain.

The IAI conducted a quality review process with the following objectives: to evaluate the efficiency and effectiveness of the internal audit activity; identify opportunities and provide ideas and advice to improve the performance of the activity; and determine if the activity is being conducted in accordance with the International Standards for Professional Practice of Internal Auditing.

In November 2023, the **Puig** Internal Auditing function was certified and received the maximum score on all components of the evaluation scorecard, as well as very positive conclusions and confirmation that its activity is being carried out in accordance with the International Standards for Professional Practice of Internal Auditing.

This is a significant achievement that validates and strengthens the Internal Audit function, improves its effectiveness, efficiency, and the implementation of successful practices, and demonstrates the company's commitment to maintaining high standards of governance, risk management and internal control.

Materiality

In the last quarter of 2022, a complete double materiality analysis was carried out with an external consulting firm. Double materiality is the identification of aspects that influence operational and financial performance (outside-in perspective) and aspects related to the effect of the company's activity on the environment and society (inside-out perspective).

The purpose of this analysis, which is conducted biannually, was to identify those ESG aspects that are relevant to the organization and its surroundings and prioritize these according to their potential impact on the company's ability to create value in the short, medium, and long term.

The following methodology was followed:

1. Identification of relevant issues in terms of impact and financial effects. This phase involved a review of internal and external sources, as well as interviews and questionnaires to company employees and other stakeholders. Based on this information, an initial list of possible material issues was drawn up, taking into consideration impacts, risks, and opportunities to be assessed at a later stage.

2. Assessment of the relevance of each issue, from two perspectives:

- Impact: evaluation of the external relevance of the identified issues in scale, scope, remediability, and probability.

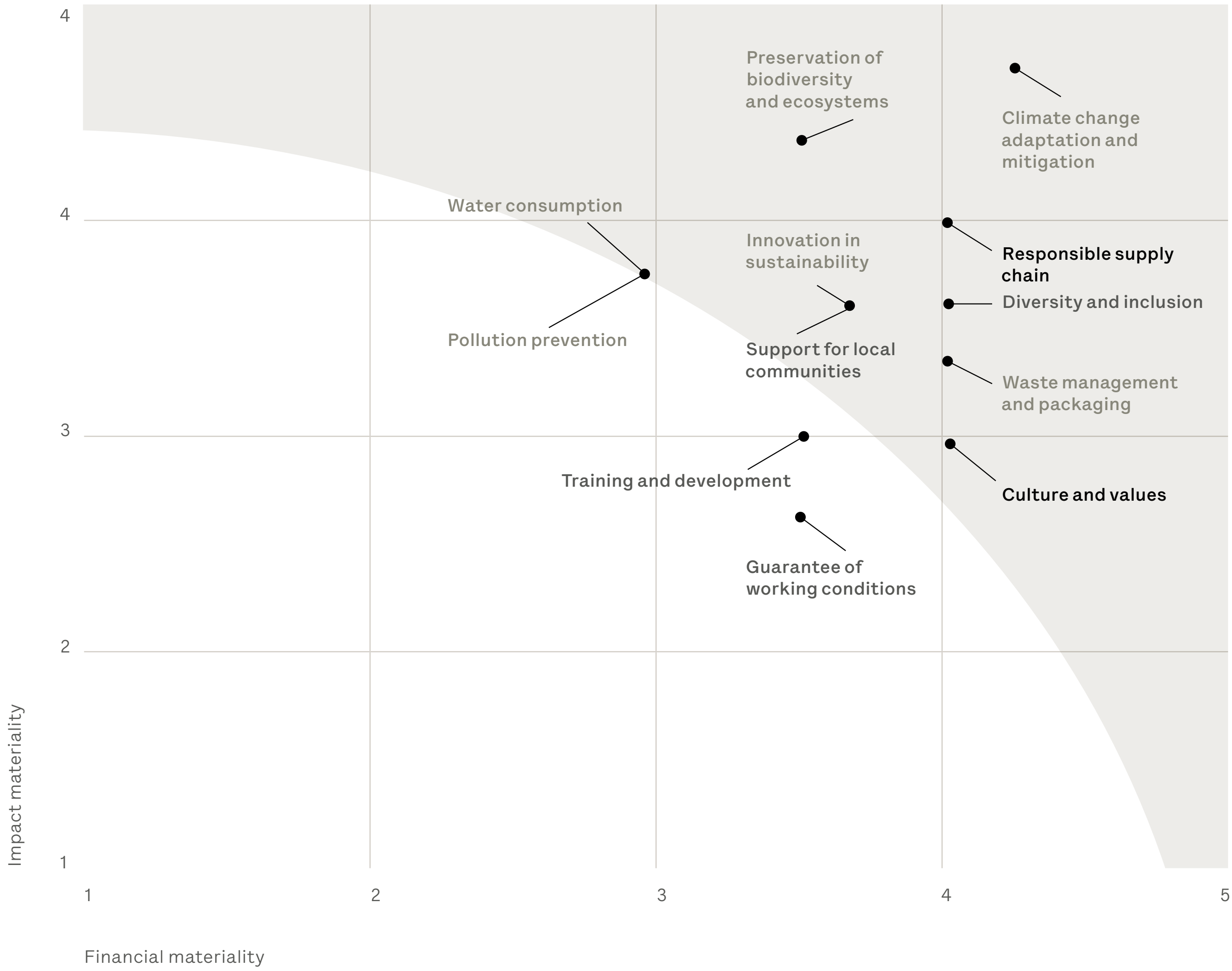
- Financial: evaluation of the internal relevance of the identified issues, in reference to the financial impact, probability of risk, and opportunity.

[89] Detailed table with the objectives and indicators of Puig's 2030 ESG Agenda with its 2023 achievement level on pages 84-85.

3. Analysis of results and conclusions. The evaluations obtained from the material issues were weighted, prioritized, and integrated into a matrix. Subsequently, a group meeting was organized to validate the results under the supervision of the Chief Sustainability Officer, Manuel Puig.

4. Approval by the governing bodies in early 2023.

   Each of the themes identified in the double materiality analysis is aligned with the objectives of the **Puig** 2030 ESG Agenda and is addressed via at least one of the 16 programs detailed therein.[89]



Aspects related to the environmental dimension
Aspects related to the social dimension
Aspects related to the governance dimension

5

Annexes

Annex 1: Professional experience of the members of the Board of Directors

Marc Puig
Board member since 1999

Academic background:
Degree in Industrial Engineering (UPC) and MBA (Harvard University).

Professional experience:
Antonio **Puig** S.A., **Puig** USA Inc., Carolina Herrera, Ltd., **Puig**.

Position in 2023:
CEO of **Puig** since 2004, Chairman and CEO of **Puig** since 2007.

Other:
Member of the Boards of Directors of Exea Empresarial and Mango, former Chairman of the Family Business Institute, member of the Board of Círculo de Economía (Barcelona), member of the Harvard Business School European Advisory Board and of the IESE International Advisory Board. Winner in 2015 of the Kellogg Family Business Leadership Award. Inducted into the Hall of Fame of The Fragrance Foundation of America in 2017 and the World Retail Hall of Fame since 2023.

Manuel Puig
Board member since 1999

Academic background:
Degree in Industrial Engineering (UPC).

Professional experience:
Over 35 years at **Puig** (product development and different positions in marketing, responsible for the creation of several international subsidiaries, management of several fashion brands, the creation of what is now the Derma division, and over the last ten years participation in crucial acquisitions for **Puig**). After signing the joint venture with Prada to develop fragrances, he was a member of that company's Board (2002-2006).

Position in 2023:
Vice Chairman of **Puig** since 2007, Chief Sustainability Officer of **Puig** since July 2021 until December 2023, and Chairman of the **Puig** Board ESG Committee since July 2021.

Other:
Member of the Board of Directors of Exea Empresarial, Isdin, Flamagas and RACC since 2016 and Fluidra and Colonial since 2023, both companies are listed on Ibex 35. Member of the Advisory Board of the Baratta Center for Global Business, McDonough School of Business (Georgetown University) since 2016. Member of the Supervisory Board of Iris Ventures (VC). Active participation in different organizations in the ESG field: member of the Board of Trustees of Company and Climate Foundation, and participation in several internationally recognized task forces on climate.

Rafael Cerezo
Board member since 2011

Academic background:
Degree in Economics (London School of Economics) and MBA (Columbia University).

Professional experience:
The Boston Consulting Group.

Other:
Member of the Board of Directors of Isdin, of the Advisory Board of Exea Empresarial and of the Board of Trustees of the Foundation for the Development of Youth.

Patrick Raji Chalhoub
Board member since 2020

[90] Endeavour is the world's leading community for supporting high-impact entrepreneurs.

Academic background:
Degree in Economics and Finance (Ecole Supérieure de Commerce de Paris) and degree in Political Science (Paris Institute of Political Studies).

Professional experience:
Chalhoub Group.

Position in 2023:
CEO of the Chalhoub Group.

Other:
Member of the United Nations Global Compact Council and the local delegation of Endeavor[90] in the UAE, as well as a Member of the Board of the Dubai Chamber of Commerce and Sharjah American University. Awarded the National Order of the Cedar of Lebanon by the French Government, as well as the Knight's Medal of the National Order of Merit and member of the National Order of the Legion of Honor (France).

Jordi Constans
Board member since 2013

Academic background:
Degree in Economics (University of Barcelona), PDG (Programa de Dirección General) General Management Program (IESE) and ADE (Administración y Dirección de Empresas) Business Administration and Management (ESADE).

Professional experience:
Danone, Louis Vuitton.

Other:
Member of the Boards of Directors of Fluidra and Mango.

Ángeles Garcia-Poveda
Board member since 2023

Academic background:
Degree in European Business Studies (ICADE – Pontifical University of Comillas, Madrid and NEOMA, Reims), Business Case Study Program (Harvard University).

Professional experience:
Chair of the Board of Directors of Legrand S.A., Spencer Stuart, Boston Consulting Group (BCG), A.B. Asesores Bursátiles (Madrid).

Other:
Member of the Board of Directors of Edenred S.A., Bridgepoint plc, NOEMA Business School and Institut de la Finance Durable (IFD). Member of the Executive Committee of Medef (Mouvement des Entreprises de France). Member of the Advisory Board of the Climate Governance Initiative (CGI) – World Economic Forum.

Daniel Lalonde
Board member since 2019

Academic background:
Honors degree in Mathematics (University of Waterloo, Canada) and MBA (INSEAD).

Professional experience:
Nespresso, Louis Vuitton, Moët & Chandon/ Dom Perignon, Ralph Lauren and SMCP (Sandro, Maje, Claudie Pierlot).

Position in 2023:
CEO and Director at Design Holdings, a global leader in luxury design, since October 2021.

Other:
Member of the Board of Directors of Altagamma and Design Holding SPA. Member of the Advisory Board of INSEAD.

Christine A. Mei
Board member since 2023

Academic background:
Degree in Chemical Engineering (The University of Texas) and MBA (Rice University).

Professional experience:
The Cozabe Group, Gathered Foods, Beiersdorf, Royal Philips, Coca-Cola, Dow, Click2Asia.com, Nike, Procter & Gamble.

Position in 2023:
Director at The Cozable Group since 2019. Practicing Professor at The University of Texas, Cockrell School of Engineering since August 2023.

Other:
Member of the Board of Directors of SKU. Former member of the Boards of Naturally Austin and Gathered Foods and of the Advisory Board of two Startups (Redway International Limited and Asian Urgent Care Development).

Nicolas Mirzayantz
Board member since 2023

Academic background:
Master of Economics (University Panthéon-Assas, Paris, France), International Executive Program (INSEAD) and Executive Program (Singularity University, Palo Alto, US).

Professional experience:
International Flavors & Fragrances, Inc.

Other:
Member of the Board of Directors of Coca-Cola Europacific Partners plc (CCEP). Member of the We Are Family Foundation Board of Governors. Cultural Leader at the World Economic Forum, Davos (2013). Previously served on the boards of directors of the International Fragrance Association (IFRA) and of the Research Institute for Fragrance Materials (RIFM), and was vice Chairman and member of the Industry Advisory Board in the Fashion Institute of Technology (FIT) Master's Program.

Josep Oliu
Board member since 2011

Academic background:
Degree in Economics (University of Barcelona) and PhD in Economics (University of Minnesota).

Professional experience:
Banco Sabadell.

Other:
Chairman of the Board of Directors of Banco Sabadell. Chairman of Exea Empresarial. Member of the Board of Trustees of the Princess of Asturias Foundation and of the Board of Trustees of the Princess of Girona Foundation. Member of FEDEA (*Fundación de Estudios de Economía Aplicada* [Foundation of Applied Economic Studies]).

Yiannis Petrides
Board member since 2011

Academic background:
Degree in Economics and Politics (University of Cambridge) and MBA (Harvard Business School).

Professional experience:
Procter & Gamble, PepsiCo.

Other:
Senior Industry Advisor of Triton Partners Private Equity, Lead Independent Director and Chairman of the Remuneration and Compensation Committee of Mytilineos S.A. Member of the Board of Directors of CYPET. Former Chairman of Refresco BV and Wind Hellas, Vice Chairman of Campofrio Food Group and Chair of its Strategic and Audit Committee.

Jordi Puig
Board member since 2020

Academic background:
Degree in Economics (University of Barcelona).

Professional experience:
PepsiCo, In-Store Media Group, **Puig**, Muji, Luppa Solutions.

Position in 2023:
Chairman of Luppa Solutions.

Other:
Member of the Boards of Directors of Exea Empresarial and Flamasats, and member of the **Puig** Foundation Boards of Trustees and of the Betània Patmos School. Chairman of the Royal Nautical Club of Barcelona since 2022.

Marian Puig
Board member since 2020

Academic background:
Degree in Chemical Engineering (Sarriá Chemical Institute, Barcelona) and MBA (IMD Business School, Lausanne).

Professional experience:
Chairman and Chief Executive Officer of Paco Rabanne (1991-1996). Co-President of **Puig** and President of Nina Ricci (1996-2002). Chief Executive Officer of Isdin since 2002 and Chairman of the Board of Directors since 2016.

Other:
Since 2001, he is a member of the Board of Bank Degroof Petercam Spain, becoming Vice Chairman in 2010, and Chairman of Wealthprivat Management Bank, member of the Board of Andbank Spain. Vice Chairman of the Board of Trustees of the Chemical Institute of Sarria (Instituto Químico de Sarriá, IQS) in Barcelona, former member of the board of the TNC (Teatro Nacional de Cataluña [National Theater of Catalonia]). Member of the Board of Trustees of the Princess of Girona Foundation since 2010. Member of the International Advisory Council of Brookings Institution (Washington) since 2013 and member of Barcelona Global since 2012, becoming Chairman in 2014, and Honorary Chairman since 2016. Member of the Board of Trustees of ESADE since 2021.

Xavier Puig
Board member since 2020

Academic background:
Degree in Economics and MBA (ESADE, Barcelona).

Professional experience:
Sheaffer Eaton Pittsfield, Polyflame France, Casio, Flamasats.

Position in 2023:
Chairman of Flamasats since 2002.

Other:
Member of the Board of Directors of Exea Empresarial, Chairman of the **Puig** Family Board and of the **Puig** Foundation, and member of the Advisory Board of Banco de Santander in Catalonia (Spain).

Annex 2: Environmental indicators

Criteria for calculating the carbon footprint

Puig calculates its carbon footprint (scopes 1, 2 and 3) in accordance with the following standards: Accounting and Reporting Standard, GHG Protocol and the UNE-EN-ISO14064 Standard.

The calculation of the carbon footprint covers the entire **Puig** business. When primary data is not available, an estimate is made based on predefined internal indicators for each category in accordance with historical data, our experience in the activity and other economic indicators of the business. In 2023 an in-depth study on the reference emission factors has been conducted. All comparisons of this Report are made against the recalculated data from 2022.

All emission factors used to calculate emissions are based on leading standards (DEFRA Guidelines, EPA, SIMAPRO Equivalent 3, CEDA. V6, etc.) that are updated annually.

Carbon Footprint (tCO_2e) — Breakdown by scope and category

	2022[91]		2023		23/22
Categories	GHG Emissions	% Over Total	GHG Emissions	% Over Total	
Scope 1					
Stationary combustion	2,330		2,205		-5%
Mobile combustion	2,889		1,848		-36%
Refrigerants	134		127		-5%
Total scope 1	**5,353**	**0.9%**	**4,180**	**0.6%**	**-22%**
Scope 2					
Electricity *	1,310		2,248		72%
Steam and heating	11		21		91%
Total scope 2	**1,321**	**0.2%**	**2,269**	**0.3%**	**72%**
Scope 3					
Cat 1 - Purchased goods and services	484,424		512,680		6%
Cat 2 - Capital goods	14,790		22,618		53%
Cat 3 - Fuel-and-energy-related activities	2,485		2,688		8%
Cat 4 - Upstream transportation and distribution	69,383		81,418		17%
Cat 5 - Waste generated in operations	1,208		1,458		21%
Cat 6 - Business travel	8,455		6,901		-18%
Cat 7 - Employee commuting	5,225		6,262		20%
Cat 8 - Upstream leased assets	779		800		3%
Cat 9 - Downstream transportation and distribution	5,990		8,622		44%
Cat 10 - Processing of sold products	0.26		0.50		92%
Cat 11 - Use of sold products	Not relevant		Not relevant		
Cat 12 - End-of-life treatment of sold products	5,474		5,919		8%
Cat 13 - Downstream leased assets	68		70		3%
Cat 14 - Franchises	45		38		-16%
Cat 15 - Investments	7,257		5,984		-18%
Total scope 3	**605,583**	**98.9%**	**655,458**	**99.1%**	**8%**
Total Puig	**612,257**		**661,907**		**8%**

(* page 161) Scope 2 - Electricity: data reported according to the market-based method. Byredo, Kama Ayurveda, Loto del Sur reported with 100% estimated data based on net revenue.

[91] Recalculation

[92] Location-based calculation for 2022 was not reported in the Report for that year and has been calculated for the 2023 report.

Following best practices, **Puig** calculates its scope 2 emissions both based on the location-based method (considering the general energy mix of each country), and the market-based method (specifically considering the mix of each energy marketer with which it is contracted), thus allowing it to know the impact that the purchase of renewable energy has.

Scope 2 GHG Emissions [tCO_2e]

	Location-based calculation	Market-based calculation
2022	4,584[92]	1,321
2023	4,035	2,269

Evolution and comments to the 2023 footprint

Most categories either increase below business growth or decline. In both cases, this is a good indicator of the positive results of the measures implemented to decrease the ratio of tCO_2e to net revenue and **Puig** efforts to help curb global warming.

However, we add some comments to specific categories that have a relevant impact:

Scope 1	Mobile combustion	Decrease resulting from: Growth of the 100% electric and hybrid vehicle fleet. Higher volume of primary data.
Scope 3	Cat. 2 — Capital goods	Result of a higher volume of investments in the year.
	Cat. 4 — Upstream transportation and distribution	• The most impactful increases in this category are due to the convergence of different factors: • Relevant increase (+65%) in the road transport footprint in the fragrance business, which represents 57% of the total category, as a result of: •• Increase of 21% in miles traveled. •• Increase of 5% of the weight transported. • Average increase of 16% of reference emission factors (DEFRA) in this category by 2023, mainly those for international and air transport, due to the review of the British government. • Inclusion of well-to-tank emissions.
	Cat. 9 — Transportation and distribution Inclusion of well-to-tank emissions and emission factor updates downstream	Inclusion of well-to-tank emissions and emission factor updates.

Consumption Table[93]

Consumption*	Unit	2022[94]	2023	% 23-22
Scope 1				
Natural gas	kWh	7,430,106.8	7,417,647.5	-0.2%
Propane	kWh	1,929,568.4	1,986,587.8	3.0%
Fuel oil	kWh	0.0	0.0	
Diesel	kWh	1,251,953.5	1,096,459.3	-12.4%
Biomass**	kWh	1,288,200.6	1,201,820.0	-6.7%
Total primary energy consumption	**kWh**	**11,899,829.3**	**11,702,514.6**	**-1.7%**
Scope 2				
Electricity	kWh	24,466,313.6	25,640,152.0	4.8%
Renewable electricity**	kWh	20,373,959.4	20,952,030.0	2.8%
Steam and heating***	kWh	64,626.6	117,211.0	81.4%
Scope 3 — Category 1				
Water	m3	272,476.8	285,042.4	4.6%
Paper	kg	550,039.9	403,493.7	-26.6%
Renewable energy (S1+S2): electricity + biomass	**%**	**59.5%**	**59.1%**	

93 The verified data presented in the 2022 Report were as follows

Scope 1	Total energy consumption	
	kWh	12,119,827
Scope 2	Electricity	
	kWh	23,088,153
	Steam and heating	
	kWh	64,752
Scope 3	Water	
	m3	258,559
	Paper	
	kg	309,869

94 Recalculation.

(*) Consumption 2022 calculated based on 62% of primary data.

(**) Renewable energy calculated on primary data. It has been estimated that there is no renewable energy consumption apart from that calculated with the primary data.

(***) Steam and heating is not a significant item at Puig. The increase in 2023 is due to a higher volume of primary data.

Waste Generation*

	2022[95]		2023	
	kg	%	kg	%
Waste (primary data)	3,421,058	92%	3,475,047	92%
Waste (estimated data)	314,437	8%	307,548	8%
Total	**3,735,495**		**3,782,595**	
Hazardous waste	**401,661**		**348,583**	
Non-hazardous waste	**3,019,397**		**3,126,464**	
Paper and cardboard	1,178,969		1,302,752	
Plastic trays	113,263		123,405	
General waste	414,603		345,758	
Sewage sludge	237,540		304,800	
Glass	158,725		130,506	
Plastic	630,270		743,414	
Others**	286,027		175,829	

(*) Waste data is not comparable year-over-year as the volume of primary data and estimated data varies based on the availability of the first. Estimates made based on internal indicators.

Estimated data from Uriage and the five fashion brands.

The "other" item includes, for example, metallic, organic, biodegradable waste, etc.

In line with the presentation of a new carbon footprint calculation, the waste generation data (necessary to calculate scope 3, category 5) have varied from those presented in the 2022 Report (-14%)[96].

(**) Includes only Apivita fragrance activity and products sold in Greece.

[95] Recalculation.

[96] The total waste presented in the 2022 Report was 4,355,229.9 kg.

From the 2022 recalculation, the breakdown into hazardous and non-hazardous and the subcategories is only performed based on primary data.

Raw material consumption*

	Unit	2022	2023
Glass	kg	17,542,391	23,007,346
Paper	kg	8,762,439	9,367,689
Alcohol	Liters	7,017,401	6,472,683
Plastic	kg	5,514,007	3,515,192
Aluminum	kg	88,701	5,563,541
Others**	kg	4,779,669[97]	201,029

(*) We consider raw material: natural or artificial substance that is industrially transformed to create a product.

(**) Includes only Apivita fragrance activity and products sold in Greece.

97 The Others item in 2022 includes 4,733,298 kg of aluminum. As of 2023 it is reported as a separate raw material category.

Consumption of raw materials by third parties for the manufacture of **Puig** products is not included. We plan to incorporate the consumption of raw materials from the fashion business into the 2024 report.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Annex 3: People management indicators

Puig employee indicators

Workforce by professional category and gender at the end of the year

	Women		Men		Undeclared/ non-binary		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
Top Executives	81	107	107	111	1	2	189	220
Marketing and sales	1,981	2,316	539	652	16	61	2,536	3,029
Brand Ambassadors	3,092	3,617	647	813	33	19	3,772	4,449
Technical employees	1,406	1,667	744	893	12	43	2,162	2,603
Administrative personnel	103	113	7	22	—	2	110	137
Production	429	388	340	298	—	—	769	686
Total	**7,092**	**8,208**	**2,384**	**2,789**	**62**	**127**	**9,538**	**11,124**

Workforce by type of contract and professional category at the end of the year

2023 Part time	Top Executives	Marketing and sales	Brand Ambassadors	Technical personnel	Administrative personnel	Production	
Permanent contract	—	46	863	63	5	60	1,037
Temporary contract	—	8	504	11	2	8	533
Total	**—**	**54**	**1,367**	**74**	**7**	**68**	**1,570**

2023 Full time	Top Executives	Marketing and sales	Brand Ambassadors	Technical personnel	Administrative personnel	Production	
Permanent contract	220	2,721	2,848	2,388	117	600	8,894
Temporary contract	—	254	234	141	13	18	660
Total	**220**	**2,975**	**3,082**	**2,529**	**130**	**618**	**9,554**

2022 Part time	Top Executives	Marketing and sales	Brand Ambassadors	Technical personnel	Administrative personnel	Production	
Permanent contract	—	36	777	57	5	76	951
Temporary contract	—	6	426	6	—	8	446
Total	**—**	**42**	**1,203**	**63**	**5**	**84**	**1,397**

2022 Full time	Top Executives	Marketing and sales	Brand Ambassadors	Technical personnel	Administrative personnel	Production	
Permanent contract	189	2,316	2,462	1,983	101	675	7,726
Temporary contract	—	178	107	116	4	10	415
Total	**189**	**2,494**	**2,569**	**2,099**	**105**	**685**	**8,141**

We consider part-time: any employee who does not work effectively 100% of the day.

Workforce by type of contract and age at the end of the year

	Part time									
	Women			Men			Undeclared/non-binary			
	Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total	**Total**
< 30	450	337	787	52	28	80	7	3	10	877
30–50	392	86	478	43	11	54	0	2	2	534
> 50 years of age	88	60	148	5	6	11	0	0	0	159
Total	**930**	**483**	**1,413**	**100**	**45**	**145**	**7**	**5**	**12**	**1,570**

	Full time									
	Women			Men			Undeclared/non-binary			
	Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total	**Total**
< 30	1,757	384	2,141	555	81	636	53	2	55	2,832
30–50	3,682	132	3,814	1,614	29	1,643	55	2	57	5,514
> 50 years of age	815	25	840	360	5	365	3	0	3	1,208
Total	**6,254**	**541**	**6,795**	**2,529**	**115**	**2,644**	**111**	**4**	**115**	**9,554**

Workforce at year end

	2022	2023		2022	2023
Argentina	163	175	Macao	11	20
Australia	112	145	Mexico	285	307
Austria	6	6	Netherlands	98	130
Belgium	160	177	Panama	29	—
Brazil	305	337	Peru	115	112
Canada	14	18	Poland	—	10
Chile	236	266	Portugal	65	74
China	402	528	Russian Federation	72	68
Colombia	172	201	Saudi Arabia	123	140
France	1,387	1,591	Singapore	56	63
Germany	183	230	South Korea	2	5
Greece	294	310	Spain	1,821	2,064
Hong Kong	144	157	Sweden	80	72
India	447	565	Switzerland	89	104
Ireland	202	222	Taiwan	33	47
Italy	144	187	UAE	98	130
Japan	25	34	United Kingdom	1,696	2,024
Kuwait	1	—	United States	468	605
			Total	**9,538**	**11,124**

Number of dismissals for the year

By gender				
	Women	Men	Undeclared/non-binary	Total
2022	274	88	0	362
2023	270	90	0	360
	-1%	2%		-1%

By age range				
	< 30 years of age	30–50 years of age	> 50 years of age	Total
2022	75	224	63	362
2023	95	220	45	360
	27%	-2%	-29%	-1%

By professional category							
	Top Executives	Marketing and sales	Brand Ambassadors	Technical personnel	Administrative personnel	Production	Total
2022	2	98	176	59	2	25	362
2023	3	111	183	41	9	13	360

The average has been calculated considering the actual time worked during the year (FTE).

Average employee breakdown[98]

2023			
By professional category			
	Permanent	Temporary	Total
Top Executives	217	1	218
Marketing and sales	2,643	189	2,832
Brand Ambassadors	3,090	267	3,357
Technical personnel	2,304	119	2,423
Administrative personnel	121	8	129
Production	635	18	653
Total	**9,010**	**602**	**9,612**

By age range			
	Permanent	Temporary	Total
< 30 years of age	2,269	400	2,669
30 - 50 years of age	5,514	150	5,664
> 50 years of age	1,227	52	1,279
Total	**9,010**	**602**	**9,612**

By gender			
	Permanent	Temporary	Total
Women	6,512	505	7,017
Men	2,429	93	2,522
Undeclared/non-binary	69	4	73
Total	**9,010**	**602**	**9,612**

[98] The average distribution of part-time employees is not available.

2022			
By professional category			
Top Executives	191		
Marketing and sales	2,474		
Brand Ambassadors	3,360		
Technical personnel	1,969		
Administrative personnel	105		
Production	745		
Total	**8,844**		
By age range			
< 30 years of age	2,612		
30 - 50 years of age	5,052		
> 50 years of age	1,180		
Total	**8,844**		
By gender and type of contract			
	Permanent	Temporary	Total
Women	5,877	665	6,542
Men	2,172	93	2,265
Undeclared/non-binary	32	5	37
Total	**8,081**	**763**	**8,844**

Average remunerations (€)

	Overall
2022	49,392
2023	52,041

By gender			
	Women	Men	Undeclared/non-binary
2022	45,118	61,231	68,811
2023	47,969	61,731	94,607

By age range			
	< 30 years of age	30–50 years of age	> 50 years of age
2022	30,222	54,772	68,121
2023	31,949	57,837	74,017

By professional category						
	Top Executives	Marketing and sales	Brand Ambassadors	Technical personnel	Administrative personnel	Production
2022	324,425	67,059	20,570	58,946	50,692	32,793
2023	339,597	69,425	22,091	60,526	51,676	33,949

Calculated considering only the base salary, bonuses and allowances, and only for permanent employees as of December 31.

Average remuneration of directors and managers (€)

	2022[99]	2023
Women	n/a	484,704
Men	n/a	618,836
Base salary + bonus program	528,856	552,906

[99] Breakdown of information not reported for 2022.

Incentive programs include: variable compensation, payment to long-term retirement savings systems, and any other forms of remuneration.

Salary gap

	2022	2023
Overall	3.4%	2.6%
Top Executives	-1.9%	1.1%
Others	3.5%	2.6%

[100] The HAY system is one of the most widely used job evaluation methods.

[101] The difference in the salary gap of Top Executives between 2022 and 2023 is due to the increase in the number of employees in this range and in the promotion of some of them.

To ensure comparability, the salary gap has been calculated taking into account only the base salary of permanent employees with a HAY level[100, 101].

Salary gap is calculated using the average salary by gender of each HAY level of the organization, applying the formula 1-(women's salary/men's salary) and subsequently weighting it by the weight of each level.

Maternity and paternity leave

	2022	2023
Maternity	179	268
Paternity	46	51

Number of disabled people at the end of the year[102]

	2022	2023
Women	39	144
Men	10	22
Undeclared/non-binary	0	0

[102] Unlike the previous year, data is included for all Puig business units.

Number of hours of absenteeism (in those centers with attendance control)[103]

	Total contracted hours	Total hours lost	%[104]
2022	3,201,324	61,142	1.9%
2023[105]	17,313,117	697,946	4.0%

[103] Included under this item: accidents at work, occupational disease, sick leave, medical visits, maternity and paternity leave, other leave (including union hours).

[104] Percentage of hours lost over total hours contracted.

[105] Unlike the previous year, data is included for all Puig business units.

Health and safety indicators[106]

Number of accidents

	Resulting in leave				Not resulting in leave			
	Women	Men	Undeclared /non-binary	Total	Women	Men	Undeclared /non-binary	Total
2022	n/a	n/a	n/a	55	n/a	n/a	n/a	120
2023	52	11	0	63	77	18	0	95
23/22				15%				-21%

Work accident frequency rate (FR)

	Women	Men	Undeclared/non-binary	Total
2022	4.28	3.24	n/a	4.02
2023	4.24	2.42	0.00	3.71
23/22	-1%	-25%		-8%

No. of work accidents resulting in medical leave * 1,000,000/Total no. of hours worked

Severity index (SI)

	Women	Men	Undeclared/non-binary	Total
2022	0.08	0.26	n/a	0.13
2023	0.08	0.10	0.00	0.09
23/22	-- %	-61%		-33%

No. of days lost due to work accidents * 1,000/Total no. of hours worked

Occupational illnesses

	Women	Men	Undeclared/non-binary	Total
2022	1	1	n/a	2
2023	3	0	0	3
23/22	200%	-100%		50%

[106] Data for 2022 excluding Byredo, Kama Ayurveda and Loto del Sur.

Annex 4: ISO standards
Certifications available at **Puig**

Certification	Unit
ISO 9001:2015 Quality Management	• **Puig** Tower-T1 (Spain) • Champs-Élysées (France) • Alcalá de Henares Plant (Spain) • Vacarisses Plant (Spain) • Chartres Plant (France)
ISO 14001:2015 Environmental Management	• **Puig** Tower-T1 (Spain) • Champs-Élysées (France) • Alcalá de Henares Plant (Spain) • Vacarisses Plant (Spain) • Chartres Plant (France)
ISO 45001:2018 Occupational Health and Safety	• **Puig** Tower-T1 (Spain) • Champs-Élysées (France) • Alcalá de Henares Plant (Spain) • Vacarisses Plant (Spain) • Chartres Plant (France)
ISO 22716: 2008 Cosmetics — Good Manufacturing Practices	• Alcalá de Henares Plant (Spain) • Vacarisses Plant (Spain) • Chartres Plant (France) • Ehirolles and Uriage-les-Bains Plant (France) • Markopoulo Plant (Greece) • Coimbatore Plant (India)

Annex 5: International Reference Standards

Index of content required by law 11/2018

General issues

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Brief description of the group's business model (business environment)	GRI 2-1 Organizational details GRI 2-6 Activities, value chain and other business relationships	02. Company profile • A home of Love Brands	
Organization and structure	GRI 2-2 Entities included in the organization's sustainability reporting GRI 2-6 Activities, value chain and other business relationships GRI 2-9 Governance structure and composition	02. Company profile • A home of Love Brands • Corporate governance 05. Annex 1: Professional experience of the members of the Board of Directors 07. Reporting Framework	
Markets in which it operates	GRI 2-1 Organizational details GRI 2-6 Activities, value chain and other business relationships	02. Company profile • A home of Love Brands: Geographical presence 03. Performance • Business segments • Geographical segments • Channels	
Objectives and strategies	GRI 2-23 Policy commitments	02. Company profile • Business context 04. Commitment to sustainability • 2030 ESG Agenda	
Main factors and trends that could affect the company's future progress	GRI 3-3 Management of material topics	02. Company profile • Business context	
Reporting Framework used	Selected GRI Standards GRI 2-3 Reporting period, frequency and contact point GRI 2-5 External verification	07. Reporting Framework 08. Verification report	
Materiality analysis	GRI 3-1 Process to determine material topics GRI 3-2 List of material topics	04. Commitment to sustainability • Governance: Materiality	

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Management approach			
Policies and their results	GRI 2-23 Policy commitments GRI 2-24 Embedding policy commitments	04. Commitment to sustainability • 2030 ESG Agenda • Social: People at **Puig** • Governance	
Risks and their management	GRI 3-3 Management of material topics	04. Commitment to sustainability • Governance: Materiality	
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 3-3 Management of material topics	04. Commitment to sustainability • 2030 ESG Agenda • Environmental: The path to net zero and the contribution to 1.5 °C	
Environmental assessment or certification procedures	GRI 3-3 Management of material topics	04. Commitment to sustainability • Environmental: Responsible supplier management • Environment: Efficiency 05. Annex 4: ISO standards	
Resources dedicated to the prevention of environmental risks	GRI 3-3 Management of material topics	04. Commitment to sustainability • 2030 ESG Agenda • Governance: Materiality	
Application of the precautionary principle	GRI 2-23 Policy commitments	04. Commitment to sustainability • 2030 ESG Agenda	
Provisions and insurance for environmental risks	GRI 3-3 Management of material topics	04. Commitment to sustainability • Environmental: Efficiency • Governance: Risk management model	
Pollution Measures to prevent, reduce or repair carbon emissions (taking into account any form of air pollution specific to an activity, including noise and light pollution)	GRI 3-3 Management of material topics	04. Commitment to sustainability • 2030 ESG Agenda • Environmental: The path to net zero and the contribution to 1.5 °C • Environmental: Circularity • Environmental: Efficiency	Noise and light pollution is not material due to the type of activity and location of **Puig**'s factories.

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Circular economy and waste prevention and management			
Measures to prevent, recycle and reuse waste, and other methods for waste recovery or disposal	GRI 3-3 Management of material topics GRI 306-3 (2020) Waste generated	04. Commitment to sustainability • Environmental: Responsible and sustainable products • Environmental: Circularity	
Actions to combat food waste	GRI 3-3 Management of material topics		Not material due to the type of activity carried out by **Puig**
Sustainable use of resources			
Water consumption and water supply according to local constraints	GRI 3-3 Management of material topics GRI 303-3 Water withdrawal	04. Commitment to sustainability • Environmental: Efficiency 05. Annex 2: Environmental indicators	
Consumption of raw materials, and measures adopted for a more efficient use of them	GRI 3-3 Management of material topics GRI 301-1 Materials used by weight or volume	04. Commitment to sustainability • Environmental: Responsible and sustainable products • Environmental: Circularity • Governance: Materiality 05. Annex 2: Environmental indicators	
Direct and indirect consumption of energy	GRI 302-1 Energy consumption within the organization	04. Commitment to sustainability • Environmental: Efficiency 05. Annex 2: Environmental indicators	
Measures taken to improve energy efficiency	GRI 3-3 Management of material topics	04. Commitment to sustainability • Environmental: Efficiency	
Use of renewable energy	GRI 302-1 Energy consumption within the organization	04. Commitment to sustainability • Environmental: Efficiency 05. Annex 2: Environmental indicators	

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Climate change			
Important elements of the greenhouse gas emissions generated by the company's activities, including the use of the goods and services it produces	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-3 Other indirect GHG emissions (scope 3)	04. Commitment to sustainability • Environmental: The path to net zero and the contribution to 1.5ºC 05. Annex 2: Environmental indicators	
Measures taken to adapt to the consequences of climate change	GRI 3-3 Management of material topics	04. Commitment to sustainability • 2030 ESG Agenda	
Voluntary medium-and-long-term reduction targets to reduce GHG emissions, and the means put in place to that end	GRI 3-3 Management of material topics	04. Commitment to sustainability • 2030 ESG Agenda	
Protection of biodiversity			
Measures taken to preserve or restore biodiversity	GRI 3-3 Management of material topics	04. Commitment to sustainability • 2030 ESG Agenda • Environmental: Nature and Biodiversity	
Impact caused by the company's activities or operations in protected areas			Not material due to the location of the **Puig** centers
Employment			
Total number and breakdown of employees by gender, age, country and professional category	GRI 2-7 Employees GRI 405-1 Diversity of governance bodies and employees	04. Commitment to sustainability • Social: People at **Puig** 05. Annex 3: People management indicators • **Puig** employee indicators	
Total number and breakdown of the different types of employment contract	GRI 2-7 Employees	04. Commitment to sustainability • Social: People at **Puig** 05. Annex 3: People management indicators • **Puig** employee indicators	
Annual average of permanent, temporary and part-time contracts by gender, age, and professional category	GRI 2-7 Employees Internal criterion	05. Annex 3: People management indicators • **Puig** employee indicators	

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Number of dismissals by gender, age, and job category	GRI 401-1 New employee hires and employee turnover	05. Annex 3: People management indicators • **Puig** employee indicators	
Average remuneration by gender, age and professional category or equivalent value	Internal criterion	05. Annex 3: People management indicators • **Puig** employee indicators	
Salary gap	Internal criterion	05. Annex 3: People management indicators • **Puig** employee indicators	
Average remuneration of directors and top executives by gender (including variable remuneration, allowances, compensation, payments to long-term savings schemes, and any other forms of remuneration)	Internal criterion	05. Annex 3: People management indicators • **Puig** employee indicators	
Implementation of disconnection-from-work policies	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** Organization of working hours and work-life balance	
Employees with disabilities	GRI 405-1 Diversity of governance bodies and employees	04. Commitment to sustainability • Social: People at **Puig** Equality, diversity and inclusions 05. Annex 3: People management indicators • **Puig** employee indicators	
Organization of work			
Organization of working hours	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** Organization of working hours and work-life balance	
Number of hours of absence	Internal criterion	05. Annex 3: People management indicators • **Puig** employee indicators	
Measures designed to facilitate work-life balance and encourage joint responsibility by both parents	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** Organization of working hours and work-life balance	

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Health and safety			
Health and safety conditions at the workplace	GRI 403-1 Occupational health and safety management system	04. Commitment to sustainability • Social: People at **Puig** — Health and safety	
Workplace accidents, particularly in terms of frequency and severity, as well as occupational illnesses; broken down by gender.	GRI 403-9 Work-related injuries FR = No. of work accidents resulting in medical leave * 1,000,000/ Total no. of hours worked SI = No. of days lost due to work accidents * 1,000 / Total no. of hours worked	05. Annex 3: People management indicators • Health and safety indicators	
Social relations			
Organization of social dialogue (including procedures to inform and consult the staff and bargain with them)	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** — Social relations and dialogue	
Percentage of employees covered by a collective bargaining agreement, by country	GRI 2-30 Collective bargaining agreements	04. Commitment to sustainability • Social: People at **Puig** — Social relations and dialogue	
Result of collective bargaining agreements, especially in health and safety at the workplace	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** — Health and safety • Social: People at **Puig** — Social relations and dialogue	
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	GRI 2-29 Approach to stakeholder engagement	04. Commitment to sustainability • Social: People at **Puig** — Health and safety • Social: People at **Puig** — Social relations and dialogue	
Training			
Training policies implemented	GRI 404-2 Programs for upgrading employee skills and transition assistance programs.	04. Commitment to sustainability • Social: People at **Puig** — Training	
Total number of hours of training by job category.	Internal criterion	04. Commitment to sustainability • Social: People at **Puig** — Training	

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Universal accessibility for people with disabilities	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** — Equality, diversity and inclusion	
Equality			
Measures taken to promote equal opportunities and treatment between men and women	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** — Equality, diversity and inclusion	
Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Social: People at **Puig** 04. Commitment to sustainability • Social: People at **Puig** — Equality, diversity and inclusion	
Integration and universal accessibility for people with disabilities	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: People at **Puig** — Equality, diversity and inclusion	
Policy against all types of discrimination and, where applicable, on diversity management	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Social: People at **Puig** — Equality, diversity and inclusion	

Information on respect for human rights

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Implementation of due diligence procedures for human rights	GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 3-3 Management of material topics	04. Commitment to sustainability • Governance: Human rights management	
Prevention of human right violations and, if applicable, measures to mitigate, manage and remedy such violations	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Governance: Human rights management	
Reports of human rights violations	Internal criterion	04. Commitment to sustainability • Governance: Human rights management 04. Commitment to sustainability • Governance: Compliance	
Promotion of and compliance with the International Labour Organization's standards on the respect of freedom of association and the right to collective bargaining	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Governance: Human rights management	
Elimination of discrimination with respect to employment and occupation	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Social: People at Puig —Equality, diversity and inclusion 04. Commitment to sustainability • Governance: Human rights management	
Elimination of forced or compulsory labor	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Governance: Human rights management	
Effective abolition of child labor	GRI 3-3 Management of material topics GRI 2-23 Policy commitments	04. Commitment to sustainability • Governance: Human rights management	

Information on the fight against corruption and bribery

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Measures taken to prevent corruption and bribery	GRI 2-25 Processes to remediate negative impacts GRI 2-23 Policy commitments GRI 2-26 Mechanisms for seeking advice and raising concerns	04. Commitment to sustainability • Governance: Compliance	
Anti-money laundering measures	GRI 2-25 Processes to remediate negative impacts GRI 2-23 Policy commitments	04. Commitment to sustainability • Governance: Compliance	
Contributions to foundations and non-profit organizations	GRI 201-1 Direct economic value generated and distributed	04. Commitment to sustainability • Social: Actions to maximize our impact	

Information about the company

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Company's commitment to sustainable development			
Impact of the company's activities on local development and employment	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: Actions to maximize our impact	
Impact of the company's activities on local communities and the surroundings	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: Actions to maximize our impact	
Relationships with local community players and methods of dialogue with them	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social: Actions to maximize our impact	
Partnership or sponsorship actions	GRI 3-3 Management of material topics Internal criterion	04. Commitment to sustainability • Governance: Fiscal commitment	

Areas	Reporting Framework	Section in the report	Comments/reason for omission
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental aspects in the purchasing policy	GRI 2-6 Activities, value chain and other business relationships GRI 2-24 Embedding policy commitments	04. Commitment to sustainability • 2030 ESG Agenda • Environmental: Responsible supplier management	
Consideration of suppliers' and subcontractors' social and environmental responsibility in relationships with them	GRI 2-6 Activities, value chain and other business relationships GRI 2-24 Embedding policy commitments	04. Commitment to sustainability • 2030 ESG Agenda • Environmental: Responsible supplier management	
Supervision systems and audits and their outcomes	GRI 3-3 Management of material topics Internal criterion	04. Commitment to sustainability • Environmental: Responsible supplier management	
Consumers			
Consumer health and safety measures	GRI 3-3 Management of material topics	04. Commitment to sustainability • Social : Relationship with our consumers	
Claims systems, complaints received and their resolution	GRI 2-16 Communication of critical concerns GRI 2-25 Processes to remediate negative impacts Internal criterion	04. Commitment to sustainability • Social : Relationship with our consumers	
Tax information			
Profit by country	GRI 207-4 Country-by-country reporting	04. Commitment to sustainability • Governance: Fiscal commitment	
Corporate tax paid	GRI 207-4 Country-by-country reporting	04. Commitment to sustainability • Governance: Fiscal commitment	
Public subsidies received	GRI 201-4 Financial assistance received from the government	04. Commitment to sustainability • Governance: Fiscal commitment	

SASB reference table

Sustainability disclosure issues and accounting parameters

Accounting parameter	Category	Unit of measurement	SASB code	Close 2023	Perimeter (**Puig** business segments)
Water management					
Total water extracted	Quantitative	Thousand cubic meters (m^3), percentage (%)	CG-HP-140a.1	97,398.02	Factories* *Excludes Kama
Total water consumed	Quantitative	Thousand cubic meters (m^3), percentage (%)	CG-HP-140a.1	54,888.16	Factories* *Excludes Kama
% of each in regions with high or extremely high baseline water stress	Quantitative	Thousand cubic meters (m^3), percentage (%)	CG-HP-140a.1	34%	Factories* *Excludes Kama
Description of water management risks and analysis of strategies and practices to mitigate them	Discussion and analysis	n/a	CG-HP-140a.2	Discussion available * **Puig** Report 2023. 04. Commitment to sustainability; Environment; Efficiency **Puig** responses to CDP Water 2023	**Puig**
Product performance in terms of the environment, health and safety					
Revenue of products containing substances of extreme concern (SEP) according to the REACH regulation	Quantitative	Quantitative	CG-HP-250a.1	0	Fragrances
Analysis of the process of identifying and managing new materials and chemicals of interest	Discussion and analysis	n/a	CG-HP-250a.3	Discussion available * **Puig** Report 2023. 04. Commitment to sustainability; Environmental; Responsible and Sustainable Products	**Puig**
Revenue from products designed according to the principles of green or sustainable chemistry	Quantitative	Currency to communicate	CG-HP-250a.4	**Puig** does not report this metric	

Accounting parameter	Category	Unit of measurement	SASB code	Close 2023	Perimeter (**Puig** business segments)
Packaging lifecycle management					
Total weight of packages	Quantitative	Metric tons (t), percent (%)	CG-HP-410a.1	38,203.21 t	Fragrances *Excludes Byredo
% made from recycled or renewable materials	Quantitative	Metric tons (t), percent (%)	CG-HP-410a.1	10.20%	Fragrances *Does not include Byredo and only considers PCR used in manufacturing
% recyclable, reusable or compostable	Quantitative	Metric tons (t), percent (%)	CG-HP-410a.1	**Puig** does not report this metric	
Analysis of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and analysis	n/a	CG-HP-410a.2	Discussion available *Puig Report 2023. 04. Commitment to sustainability; Environmental; Responsible and Sustainable Products/ Circularity	**Puig**
Environmental and social impacts of palm oil supply chain					
Amount of palm oil obtained, percentage certified through the supply chains of the Roundtable on Sustainable Palm Oil (RSPO) as: a) Identity preserved, b) Segregation, c) Mass balance, or d) Registration and Claim	Quantitative	Metric tons (t), percent (%)	CG-HP-410a.1	(c) 99% RSPO Mass balance or higher	Fragrances and Apivita *Direct purchases for Apivita and third parties for Fragrances

Activity parameters

Activity parameter	Category	Unit of measurement	SASB code	Close 2023	Perimeter (**Puig** business segments)
Product units sold, total weight of products sold	Quantitative	Number, metric tons (t)	CG-HP-000.A	**Puig** does not report this metric	
Number of manufac-turing facilities	Quantitative	Number	CG-HP-000.B	Seven production plants	**Puig**

TCFD reference table

TCFD recommendation	Reference answers
Governance	
Describes oversight by the Climate Risks and Opportunities Council	**Puig** response to the CDP Climate 2023, pp. 3-4
Describes management's role in assessing and managing cli-mate risks and opportunities	**Puig** response to the CDP Climate 2023, pp. 4-11
Strategy	
Describes climate risks and opportunities that the organization has identified in the short, medium and long term.	**Puig** response to the CDP Climate 2023, pp. 12-23
Describes the impact of climate risks and opportunities on the organization's business, strategy, and financial planning.	**Puig** response to the CDP Climate 2023, pp. 13-23
Describes the resilience of the organization's strategy, taking into account different climate scenarios, including a scenario of 2°C or lower.	**Puig** response to the CDP Climate 2023, pp. 23-28
Risk management	
Describes the organization's processes for identifying and assessing climate risks.	**Puig** response to the CDP Climate 2023, pp. 14-15
Describes the organization's processes for managing climate risks.	**Puig** response to the CDP Climate 2023, pp. 14-20
Describes how processes for identifying, evaluating, and managing climate risks are integrated into the organization's overall risk management.	**Puig** response to the CDP Climate 2023, pp. 4-14
Metrics and objectives	
Reports metrics used by the organization to assess climate risks and opportunities in line with its risk management strategy and process.	**Puig** response to the CDP Climate 2023, pp. 14-20
Reports Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and related risks.	**Puig** Report 2023, Appendix 2 Environmental Indicators, pp. 160 **Puig** response to the CDP Climate 2023, pp. 50-57
Describes the objectives used by the organization to manage climate risks and opportunities and performance against objectives.	**Puig** Report 2023, 2030 ESG Agenda section, pp. 83 **Puig** response to the CDP Climate 2023, pp. 28-42

6

PUIG

Global Compact Content

	Principles of the united nations global compact	Chapter in this report
01	Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence.	04. Commitment to sustainability • Governance •• Human rights management
02	Businesses must ensure that their businesses are not complicit in human rights infringement.	04. Commitment to sustainability • Governance •• Human rights management
03	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	04. Commitment to sustainability • Social •• People at **Puig**
04	Businesses should uphold the elimination of all forms of forced and compulsory labor.	04. Commitment to sustainability • Social •• People at **Puig**
05	Businesses should uphold the effective abolition of child labor.	04. Commitment to sustainability • Governance •• Human rights management
06	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	04. Commitment to sustainability • Social •• People at **Puig**
07	Businesses should support a precautionary approach to environmental challenges.	04. Commitment to sustainability • Environmental
08	Businesses should undertake initiatives to promote greater environmental responsibility.	04. Commitment to sustainability • Environmental 04. Commitment to sustainability • Social •• Actions to maximize impact
09	Businesses should encourage the development and diffusion of environmentally friendly technologies.	04. Commitment to sustainability • Environmental
10	Businesses should work against corruption in all its forms, including extortion and bribery.	04. Commitment to sustainability • Governance •• Compliance

7

Report Framework

[107] European Financial Reporting Advisory Group.

[108] Sustainability Accounting Standards Board.

This Report corresponds to the requirements of Law 11/2018, of December 28, which modifies the Commercial Code, the consolidated text of the Law on Capital Companies approved by Royal Legislative Decree 1/ 2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, in matters of non-financial information and diversity. Its preparation has taken into account the guidelines on non-financial reporting of the European Commission (2017/C 215/01) derived from Directive 2014/95/EU and what is established by the Global Reporting Initiative (GRI) standards (option: selected GRIs).

The data contained in this Report correspond to **Puig** Brands, S.A. (formerly Jorba Perfumes, S.A. and whose corporate name change was adopted on March 20, 2023) and its subsidiaries (hereinafter, **Puig**). Wherever information is included which is outside this scope this is duly specified.

As required by Law 11/2018, this Report for the financial year 2023, from January 1 to December 31, provides information on issues related to human rights and the fight against corruption and bribery, environmental and social issues, and issues related to personnel that are relevant for **Puig** in the execution of its activities and in those locations in which it operates, following the criteria of materiality, relevance, comparability and reliability.

This Report constitutes the Statement of Non-Financial Information that sets out current regulations and forms part of the Consolidated Management Report that is presented with the consolidated annual accounts of **Puig**. This Report is publicly available and can be consulted on the corporate website www.puig.com.

At the end of 2022, **Puig** carried out a materiality analysis, in keeping with the requirements of Law 11/2018, taking into account both the perspective of impact according to the external opinion of the main stakeholders and the internal opinion of **Puig**, as well as the financial perspective of the impacts directly caused by the Group. As shown in section 4, the preparation process has been conducted according to the Global Reporting Initiative (GRI), EFRAG[107] and SASB[108] international standards.

The data required by the aforementioned Law 11/2018 contained in this Report has been duly verified by an external body. In addition, this document includes data that **Puig** presents voluntarily to add more context and additional information to the content, and which does not require verification.

For general queries about this document, our various stakeholders may contact the Global Corporate Communications department at Plaza Europa, 46-48. 08902, L’Hospitalet de Llobregat, Barcelona, or send an email to press@puig.com.

8

Verification report

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INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the shareholders of PUIG BRANDS, S.A.:

Pursuant to Article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of PUIG BRANDS, S.A. and subsidiaries (hereinafter the Group) that forms part of the Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in Annex 5. “Index of Contents required by the Law 11/2018” included in the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Management Report of the Group, and its content, is the responsibility of the Board of Directors of PUIG BRANDS, S.A. The NFS has been prepared in accordance with the content required by current mercantile regulations and in conformity with the criteria outlined in the selected *Sustainability Reporting Standards of Global Reporting Initiative (GRI standards)*, as well as other criteria described in accordance with that indicated for each subject in Annex 5. “Index of Contents required by the Law 11/2018” of the mentioned NFS.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies International Standard on Quality Management 1 (ISQM 1), which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of experts in the review of non-financial information and, specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Institute of Chartered Accountants (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower.

Our work consisted in making enquiries of Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and selective tests by means of sampling as described below:

- Meetings with Group personnel to obtain an understanding of the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.

- Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section 4. "Sustainable Commitment", considering the content required by prevailing mercantile regulations.

- Analysis of the processes for gathering and validating the data included in the 2023 Non-Financial Information Statement.

- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.

- Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.

- Obtaining a representation letter from the Board of Directors and Management.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, nothing has come to our attention that causes us to believe that the Group NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by current commercial regulation and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in Annex 5. "Index of Contents required by the Law 11/2018" of the aforementioned NFS.

Use and distribution

This report has been prepared as required by current mercantile regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Capella Elizalde

April 5th, 2024

In Barcelona, on March 19, 2024

Mr. Marc Puig Guasch
Chairman

Mr. Manuel Puig Rocha
Vice Chairman

Mr. Rafael Cerezo Laporta
Coordinating Director

Mr. Patrick Raji Chalhoub
Board member

Mr. Jordi Constans Fernandez
(identified in his passport as
Jorge Valentín Constans Fernández)
Board member

Ms. Ángeles Garcia-Poveda Morera
Board member

Mr. Daniel Lalonde
Board member

Ms. Christine Ann Mei
Board member

Mr. Nicolas Mirzayantz
Board member

Mr. Josep Oliu Creus
Board member

Mr. Yiannis Petrides
(identified in his passport as Ioannis Petrides)
Board member

Mr. Jordi Puig Alsina
Board member

Mr. Marian Puig Guasch
Board member

Mr. Xavier Puig Alsina
Board member

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